

Auditor General – Halifax Regional Municipality – May 2019 Audits Released
Payroll Management, and
Purchasing Card Program
May 15, 2019

HRM's purchasing card program is not effectively managed, Evangeline Colman-Sadd said in one of her reports released today, May 15th.

The audit found many purchases which did not follow policy. Procurement either did not identify these through its monitoring or did not enforce the purchasing card policy. "When a policy is not enforced, staff may see the policy as not important or necessary to follow," the auditor general said.

The audit also found an employee in the Transportation and Public Works business unit used a card for inappropriate purchases. These included many items not permitted by policy, as well as purchases which, while allowed by policy, were costly and not the best use of taxpayer dollars. Procurement identified some of these issues through its monitoring; however, no action was taken on the use of the card.

An audit of payroll management found overall, payroll activities are effectively managed, but many areas can be improved.

Key payroll processes are manual. Management performs some checks on changes to employee data, however these are informal. It is also not clear who is responsible to approve changes to employee payroll data. "Manual processes with limited checks by a second person and unclear approval requirements can lead to errors and increase the risk of fraud," the auditor general said.

The audit found employee time worked was accurately entered in the payroll system, but it was not always approved by appropriate managers prior to payment.

The audit also found there were practices to prevent unauthorized payments, however gaps existed. For example, management did not monitor for changes to employee banking information, which increases the risk of fraud.

Together, the two audit reports contain 17 recommendations, all of which have been accepted by HRM management.

The reports are available on the auditor general's new website: <https://hrmauditorgeneral.ca/>

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In her audit reports released today, Auditor General, Evangeline Colman-Sadd, said HRM is not effectively managing its purchasing card program.

Improvements are required to ensure the cards are used as intended by HRM's purchasing card policy. The audit also found one card had been used without appropriate regard for taxpayer dollars.

An audit of payroll management found the Municipality effectively manages its payroll activities although improvements are required. Many key payroll processes are manual and management monitoring is not always completed. This increases the risk of errors and fraud in payroll payments.

Together, the reports have 17 recommendations, all of which were accepted by management. Both reports are available on the auditor general's new website: <https://hrmauditorgeneral.ca/>

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Media Contact: David Marr
 902-240-2492
 902-490-8407
 marrd@halifax.ca