



**Audit of Central Regional Office (Toronto)
Administrative Processes**

FINAL REPORT

Approved by Internal Audit Committee on August 30, 2006



**Internal Audit Division
December 2005**



Statistics
Canada Statistique
Canada

Canada

Table of Contents

Auditor’s Statement.....	2
Background	3
I. Objective.....	4
II. Scope	4
III. Approach.....	4
IV. Results.....	5
V. Findings and Recommendations	6
Appendix A	A1
Appendix B	B1



Auditor's Statement

We have completed the Audit of Central Regional Office (Toronto) Administrative Processes. The objective was to assess the degree of compliance of financial and human resources processes and practices and other general administrative processes and practices with relevant Government of Canada and departmental regulations, policies and directives. We examined the following areas: accounts payable; interviewer pay; travel, including the use of individual travel cards; procurement; inventory control, namely compliance with the Automated Material Management Information System (AMMIS); selected physical security elements, for example, access controls and the application of basic security measures; human resources (HR) staffing including file documentation; HR modernization training; and information technology (IT) access control. As the same management team is responsible for administrative practices and procedures in both Toronto and Sturgeon Falls, the audit was conducted in Toronto only. This audit concentrated on regular regional office activities and excluded the 2006 Census operations.

This internal audit was carried out in accordance with the Internal Auditing Standards for the Government of Canada. Key activities during the conduct of the audit carried out from November 21 to December 2 in Toronto, focussed on the regional office's financial, human resources and other administrative operations. The auditors interviewed approximately 30 Statistics Canada employees, 11 interviewers and one security guard, observed practices and reviewed documents.

In examining selected regional office's financial and human resources processes and practices and other general administrative processes and practices with relevant central agency and departmental regulations, policies and directives, we are satisfied that the areas examined are mainly in compliance. In a few areas, however, the findings indicate that there is a moderate level of risk to the organisation. These include: the lack of evidence that a best price was sought when using Local Purchase Orders (LPO) (page 8); the storage of Protected B information (page 11), and; the management of A/B switches (page 12). The audit report presents recommendations for all the findings identified by the auditors. Managers of the Central Regional Office prepared an action plan to address all recommendations (Appendix B). An audit team will monitor the progress of this plan and report back to the Internal Audit Committee.

These conclusions are based on the assessment of findings against pre-established criteria agreed to by the Internal Audit Committee in October 2005 and reflect the audit work conducted principally between November 21 and December 2, 2005.

The audit team was comprised of Mylène Belzile, Maria Escobar Rivera, Johanne Grégoire, Bev Prentice, Fadi Hérou and Jacques Lepage, who was the principal auditor.

In our opinion, sufficient and appropriate audit work has been performed and evidence gathered to support the conclusions contained in this audit report.



Background

Regional office audits have been conducted in Statistics Canada on a rotating basis since the mid-nineties. Regional offices, like our Head Office, process financial, human resources and administrative activities. The delegation of signing authority chart reflects the unique nature of the regional offices.

From a data collection perspective, the regions (Eastern Region, Central Region and Western Region and Northwest Territories) are responsible for the management of survey operations in eight centres: Halifax; Montreal, Sherbrooke; Toronto, Sturgeon Falls; Winnipeg, Edmonton; and Vancouver. This is done through the hiring, maintaining, training and scheduling of a workforce capable of handling a wide range of continuing and ad hoc surveys; providing cost estimates; providing advice and guidance on local situations; providing and maintaining respondent relations; managing the day-to-day collection operations including expanding and contracting the interviewer workforce as required; keeping within cost, quality, and timeliness objectives; maintaining samples; maintaining local offices; monitoring data quality; and collaborating with Survey Operations Division (SOD) in identifying ways and means to improve survey data collection.

The regions are one of the two main collection arms of the Agency. As such the regions provide a service vital to Statistics Canada's mandate which is to provide Canadians with objective and non-partisan statistics and statistical products, services and analyses on Canada's economy and society which are relevant, responsive to emerging issues, fulfilling legal requirements and are of high quality. The regions provide data collection services to several divisions responsible for economic and socio-economic surveys.

