



Treasury Board of Canada
Secrétariat

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Core Control Audit of the Parole Board of Canada

November 2012

Office of the Comptroller General

Canada

Objective and scope

The objective of this audit was to ensure that core controls over financial management¹ within the Parole Board of Canada (PBC) result in compliance with key requirements contained in the corresponding legislation, policies, and directives. For the specific audit criteria please refer to <http://www.tbs-sct.gc.ca/report/orp/2011/ccac-cvcb-eng.asp>.

The scope of this audit included all transactions, records, and processes conducted by the PBC in the National Headquarters, Quebec and Prairies regions from April 1, 2011 to March 31, 2012. The audit did not examine transactions, records and processes in the Atlantic, Pacific and Ontario regions.

Transactions were selected from fiscal year 2011-2012. The audit examined a sample of transactions for each of the policies and directives listed in Appendix A of this report.

Conformance with Professional Standards

This audit was conducted in accordance with the Government of Canada Standards for Internal Audit. A practice inspection has not been conducted.

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| <p>Anthea English, CA Assistant Comptroller General Internal Audit Sector, Office of the Comptroller General</p> |
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Why this is important

Canadians expect the federal government to be well managed and to be accountable for the prudent stewardship of public funds, the safeguarding of public assets, and the effective, efficient and economical use of public resources. They also expect reliable and transparent reporting on how the government spends public funds to achieve results for Canadians.

The Financial Administration Act designates deputy heads as accounting officers for their department or agency. As accounting officers, deputy heads are accountable for ensuring that resources are organized to deliver departmental objectives in compliance with government policy and procedures; ensuring that there are effective systems of internal control; signing departmental accounts; and performing other specific duties assigned by law or regulation to the administration of their department or agency.

¹ See Appendix A for a complete list of policies and directives included in the scope of this audit.

Audit Findings and Conclusion

Core controls over financial management within the Parole Board of Canada resulted in compliance with the requirements contained in three policies and directives and in partial compliance with nine policies and directives and noncompliance with one of the directives².

Weaknesses were identified regarding the administration of the acquisition card program for most acquisition cards reviewed. Secondly, some senior management staff had not completed the mandatory training required for the delegation associated with their positions. Thirdly, for some contracting files reviewed, the documentation to support the contracting decisions taken was missing. Also, performance pay objectives were not defined before the start of the performance period for a significant number of performance pay agreements. For the majority of employee files reviewed with departures, departure documentation was not on file. Lastly, for a significant number of travel and overtime files reviewed, the expense was not approved prior to the event.

Recommendations

The PBC should implement business processes to ensure appropriate administration of the acquisition card program. The PBC should ensure that all managers exercising delegated financial signing authorities have the requisite financial management training. The PBC should implement business processes to ensure that documentation is completed and retained to support contracting decisions. The PBC should ensure that performance pay objectives are defined prior to the start of the performance period. The PBC should implement business processes to ensure that departure procedures are followed and documented. Finally, the PBC should ensure that expenditure initiation is documented prior to expenses being incurred.

Management Response

Management has accepted the audit findings and has developed an action plan to address the recommendations. It is expected that the management action plan will be fully implemented by June 2013

The results of the audit and the Management Action Plan have been discussed with the Deputy Head of the PBC and the Small Departments Audit Committee. The Office of the Comptroller General will follow-up on the Management Action Plan until all findings are resolved.

² See Appendix A for PBC's overall compliance in the areas tested.

Appendix A: Policies and Directives Tested

| Policies and Directives Tested | Compliance |
|--|---------------|
| Directive on Delegation of Financial Authorities for Disbursements | Partially Met |
| Policy on Financial Management Governance | Met |
| Directive on Acquisition Cards | Partially Met |
| Directive on Accountable Advances | Met |
| Contracting Policy | Partially Met |
| National Joint Council Travel Directive | Partially Met |
| Directive on the Management of Expenditures on Travel, Hospitality and Conferences (formerly Hospitality Policy) | Partially Met |
| Directive on Leave and Special Working Arrangements | Partially Met |
| Casual Employees | Met |
| Performance Pay Administration | Not Met |
| Directive on Financial Management of Pay Administration | Partially Met |
| Directive on Expenditure Initiation and Commitment Control ³ | Partially Met |
| Directive on Account Verification ⁴ | Partially Met |

| Legend of Compliance Thresholds ⁵ | |
|--|--|
| Met | Greater than or equal to 98% compliance. |
| Partially met | Greater than or equal to 80% and less than 98% compliance. |
| Not met | Less than 80% compliance. |

³ Includes *Financial Administration Act*, Section 32.

⁴ Includes *Financial Administration Act*, Sections 33 and 34.

⁵ Compliance thresholds for the transactions tested.