



Internal Audit

September 8, 2015

To: Karen Serafin, Director Policy and Internal Control

From: Josée St-Onge, Chief Audit Executive, Internal Audit
Mark Burnes, Director, Internal Audit

CC: Judith Purves, Chief Financial Officer

Subject: Review of expenses reimbursed to the Chair of the Board of Directors, the President and CEO, and the Executive Vice-Presidents of French and English Services for the period April 1st to June 30th, 2015.

The objective of this quarterly compliance audit was to perform a review of the travel and hospitality expenses reimbursed to the Chair of the Board of Directors, the President and CEO and the Executive Vice-Presidents; to ensure the accuracy and completeness of the amounts to be proactively disclosed, as well as the validity of the expenses in relation to the Corporation's policies and procedures. This review covered the period from April 1, 2015 to June 30, 2015.

The section below summarizes our findings.

Validity of the expenses in relation to the Corporation's policies and procedures

We noted one instance where a 25\$ breakfast for an employee's guest was claimed and reimbursed. Expenses relating to guests are not permitted according to paragraph 1 of the 'Reimbursements for Spouse/Partner Accompaniment during Corporate Travel' section of the Rules and Procedures on Corporate Travel. Although the amount was manually deducted on the hotel invoice when the expense was submitted for reimbursement by the employee, the employee's administrative assistant appears to have included it on the expense report claim anyway when the expense report was prepared. The \$25 was subsequently repaid by the employee once internal audit pointed out this error. Other expenses were claimed in compliance with the policies and procedures.

Accuracy and completeness of the amounts to be proactively disclosed.

Overall, we found that the proposed amounts to be disclosed on the Corporation's website were appropriately approved. Based on our review, the following items are highlighted for the Corporation's consideration:

1. Timeliness of expense report approval: We noted three instances where expense reports submitted in April, May, and June respectively, were not approved until August. PwC recommends that CBC/RC approve expense reports in the month following their submission, and clarify when amounts are to be disclosed (i.e. in the quarter they are incurred vs the quarter when they are approved).



2. Disclosure of amounts: A portion of an employee's hotel bill was not disclosed since it was paid directly to the hotel by CBC/RC as part of a deposit on a block of rooms (as opposed to being paid by the employee and then reimbursed by CBC/RC). CBC/RC has subsequently remediated the error and the expense was disclosed. PwC recommends that a policy be developed clarifying which expenses should be disclosed.

Responsible for action plan: VP Finance & Administration and CFO