The Central Regional Office is comprised of the Toronto centre, which also provides administration services for this region, and the Sturgeon Falls centre.

Before initiating the Central Regional Office (Toronto) audit, items audited in previous regional office audits were assessed in consultation with managers from the Communications and Operations Field as well as financial management and human resources management in terms of threats and risks to the organization. Most financial items included in previous audits have been maintained. New items added to the list cover HR issues.



I. Objective

The objective of this audit was to assess the degree of compliance of selected financial and human resources management and other general administrative processes and practices with relevant central agency and departmental regulations, policies and directives.

II. Scope

The audit examined processes and practices followed by the Central Regional Office to ensure that selected financial, human resources and administrative activities comply with Government of Canada regulations, policies and directives as well as with Statistics Canada policies and directives. Areas examined include: accounts payable; interviewer pay; travel, including the use of individual travel cards; procurement; inventory control, namely compliance with the Automated Material Management Information System (AMMIS); selected physical security elements, for example, access controls and the application of basic security measures; HR staffing including file documentation ; HR modernization training; and IT access control. As the same management team is responsible for administrative practices and procedures in both Toronto and Sturgeon Falls, the audit was conducted in Toronto only. This audit concentrated on regular regional office activities and excluded the 2006 Census operations.

III. Approach

This audit was guided by criteria and review frameworks based on Treasury Board audit guides and analysis. An audit plan was developed and included detailed activities for all components identified within scope.

The auditors made use of administrative databases (e.g. Common Departmental Financial System (CDFS), Automated Material Management Information System (AMMIS), Survey Operations Pay System (SOPS)). The auditors interviewed financial, human resources and administrative staff in the Central Regional Office (Toronto). The test of compliance, in some cases, involved selecting and reworking adequate samples (e.g. travel claims, accounts payable, acquisitions) and recording results on the corresponding data collection tools. The work also involved inspecting files (mainly paper) to ensure that the proper documentation was maintained. Various visual inspections (e.g. work area, procedures, bulletin boards) were also conducted. With respect to security, the auditors conducted interviews with a sample of employees and on-site inspections of the physical security arrangements. Upon their return, personnel screening was conducted in the Head office security office and a review of travel card holders was conducted with the help of administrative files.



Before leaving the Toronto office, the auditors discussed the preliminary findings with the Regional Director and the Management Services and Informatics (MSI) Manager (also acting Assistant Regional Director, Operations).

To ensure that the scope of the audit was properly covered, the audit plan was comprised of a number of sub-objectives. These were:

- To ensure that accounts for payment and settlements are verified in a cost effective and efficient manner while maintaining adequate controls
- To ensure that procurements of goods or services are made in the most cost efficient manner while maintaining proper financial controls
- To ensure that travel is effectively managed and controlled
- To ensure the economical and efficient use of individual travel card (ITC)
- To ensure that inventories are properly managed
- To ensure that interviewer pay is properly managed
- To ensure the security of regional employees, information and assets
- To ensure that staffing for open and closed competitions are in accordance with Section 10 of the Public Service Employment Act, that acting appointments and extensions are in accordance with Section 7 of the Public Service Employment Regulations and that term extensions were made pursuant to Section 7 of the 2003 Term Employment Policy
- To ensure that key STC Staffing Guidelines for Statistical Survey Operations have been applied for hiring interviewers from outside, for promotions from interviewer to senior interviewer and for acting assignments and extensions of Statistical Survey Operations (SSO) employees.
- To ensure that managers and HR personnel are being prepared for the introduction of HR Modernization

The sub-objectives, their accompanying criteria and results are listed in Appendix A.

IV. Results

Overall, the audit confirmed within the defined scope that the Central Regional Office (Toronto) financial and human resources processes and practices and other general administrative processes and practices are mainly in compliance with relevant central agency and departmental regulations, policies and directives. In a few areas, however, the findings indicate that the organisation could be at risk. The findings include:

- The auditors found no physical evidence that the best prices were obtained when using LPOs. We expected to find at least two quotes in the files. There were none, so it was impossible to know if the best price was sought (page 8).
- The users of A/B switches had not signed the declaration. We did not find an A/B switch on machines that would normally contain confidential information but there were no signed declarations by the users (page 12).



