



Internal Audit / Vérification interne

May 27, 2015

To: Michael Downey, Senior Director, Accounting and External Reporting, Finance Controllership

From: Josée St-Onge, Chief Audit Executive, Internal Audit

CC: Judith Purves, Executive Vice-President and Chief Financial Officer
Christine Cayer, Executive Assistant, Office of the Executive Vice-President and CFO

Subject: Review of processes for proactive disclosure 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 January 1st to March 31st, 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 January 1, 2015 to March 31, 2015.

The section below summarizes our findings.

Accuracy and Completeness of Expenses Disclosed

As a result of this review, we noted two instances where meal allowances were not claimed in accordance with the Rules and Procedures on Corporate Travel, resulting in inaccurate per diems being reimbursed. Both amounts have been subsequently repaid and the disclosures updated accordingly. No other significant issues were noted.

Validity of Amounts Disclosed

Internal audit identified certain expenses that were not disclosed on the CBC internet site, including taxi fares and conference fees. Currently, there is no policy outlining what expenses should be disclosed on the internet site. PwC recommends that a policy and criteria be developed clarifying what expenses should be disclosed, thus strengthening the overall consistency and completeness of the process to decide what expenses get disclosed on the CBC website. No other significant issues were noted.



Other Items for Management's Consideration

Internal audit noted the following additional items for Management's consideration:

1. Use of non-preferred hotels: We noted one instance where an executive stayed in a non-preferred hotel. Upon follow up, Internal Audit was informed that this hotel was chosen due to the fact the event the executive was attending was held in that particular hotel. In these types of cases, it would be useful to use the comments field in the expense report to document the reasons for the use of non-preferred hotels.
2. AMEX not used for all expenses: We noted one instance where a transaction was made using a personal VISA card instead of the CBC AMEX card.
3. Use of business class travel and club-floor hotels: The use of business class and club-floors hotels was noted in the course of our review. The travel policy permits business class travel and club-floor use, so long as pre-approval is obtained. We noted that although pre-approval was obtained for the expenses that we reviewed, the pre-approval was in the form of a blanket pre-approval. Instead of obtaining pre-approval on a trip by trip basis, the expenses were pre-approved via a process whereby CBC maintains a listing of pre-approved Senior Leadership Team (SLT) members who do not need to obtain pre-approval on a trip by trip basis. Although this process is outlined in a 2010 internal memo signed by the CEO, it is not referred to in the travel policy. PwC recommends that CBC update the travel policy so that it references the pre-approved list process, to make it more clear that SLT members do not require pre-approval on a trip by trip basis.
4. Ghost card approval: We noted differences between the expense report approval processes for travel costs (flights/trains) processed through CBC ghost cards. Certain employee groups include travel costs processed through the CBC ghost card in the expense amount submitted for approval, while others do not. PwC recommends that CBC align the process for approving flights purchased on ghost cards so that it is consistent across all employee groups.

Responsible for action plan: Executive Vice-President and Chief Financial Officer



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September 29, 2014

To: Andie Andreou, Executive Director and Corporate Controller
From: Keith Davis, Chief Audit Executive, Internal Audit
CC: Mike Mooney, Acting Vice-President and Chief Financial Officer
Christine Cayer, Executive Assistant, Office of the Vice-President and CFO

Subject: Review of proactive disclosure 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 of April 1st to June 30th, 2014.

As part of Internal Audit's annual audit activities, we reviewed the proactive disclosure of expenses reimbursed to the Chair of the Board of the Directors, the President and CEO, and the Executive Vice-Presidents ("Executives") for the period from April 1st to June 30th 2014 (here forth referred to as Q1). The expenses examined during Q1 totalled approximately \$38,900.

Our review process consisted of examining the amounts proposed to be disclosed by the Corporation along with supporting expense report submissions to ensure:

- Accuracy of expenses proposed to be disclosed (i.e. in relation to the information as recorded in SAP and the expense reports) and completeness and cut-off of amounts proposed to be disclosed; and
- Validity of amounts to be disclosed (i.e. ensuring that expenses were appropriately approved, and are reasonable in relation to the requirements of the CBC/Radio-Canada's travel management, duty entertainment, internal business hospitality, receptions and staff functions policies and operating practices).

The section below summarizes our findings.

Accuracy and Completeness of Expenses Disclosed

During our review of Q1 expenses, we found five errors totaling approximately \$850 in the accuracy and/or completeness of the proposed list of amounts to be posted when compared to the amounts processed in SAP and/or as disclosed in approved expense reports. It was noted that four flight change fees were not appropriately disclosed as part of the travel expenses during this quarters review. Upon follow up with HRG and local Finance, it was confirmed that these flight change fees should be included as part of the air cost for the trips this quarter.

Furthermore, Internal Audit noted that a flight change fee for a trip taken in Q4 (in the amount of \$130) was not reported through the expense report process during Q4. As such, this amount will either need to be posted as part of proactive disclosure in this quarter (noting the Q4 date for the trip) or an adjustment will be required to the Q4 proactive disclosure.

Validity of Amounts Disclosed

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

1. Missing supporting documentation: We noted two instances where evidence was not included in the expense report documentation provided to us which would confirm the cost of travel. Upon follow up, we received the invoices to support these instances and no issues were noted.
2. AMEX not used for all expenses: We noted two instances where a transaction was not made using the CBC AMEX card. Upon follow up, it was noted that executive did not use their CBC AMEX due to technical issues.

Other Issues

During our review of the Q1 expenses, it was noted that an executive was reimbursed for expenses that were incorrectly recorded in the TEMS system. The executive was reimbursed approximately \$240 dollars more than the approved amount on the hard copy expense report.

