



Office of the  
Auditor General  
City of Ottawa

# SEMI-ANNUAL REPORT ON FOLLOW-UP PROCEDURES

SEPTEMBER 2024

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## Semi-Annual Report on Follow-up Procedures

### **Acknowledgement**

Mayor, Members of Audit Committee and Council,

I am pleased to present this report on follow-up audit procedures carried out by the Office of the Auditor General of the City of Ottawa. The report provides an update on the status of actions taken by management to address issues raised in past audits and the Office of the Auditor General's assessment of these actions to date.

We wish to express our appreciation for the cooperation and assistance afforded to audit staff by management.

Respectfully,



Nathalie Gougeon, CPA, CA, CIA, CRMA, B.Comm.

Auditor General

## 1. Background

The International Standards for the Professional Practice of Internal Auditing and the Office of the Auditor General’s (OAG) Audit Charter, requires the Auditor General to “follow up on engagement findings and corrective actions, and report periodically to the Audit Committee concerning any corrective actions not effectively implemented”.

The OAG provides a semi-annual report to the Audit Committee and City Council on the results of follow-up procedures performed on previously issued recommendations that have come due, and further highlight areas of significant risk resulting from recommendations that are still outstanding which warrant further attention by the City’s administration. We last presented a report on follow-up procedures to the Audit Committee in March 2024.

Our engagements are designed to improve management practices, enhance operational efficiency, identify possible savings, and address a number of specific issues. Follow-up procedures are designed to evaluate management’s progress on the implementation of recommendations from our reports. This report is not intended to provide an assessment of each individual recommendation. Rather, it presents our overall evaluation of progress made to date across all completed engagements.

The details of the OAG’s follow-up process can be found on our [website](#).

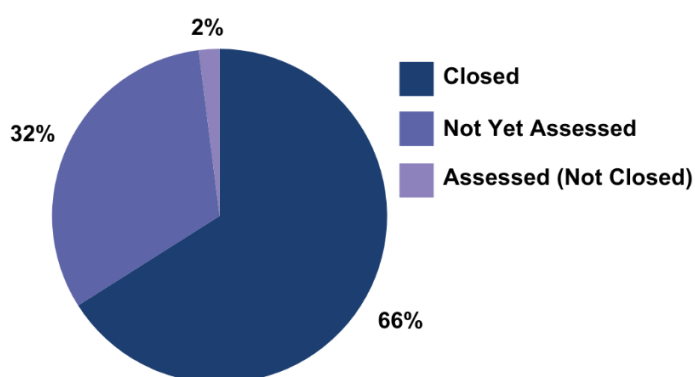
## 2. Overall View

Exhibit 1 depicts the overall results for all **437 recommendations** issued by the OAG since 2019. This includes recommendations that we have assessed in this report, in previous follow-up reports, and those yet to be assessed.

The OAG has assessed **295 (68%)** of these 437 recommendations, as follows:

- **288 (66%)** have been assessed and closed; and
- **7 (2%)** have been assessed as partially completed and requiring further follow-up.

**Exhibit 1 - Overall Status of Recommendations Issued Since 2019**



The OAG has yet to review **142 (32%)** of the total recommendations issued since 2019<sup>1</sup>. Further details on these recommendations are provided in Section 4 below.

### 3. OAG Results (Audited)

The OAG reviewed **38 recommendations** since March 2024; all of which were closed. Recommendations that are closed may include ones that have been fully actioned by management and/or recommendations that are not fully implemented where the remaining risk is considered to be low and does not warrant further follow-up by the OAG.

### 4. Management status (Unaudited)

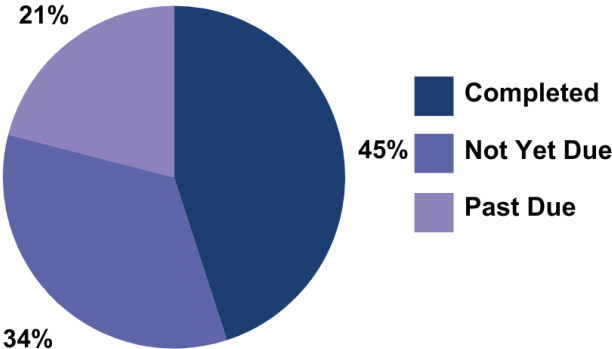
Of the **142 recommendations** not yet assessed by the OAG:

- 127 recommendations are being addressed by City of Ottawa management;
- 10 recommendations are being addressed by the Ottawa Police Services Board;
- 4 recommendations are being addressed by the Manotick Business Improvement Area; and
- Responsibility for 1 recommendation issued within the Audit of Enterprise Risk Management (2022) has been taken by our Office to action.

Of the **127 recommendations**, management is reporting the following status as of June 30, 2024, also reflected in Exhibit 2:

- 45% (57) are completed and ready for OAG review;
- 21% (27) are past due; and
- 34% (43) are not yet due.

