



Office of the Auditor General

**Follow-up to the 2017 Investigation into Three
Reported Client Service Centres Deposit
Shortages**

**Tabled at Audit Committee
October 22, 2019**

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Executive summary

The Follow-up to the 2017 Investigation into Three Reported Client Service Centres (CSC) Deposit Shortages was included in the Auditor General’s 2018 Audit Work Plan.

The key findings of the original 2017 investigation included:

1. CSC specific operating procedures were not documented to provide guidance to staff involved in preparing and verifying deposits at the CSCs.
2. Ongoing compliance monitoring or quality assurance process to ensure compliance with Cash Handling Policies and Procedures was not in place.
3. The quality and quantity of security video cameras at the CSCs was not adequate to ensure deposit preparation was appropriately recorded.
4. The functioning of security cameras was not tested on an ongoing basis to ensure they were functioning properly and continuing to meet business requirements.
5. There was no CSC specific training program for staff involved in preparing and verifying deposits at the CSCs.
6. Fraud and Waste Policy was not adhered to and the incident was reported to Ottawa Police Service without consulting with the Auditor General.

Table 1: Summary of status of completion of recommendations

Recommendations	Total	Complete	Partially complete	Not started	No longer applicable
Number	6	6	0	0	0
Percentage	100%	100%	0%	0%	0%

Conclusion

Management has made solid progress by completing all six of six recommendations.

Management should continue to monitor and encourage staff to ensure compliance with cash handling policies and procedures on an ongoing basis.

Acknowledgement

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

Detailed report – Assessment of implementation status

The following information outlines management's assessment of the implementation status of each recommendation as of January 2019 and the Office of the Auditor General's (OAG) assessment as of April 2019.

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Recommendation #1

Table 2: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City update its operating procedures and related documentation for staff involved in preparing and verifying deposits at the CSCs. Procedures should explicitly state that:

- a. Deposit bankers should:
 - i. Not alter cheques;
 - ii. Not use deposit funds to make change;
 - iii. Notify their supervisor immediately of discrepancies and breaches of procedures; and
 - iv. Not open a sealed deposit bag unless witnessed by a verifier. If a new bag is used, the new bag number should be written on the deposit slip.
- b. Deposit verifiers should:
 - i. Verify the math on deposit slips;
 - ii. Open and recount a sample of the banded notes (i.e. stacks of \$50 or \$100 notes) using the counting machine;
 - iii. Watch all items go into the deposit bag;
 - iv. Watch the bag sealing; and
 - v. Notify the manager immediately of discrepancies and breaches of procedures.

Original management response:

In response to the 2015 Audit – Review of CSC Laurier Cash Handling Process and Cash Discrepancies – Counter Services developed procedures to address all aspects of cash handling. The branch-specific Cash Handling procedure was reviewed by Revenue Services, and changes were incorporated in September 2016.

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The procedure specifically addressed the proper handling of cheques, making change, discrepancy and breach of procedure reporting and the requirements of a deposit verifier. ServiceOttawa has completed training all Counter Services staff, and full implementation was achieved in October 2016.

In addition, Revenue Services staff met with the banking institution regarding these discrepancies. As a result, the banking institution has implemented a more robust review when receiving deposits from the City. Any anomalies will be addressed through an enhanced escalation process should they arise. Management considers this recommendation complete.

Management update:

ServiceOttawa implemented a cash handling procedure in October 2016 following a review by Finance (Corporate Services Department). The new procedure outlines the recommended procedures in the following sections:

- Payment Methods: Cheques (Not altering cheques)
- Floats: Requesting Change (Not use deposit funds to make change)
- Reporting Discrepancies
- Cash Handling Task Checklist (Note open sealed deposit bag)
- Cash Handling Task Checklist (Verifiers – verify math, recount banded notes, watch all items go into bag, watch bag sealing, notification of discrepancies)

See Recommendation 2 with respect to management's review of compliance.

To support compliance ServiceOttawa has a robust training program. See Recommendation 1.

