

19.**CASH AND OTHER LOSSES****BACKGROUND**

19.1 The Government of Nova Scotia Management Manual 200, Chapter 8 requires that departments, boards, or commissions report any instances of loss of public money or public property to the Department of Finance and to the Office of the Auditor General. Finance is responsible for establishing procedures to be followed for the reporting of any irregularities or losses.

19.2 Section 9A(1)(e) of the Auditor General Act requires that we report annually every case observed where there has been a deficiency or loss through fraud, default or mistake of any person. This Chapter summarizes the losses identified by or reported to us by entities included as part of the Government Reporting Entity (see Appendix II for listing).

RESULTS IN BRIEF

19.3 The following summarizes the principal findings from our review.

- The losses reported to us for the year ended March 31, 2002 totaled \$215,562; consisting of cash losses of \$24,267, property losses estimated at \$287,869 and recoveries of \$96,574. In addition, Regional School Boards reported losses of \$704,275 and recoveries of \$19,903 for the year.
- Not all departments and crown agencies comply, on a timely basis, with the loss reporting requirements of the Management Manual.

SCOPE OF REVIEW

19.4 Our objective was to review the information provided by departments and agencies and compile a summary listing of the cash and property losses reported to us for the year ended March 31, 2002. This review did not consider write-offs of uncollectible receivables or advances approved annually by Executive Council.

19.5 We sent letters to departments and other crown entities to confirm the completeness of the losses reported to us. We have performed no additional or specific audit procedures on the losses reported.

PRINCIPAL FINDINGS***Losses Reported***

19.6 The following is a summary of the cash and property losses for the year ended March 31, 2002 identified either as a result of our confirmation request or reported to us during the year. Losses reported for property lost or damaged are determined by the entities on a historical cost, estimated market value or estimated replacement cost basis.

Departments Reporting Losses	Cash	Property	Recoveries	Total
Agriculture and Marketing	\$ 754	\$ -	\$ -	\$ 754
Economic Development	-	2,500	-	2,500
Environment and Labour	438	-	-	438
Finance	-	3,000	-	3,000
Health	-	3,550	-	3,550
Justice	645	7,750	-	8,395
Service Nova Scotia and Municipal Relations	2,443	-	-	2,443
Tourism and Culture	1,391	5,000	-	6,391
Transportation and Public Works	-	12,152	-	12,152
	<u>5,671</u>	<u>33,952</u>	<u>-</u>	<u>39,623</u>
Other Crown Entities Reporting Losses				
Highway 104 Western Alignment Corporation	4,627	-	(3,285)	1,342
Nova Scotia Liquor Commission	11,961	84,334	-	96,295
Cape Breton Island Housing Authority	-	34,741	(32,006)	2,735
District Health Authority #9 (Capital District Health Authority)	-	19,469	(18,417)	1,052
District Health Authority #4 (Colchester East Hants District Health Authority)	-	10,479	(3,200)	7,279
District Health Authority #5 (Cumberland Health Authority)	-	18,781	(13,281)	5,500
District Health Authority #7 (Guysborough Antigonish Strait District Health Authority)	-	2,875	(2,375)	500
Emergency Measures Organization of Nova Scotia	1,083	-	(569)	514
IWK Health Centre	-	25,486	(16,089)	9,397
Nova Scotia Community College	768	56,274	(6,374)	50,668
Nova Scotia Arts Council	-	1,478	(978)	500
Nova Scotia Securities Commission	157	-	-	157
	<u>18,596</u>	<u>253,917</u>	<u>(96,574)</u>	<u>175,939</u>
Total Reported	<u>\$ 24,267</u>	<u>\$ 287,869</u>	<u>\$ (96,574)</u>	<u>\$ 215,562</u>

19.7 Losses or potential losses which are the subject of forensic audits and other investigations, either completed or in process in 2001-02, are not included due to the sensitive nature of the information.

19.8 Losses and recoveries of the Regional School Boards have been excluded from the above listing due to the fact that the Boards have their own insurance system.

19.9 The Regional School Boards reported cash losses totaling \$704,275, and they received \$19,903 in recoveries during the year ended March 31, 2002. An insurance claim of \$703,927 arising from one of the incidents of loss, plus related costs, has been submitted but not yet settled.

19.10 With regard to the Nova Scotia Liquor Corporation, it should be acknowledged that it is a retail organization. As such, it is subject to different risks of losses. The property losses reported for the Nova Scotia Liquor Corporation represent the cost of inventory stock losses from its retail and warehouse operations. As a self-service retail organization, it is inevitable that some inventory shrinkage will occur.

19.11 A notebook computer stolen from the Auditor General's home was subsequently recovered and returned.

Compliance with Reporting Requirements

19.12 Not all entities are complying with the requirement to report losses on a timely basis to the Department of Finance and this Office. Failure by some entities to report consistently and on a timely basis restricts Finance's ability to ensure that necessary follow-up procedures are performed to determine the reason for a loss and whether appropriate corrective action has been taken.

19.13 As stated above, losses are to be reported to both this Office and the Department of Finance. Finance provides this Office with a summary of the losses reported to it during the year. There were differences in both the number and value of the losses reported to Finance and those reported to this Office. The following departments, reporting losses to this Office, either did not report losses to Finance or reported lesser amounts:

Agriculture and Fisheries
Economic Development
Environment and Labour
Finance
Health
Justice
Service Nova Scotia and Municipal Relations
Tourism and Culture

19.14 Of the other crown entities that reported losses to this Office, only one reported losses to Finance.

CONCLUDING REMARKS

19.15 None of the specific losses reported to us for the 2001-02 fiscal year were investigated further by our Office at this time. We will consider the results of any follow-up work on the reported losses by the Department of Finance or Internal Audit as part of future reviews.