As context, the travel expense process starts with data being input into the TEMS system. Then hard copy expense reports are printed from the TEMS system for manual approval (outside of the system). Finally, payments are made based on amounts in the system, and a control is in place to require confirmation of the amount as compared to the approved hard copy expense report. In this case, an adjustment was made to the executive's expenses in TEMS to create a revised hard copy expense report to be approved, but the adjustment was inadvertently not saved in the TEMS system, and the discrepancy was not noted in the Corporation's review processes prior to payment.

It should be noted that, after identification of this discrepancy, a credit was processed in the system to recover this amount from the executive.

We recommend that management revisit its payment process to ensure that controls are being consistently applied to confirm that amounts being paid agree to approved amounts as per expense reports. Management should also explore feasibility of enabling approvals within the TEMS system, which would mitigate the risk of this scenario recurring.



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November 20, 2014

To: Andie Andreou, Executive Director and Corporate Controller
From: Keith Davis, Chief Audit Executive, Internal Audit
CC: Mike Mooney, Acting Vice-President and Chief Financial Officer
Christine Cayer, Executive Assistant, Office of the Vice-President and CFO

Subject: Review of processes for proactive disclosure 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 of July 1st to September 30th, 2014.

As part of Internal Audit's annual audit activities, we reviewed the processes for proactive disclosure of expenses reimbursed to the Chair of the Board of the Directors, the President and CEO, and the Executive Vice-Presidents ("Executives") for the period from July 1st to September 30th, 2014 (here forth referred to as Q2). The expenses examined during Q2 totalled approximately \$15,300.

Our review process consisted of examining the amounts proposed to be disclosed by the Corporation along with supporting expense report submissions to ensure:

- Accuracy of expenses proposed to be disclosed (i.e. in relation to the information as recorded in SAP and the expense reports) and completeness and cut-off of amounts proposed to be disclosed; and
- Validity of amounts to be disclosed (i.e. ensuring that expenses were appropriately approved, and are reasonable in relation to the requirements of the CBC/Radio-Canada's corporate travel, duty entertainment, internal business hospitality, employee corporate credit cards, employee related expenses and reimbursements, and receptions, staff functions and related events policies and procedures).

The section below summarizes our findings.

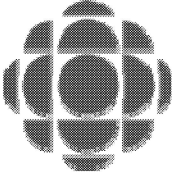
Accuracy and Completeness of Expenses Disclosed

During our review of expenses, we did find one error totaling approximately \$100 in the accuracy or completeness of the proposed list of amounts to be posted when compared to the amounts processed in SAP and/or as disclosed in approved expense reports.

Validity of Amounts Disclosed

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

1. Use of non-preferred hotels: We noted one instance where an executive stayed in a non-preferred hotel. Upon follow up, Internal Audit was informed this hotel was chosen due to its proximity to meetings being held. In these types of cases, it would be useful if the comments field in the expense report was used to document the reasons for the use of non-preferred hotels (e.g. hotel used given proximity to conference being attended so as to limit local travel costs; reservations were made under short notice and there was a shortage of rooms at preferred hotels; etc.).
2. AMEX not used for all expenses: We noted three instances where transactions were not made using the CBC AMEX card. It should be noted that in one of these instances, we were unable to determine if AMEX was accepted by the vendor at which the transaction was completed.



Internal Audit / Vérification interne

May 15, 2015

To: Mike Downey, Acting Corporate Controller
From: Keith Davis, Chief Audit Executive, Internal Audit
CC: Christine Cayer, Executive Assistant, Office of the Vice-President and CFO

Subject: Review of processes for proactive disclosure 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 of October 1st to December 31st, 2014.

As part of Internal Audit's annual audit activities, we reviewed the processes for proactive disclosure of expenses reimbursed to the Chair of the Board of the Directors, the President and CEO, and the Executive Vice-Presidents ("Executives") for the period from October 1st to December 31st, 2014 (here forth referred to as Q3). The expenses examined during Q3 totalled approximately \$23,300.

Our review process consisted of examining the amounts proposed to be disclosed by the Corporation along with supporting expense report submissions to ensure:

- Accuracy of expenses proposed to be disclosed (i.e. in relation to the information as recorded in SAP and the expense reports) and completeness and cut-off of amounts proposed to be disclosed; and
- Validity of amounts to be disclosed (i.e. ensuring that expenses were appropriately approved, and are reasonable in relation to the requirements of the CBC/Radio-Canada's corporate travel, duty entertainment, internal business hospitality, employee corporate credit cards, employee related expenses and reimbursements, and receptions, staff functions and related events policies and procedures).

The section below summarizes our findings.

Accuracy and Completeness of Expenses Disclosed

During our review of expenses, we noted one instance where the proposed amount to be disclosed included approximately \$1,650 of expenses that should not be reported/disclosed through this process.

Validity of Amounts Disclosed

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

1. HRG not used for all travel: We noted one instance where the approved travel agency provider was not used to book travel. Internal Audit noted that the comments field in the expense report was used to document that the executive's office was advised that HRG should have been used.
2. Missing supporting documentation: We noted three instances where evidence was not included in the expense report documentation provided to us which would confirm the cost of travel. Upon follow up, we received the invoices to support this.
3. AMEX not used for all expenses: We noted three instances where transactions were not made using the CBC AMEX card.

Other Considerations

During our review, we noted 3 instances where complimentary travel was provided to 2 executives. While we were informed that this was normal practice for the events in question, based on our review of CBC/Radio-Canada's policies, it was noted that there is an opportunity to clarify the policy in relation to the acceptable thresholds for complimentary travel. A recommendation has been raised in this regard.