OAG assessment:

Management has developed ServiceOttawa CSC specific Cash Handling Policy and Procedures which establish the operating procedures and related documentation for preparing and verifying deposits at the CSCs.

As well, a Cash Handling Task Checklist has been developed which provides additional guidelines about the tasks that require segregation of duties.

Recommendation #2

Table 3: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City conduct training on its updated operating procedures for all staff involved in preparing and verifying deposits at the CSCs.

Original management response:

Management agrees with this recommendation.

In response to the 2015 Audit – Review of CSC Laurier Cash Handling Process and Cash Discrepancies - Counter Services implemented the branch-specific Cash Handling procedure in October 2016. A robust training program was completed, which included a group session, individual one-on-one training and an eTraining module with a testing component. The new procedure and subsequent training specifically detailed the preparation and verification of deposits best practices to be followed.

Additionally, the eTraining module and testing component is now an annual refresher for Counter Services staff. This module, combined with continuing Quality Assurance Control measures such as spot checks by Team Leads, will ensure continued compliance to Cash Handling Procedures. Management considers this recommendation complete.

Management update:

ServiceOttawa implemented a cash handling procedure in October 2016 following a review by Finance (Corporate Services Department). The Procedures: Responsibilities section outlines the Team Lead’s responsibility for conducting this training.

All new agents are provided with “in person cash handling training” and must have 6 months experience in cash handling before processing complex transactions. An eTraining module, including how-to video clips and a testing component was developed and is used as a mandatory annual refresher for all counter staff to ensure continued compliance to the procedure. All employees must obtain a score of 100% on the

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e-training module in order to recertify in cash handling competencies each year.

OAG assessment:

We reviewed the training records and found that all CSC staff had been provided training on ServiceOttawa Cash Handling Procedures. Our review of the training materials confirmed that the training addressed preparing and verifying deposits at the CSCs.

Per the 2018 CSC Cash Handling procedures, CSC staff are also required to complete a refresher course of this training on an annual basis.

Recommendation #3

Table 4: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City, as part of regular ongoing compliance monitoring/quality assurance, ensure that staff at the CSCs adhere to procedures while preparing deposits.

Original management response:

Management agrees with this recommendation.

In response to the 2015 Audit – Review of CSC Laurier Cash Handling Process and Cash Discrepancies - ServiceOttawa implemented a branch-specific Cash Handling procedure in October 2016.

To ensure compliance to the new procedure, spot checks are conducted by Quality Assurance staff on a monthly basis. In addition to Quality Assurance staff checks, team leads and the program manager are now conducting supplemental regular reviews. Management considers this recommendation complete.

Management update:

Implementation of this recommendation is complete as per the management response. See Recommendation 2 with respect to management’s review of compliance.

To support compliance ServiceOttawa has a robust training program. See Recommendation 1.

OAG assessment:

A monthly quality assurance (continuous improvement) process has been implemented to provide CSC management with ongoing oversight over adherence to the cash handling policies and procedures including preparation of deposits.

We obtained and reviewed quality assurance reports and supporting documentation for two months to confirm the operation of this ongoing compliance monitoring process.

Recommendation #4

Table 5: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City update the quality and angles of security video cameras at the CSCs to ensure deposit preparation is recorded and details can be seen including denominations of notes. If required, remove items over desks (if blocking views) or use two cameras per room.

Original management response:

Management agrees with this recommendation.

Corporate Security has reviewed the camera quality and angles at all CSC locations in partnership with ServiceOttawa. The cameras at the North Gower and West Carleton CSC have been relocated and improved lines of sight were verified. Any obstructions to the lines of sight have been relocated.

Corporate Security has obtained the scope of work and estimates required to achieve this recommendation. The scope of work will include the replacement, relocation and/or the addition of digital CCTV cameras throughout the four urban CSC's. Corporate Security will work with ServiceOttawa to ensure that the cameras installed in the deposit preparation areas provide the best possible viewing angles. With respect to image quality, new or additional cameras will be installed with the capacity to determine denomination of notes in the deposit preparation areas. A work plan is in place to implement all changes by Q4 2017.

