INFORMATION NOTE

Title: Update on the Follow-up of the Investigation into Float Discrepancy at Mile One Centre

Date Prepared: August 27, 2019

Report To: Audit Committee

Council/Role: Councillor Debbie Hanlon, Chair

Ward: N/A

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Issue: To update the committee on the status of recommendations made in the Investigation into Float Discrepancy at Mile One Centre report dated November 30, 2017.

Discussion – Background and Current Status:

On May 17, 2017 the Office of the City Internal Auditor was requested by management, with approval of the City of St. John's Audit Committee and the Board of St. John's Sports and Entertainment Ltd., to begin an investigation to independently verify the amount of an unexplained negative variance in the floats/petty cash account at Mile One Centre and identify and make recommendations to resolve any internal control weaknesses that may have led to this apparent loss.

The Office of the City Internal Auditor concluded its work in November 2017 and the investigation determined that $56,774.35 of the original estimated loss of $114,863.40 was a result of accounting errors and did not result in an actual loss of cash. Unfortunately, due to weaknesses in the internal control structure it was not possible to determine if the remaining variance of $58,089.05 was due to further accounting errors, errors made during the counting of cash, theft, or some combination of these events. The report put forth 53 recommendations to help strengthen the internal controls to lower risk when handling and accounting for food and beverage cash and sales at Mile One Centre.

In accordance with the City's approved audit plan the Office of the City Internal Auditor performed a follow-up review of the Investigation into Float Discrepancy at Mile One Centre report. Although the follow-up report is not yet ready for presentation it was decided to provide the committee with an update on the status of the recommendations made in the original report to ensure the Office meets its timely reporting requirements.

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For the follow-up review, the Office of the City Internal Auditor assessed the 53 recommendations made in the original report and through interviews with management and staff and an examination of documents, determined the status of each recommendation (i.e. implemented, partially implemented, not implemented or no longer applicable). The review found that 83% were either implemented, partially implemented or no longer applicable. In addition, our follow-up work identified 4 new issues which are addressed in the report.

Status	Number	Percentage
Implemented	30	56.6%
Partially Implemented	12	22.6%
Not Implemented	9	17.0%
No Longer Applicable	2	3.8%
Total	53	100%

Management have reiterated their intentions to fully address all issues identified in the original report as well as the 4 new issues identified in the follow-up report. Management comments and new timelines for implementation of recommendations will be provided in the follow-up report upon its release.

Key Considerations/Implications:

1. **Budget/Financial Implications -** N/A

2. **Partners or Other Stakeholders –** N/A

3. **Alignment with Strategic Directions/Adopted Plans –** N/A

4. **Legal or Policy Implications –** N/A

5. **Privacy Implications –** N/A

6. **Engagement and Communications Considerations –** N/A

7. **Human Resource Implications –** N/A

8. **Procurement Implications –** N/A

9. **Information Technology Implications –** N/A

10. **Other Implications –** N/A

Conclusion/Next Steps:

This update is provided to the committee for information purposes only so that the Office of the City Internal Auditor can meet its standards for timely reporting. The Follow-up of the Investigation into Float Discrepancy at Mile One report will be presented, when completed, at a future meeting of the Audit Committee.

Prepared by/Date: Sean Janes, City Internal Auditor / August 27, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / August 27, 2019
Approved by/Date: Sean Janes, City Internal Auditor / August 27, 2019

Attachments: None