**Exhibit 2 – Management Attested Status (Not yet assessed by the OAG)**



Please note these results are unaudited.

### 5. Aging of Overdue Recommendations

Exhibit 3, depicted below, shows the length of time elapsed for each overdue recommendation. This includes 27 unassessed recommendations and 3 previously assessed but deemed ‘partially complete’ recommendations by the OAG.

<sup>1</sup> There are three recommendations still outstanding from the Audit for Contract Management Practices – Springhill Landfill Site Contract (2018). Two of these recommendations have not yet been completed by management (due date of Q4 2019). The last recommendation was deemed partially complete based on the follow up work the OAG performed and management has yet to complete the work required to close the recommendation (due date of Q2 2022).

Exhibit 3 – Aging of Overdue Recommendations (as of June 30, 2024)

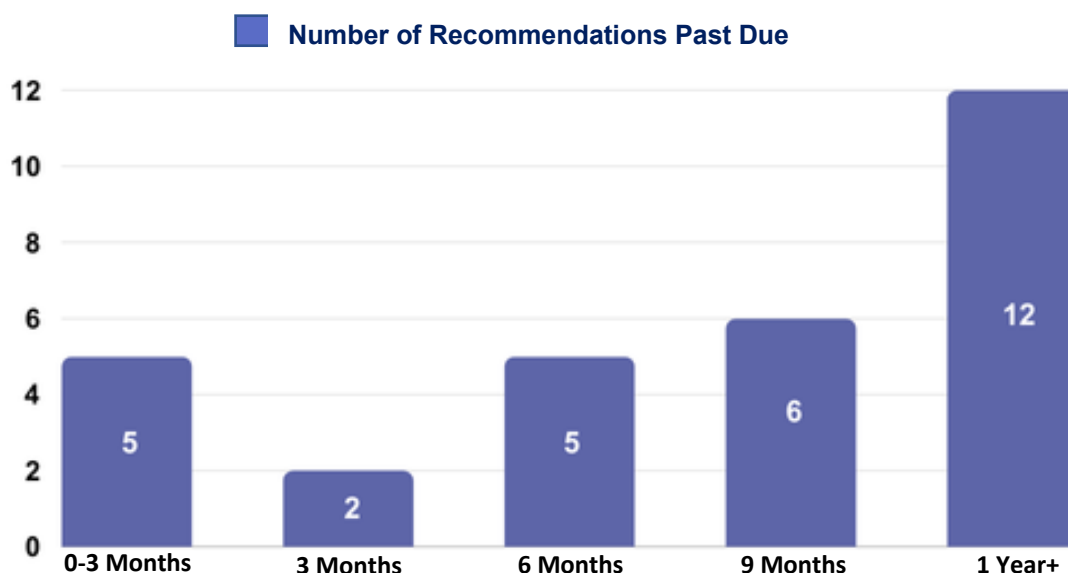


Exhibit 4 indicates the specific engagements for the recommendations that are past due for one year or longer:

Exhibit 4 – Recommendations Past Due for One Year or Longer

Engagement	# of Recs. Past Due for 1 Year+
City Estimates (2019)	4
Cybersecurity Investigation (2022)	4
Facility Management (2020)	2
Review of OC Transpo Driver Training (2020)	1
Meridian Theatres at CentrepoinTE and Shenkman Arts Centre (2020)	1
<b>Total</b>	<b>12</b>

Since our last follow-up report, management has indicated that 15 recommendations that were past due for one year or longer have been completed.

The recommendations issued within the audits and investigations listed above continue to be significantly behind schedule and have not been fully implemented in accordance with Management's committed timelines. In many cases, these had a committed completion date from 2021 to 2023. We understand that, in some cases, interdependencies exist which have prevented their completion and management has proposed a revised target date. These items are being monitored by our Office to ensure they are completed as soon as possible for application of our follow-up. Specific

recommendations from this category have also been flagged as high-risk in Section 6 below.

## 6. High Risk Areas

While the section above flags the age of the outstanding recommendations, we have identified areas of significant risk that we believe warrant further attention (which are consistent with those reported in the previous semi-annual report):



**Cybersecurity Investigation** - We issued 6 recommendations in this investigation report tabled in camera in June 2022. Management committed to completing these recommendations by the end of 2022. Based on updates received from management, work is still underway to address the recommendations, with only 2 recommendations being completed as of June 2024 and 4 still in progress. The 4 outstanding recommendations are at varying levels of completion; however, management has indicated that all recommendations are anticipated to be completed by the end of 2024. As these recommendations are intended to address cybersecurity risks pertaining to a City-owned asset, our Office continues to closely monitor their completion.



**Audit of Facility Management** - Of the 34 recommendations issued as part of this audit report, which was tabled in November 2020, 6 were due to be completed by September 2023 and as of June 30, 2024, were 9 months past due. These remaining recommendations will only be completed once the Service-Based Asset Management Plans (ServAMP) are completed, which is anticipated for 2024 and 2025.

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