Management update:

ServiceOttawa and Corporate Security completed an assessment of the security camera quality and angles. ServiceOttawa has completed updates to both the quality and quantity of cameras in cash handling areas at all Centres to provide better views of cash handling activities.

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As noted in the Quality Assurance Monitoring Program (Departmental Policy), Cash Handling section, each month QA reviews camera screenshots.

Any noted issues are brought to management for immediate resolution. See Recommendation 2 with respect to management's review of compliance.

OAG assessment:

CSC management and Corporate Security have reviewed and adjusted the location and viewpoint of security cameras in deposit preparation areas to obtain unobstructed views of the cash handling activities.

Corporate Security has upgraded camera quality and quantity at CSCs to allow unobstructed view of the details including denomination of notes.

We reviewed camera screenshots for both the Laurier and Orleans CSCs. At both sites, the cameras in the cash handling areas provide unobstructed views of cash handling activities, including deposit preparation. As well, the denominations of notes can be clearly seen. We also obtained and reviewed supporting documentation for two months to confirm management's review of the camera reports as part of its monthly quality assurance process.

Recommendation #5

Table 6: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City select a sample from all of its security video cameras on an ongoing basis to review and test to ensure they are functioning as required and continuing to meet business requirements.

Original management response:

Management agrees with this recommendation.

Corporate Security, through the Security and Emergency Management (SEM) Systems and Coordination section, has modified its processes since July 2016 in support of this recommendation. All networked CCTV sites have been programmed to provide an automated notification should video loss be detected from any camera. Notifications (system health checks) are regularly analyzed by SEM Systems Specialists. A service call is placed to investigate any loss of video or loss of video quality. Management considers this recommendation complete.

Management update:

Corporate Security, through the Security and Emergency Management (SEM) Systems and Coordination section, has modified its processes since July 2016 in support of this recommendation. All networked CCTV sites have been programmed to provide an automated notification should video loss be detected from any camera. Notifications (system health checks) are regularly analyzed by SEM Systems Specialists. A service call is placed to investigate any loss of video or loss of video quality.

As noted in the Quality Assurance Monitoring Program (Departmental Policy), Cash Handling section, each month QA reviews camera screenshots.

Any noted issues are brought to management for immediate resolution.

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OAG assessment:

Camera “health check” reports are reviewed each month as part of ServiceOttawa’s continuous improvement process. This review provides ongoing oversight and monitoring of camera views.

We obtained and reviewed supporting documentation for two months to confirm management’s review of the camera reports as part of its monthly quality assurance process.

Recommendation #6

Table 7: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City should adhere to the Fraud and Waste Policy in situations such as this and consult with the Auditor General before referring to the Ottawa Police Service or other enforcement agencies.

Original management response:

Management agrees with this recommendation.

Legal Services will review the Fraud and Waste Policy with the OAG to ensure clarity with respect to incident reporting or referrals. Management anticipates that this review will be completed by the end of Q4 2017.

Management update:

Legal Services reviewed the Fraud and Waste Policy with staff of the Office of the Auditor General in relation to the reporting of relevant matters to outside policing agencies. Based on the results of that review, it was determined that no amendment of the Policy was necessary and an informal protocol of consultation with the Office of the Auditor General, prior to the referral of matters to outside enforcement agencies, has been implemented.

OAG assessment:

ServiceOttawa Cash Handling Procedure document has been developed which requires the CSC Program Manager to follow the requirements of the Fraud and Waste Policy for incident reporting.

We reviewed the cash discrepancy reports sent to CSC Team Leads by Corporate Services for two months. We found no significant shortages that would have required incident reporting.

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Table 8: Status legend

Status	Definition
Not started	No significant progress has been made. Generating informal plans is regarded as insignificant progress.
Partially complete	The City has begun implementation; however, it is not yet complete.
Complete	Action is complete, and/or structures and processes are operating as intended and implemented fully in all intended areas of the City.
No longer applicable	The recommendation is obsolete due to time lapses, new policies, etc.