- Protected B information must be stored carefully after working hours and according to proper practices. We noticed survey and personnel-type information not stored securely after working hours (page 11).

All the findings are discussed in greater detail in the findings and recommendations section of this report.

Some of the sub-objectives examined for travel, the use of individual travel cards, and HR modernization training were found to be fully compliant.

V. Findings and Recommendations

The criteria used for the audit are listed by sub-objective in Appendix A. In this section of the report, findings and recommendations are presented by groupings of sub-objectives. The report only presents findings that are accompanied by recommendations.

VI.I Accounts payable and procurement

Many criteria in these two sub-objectives were analyzed with the help of samples of transactions that were run through templates. The samples were selected at random within stratified lists.

Results of the samples run through the template are presented in the following tables. Please note that only the criteria that were verified with the template and that were not 100 percent compliant are shown (a complete list of the criteria can be found in Appendix A). Recommendations often group more than one criterion and are presented after the description of findings.

Accounts payable

A number of criteria measured with the help of the template were found to be 100 percent compliant. These include:

- The documentation shows compliance with section 34 (signed by officer with delegated authority)
- Financial coding is correct (FRC, authority, line object, and project code match the section 34 stamp)
- Invoices for payment received in the mailroom are date stamped and promptly forwarded to finance where they are stamped again.
- Invoices are matched to purchase order forms to verify that prices match those quoted in the purchase order.
- PST exemptions are taken and GST calculation is correct.



- Requests for payment are signed off by Financial Officer under sect 33 of the Financial Administration Act (FAA). No person shall exercise signing authority pursuant to both section 33 and 34 of the FAA with respect to a particular payment.
- Payments are promptly processed through CDFS by Finance. Cheques should be sent to the employee's home address or company's direct address.
- Transactions must follow a logical flow (i.e. purchase order, application & appraisal forms dated before invoice date).

Other criteria, not measured with the help of the template, were also met. These include:

- Signature forms showing delegated authorities are maintained and kept in a locked cabinet. The new forms must be filled and signed by October 31, 2005.
- Access to supplier files is restricted and files are kept under lock and key
- Acquisition cards monthly statements are reconciled with individual purchases and paid promptly to avoid payment of interests.
- There is a separate file maintained for the acquisition card.

Criteria in the following table were not compliant

Criteria (criteria number in Appendix A)	Compliant (N)	Total (N)	Percent Compliant
Acquisitions are signed off by officer with delegated authority. ¹ (1.2)	23	33	70
The release date of the payment should be 30 days after the receipt of the invoice (right away for employees), or acceptance of the goods/service, whichever is later. The invoice should be date stamped upon receipt and when payment is processed. The invoice receipt date should match CDFS receipt date. (1.10)	6	40	15
Files of all suppliers are maintained and contain all supporting documents for all acquisitions (Order form (including Local Purchase Order (LPO)), Invoice, Bill of Lading, Packing Slip with evidence that it was verified). (1.11)	23	33	70
Invoice date and number are entered correctly on CDFS. (1.16)	6	40	15

These findings and associated recommendations are discussed after the procurement subsection.

¹ Purolator, Canada Post and Bell Canada were left out of the analysis for this criterion because one would not expect to find a signed form at the regional level for these contracts.



Procurement

A number of criteria measured with the help of the template were found to be 100 percent compliant. These include:

- Standing offers or contracts if amount exceeds \$5K for goods and \$25K for services have been negotiated with principal suppliers
- Invoices or packing slips when separate are verified for accuracy of quantities and quoted prices
- Managers sign off under sect. 34 confirming receipt of goods or services
- Stamped invoices and packing slips are promptly forwarded to Finance for payment

Other criteria, not measured with the help of the template, were also met. These include:

- There is a designated officer responsible for all acquisitions
- Procedures exist for the receipt and verification of goods or services received
- Refer to payables criteria for Finance responsibilities prior to payment
- There is designated co-ordinator for the use of acquisition cards (Master Card) who is not the purchasing officer. The cards are in the name of current employees within the administration unit and must be used by the cardholder only for official government purchases only and must be kept in a secure location with controlled access when being used.
- The co-ordinator is fully responsible for all acquisitions using the card and there is a signed agreement to that effect. Each cardholder must sign a written acknowledgement.
- A separate log or inventory exists for all acquisitions made by LPO, standing offer and acquisition card.
- The card is not used for certain type of acquisitions specified by TB Policy e.g. travel related expenses, repairs, cash advances or interdepartmental transactions (this was verified with Sub-Objective 1 Accounts payable).
- Payments to the credit card company are made promptly to avoid interest payments.

Criteria in the following table were not compliant

Criteria (criteria number in Appendix A)	Compliant	Total	Percent Compliant
When Local Purchase Orders (LPOs) are used, there is evidence that the best prices were obtained (4.3)	0	15	0
Internal request forms and LPOs are signed by officer with delegated authority ² (4.4)	23	33	70

² Purolator, Canada Post and Bell Canada were left out of the analysis for this criterion because one would not expect to find a signed form at the regional level for these contracts.



Acquisitions (including with Local Purchase Orders (LPO)) not always signed by officer with delegated authority (criteria 1.2, 1.11 and 4.4 in Appendix A)

The MSI and the financial officer stated during their respective general interview that internal request forms and LPOs were signed by an officer with delegated authority or that an e-mail was sent to the purchasing officer. The purchasing officer stated the same thing but admitted that he did not keep a copy of the e-mail in his files (either electronic or paper). This was confirmed by the sample analysis (see template results above). In 10 cases (30%), there is no evidence on file of an internal requisition form, a Local Purchase Order (LPO) signed by an employee with delegated authority under section 32 of the FAA or an e-mail sent to the purchasing officer. In the case of the print shop, the current procedures are not congruent with requirements. Currently, print jobs are ordered on an ongoing basis, often more than once a day and records are not kept of the quoted prices or of the approval by an officer with delegated authority.

Recommendation 1: The MSI manager should establish proper acquisition procedures to ensure that an officer with delegated authority signs an acquisition form or sends an e-mail before any acquisition is made.

Invoices almost always paid before 30 days (criteria 1.10 and 1.16 in Appendix A)

We found that there was no problem with payments due to employees or with the application of stamps on the invoices. All invoices contained the proper stamps. The travel sample indicated that the employees travel claims are processed when received in the finance section of the regional office as they should be. Other employee claims, such as petty cash, were also handled in a timely fashion by the financial section.

However, invoices from suppliers are almost always paid before the required 30 days (85%). The invoice receipt date seldom matched the CDFS receipt date. Suppliers are paid before the required 30 days, contrary to the Policy on Payment Requisitioning and Payment on Due Date. In order for this to happen, the invoice date must be incorrectly entered in CDFS. This is done deliberately. Originally, this procedure was applied so that suppliers, especially small ones, get paid before 30 days. However, the evidence shows that now this practice extends to all suppliers (small and large).

Recommendation 2: The Director should take immediate steps to stop the early payment practice. He should ensure that clear procedures are in place that respect the 30 day release date for payments required under the Policy on Payment Requisitioning and Payment on Due Date and he should monitor the situation to ensure that this has been corrected.



No evidence that the best prices were obtained when using LPOs. (criterion 4.3 in Appendix A)

We expected to find at least two quotes per purchase in the files. The files did not show any quotes. LPO transactions did not have any bid documentation or any evidence that the best price was researched. Both the MSI and the financial officer stated during their respective general interview that bids were being sought when using LPOs. The purchasing officer stated the same thing, but he admitted that he did not keep this information in his files (either electronic or paper). This was confirmed by the sample analysis (see template results above).

Recommendation 3: The MSI manager should establish a set of procedures that would ensure that the best prices are obtained when using an LPO. The results of this process must be kept on file. Such procedures could include the pursuit of bids for each LPO. The MSI manager must also monitor the situation regularly to ensure that these new procedures are followed and that the problem has been corrected.

VI.II Inventories

A number of criteria were fully met. These include:

- An officer is identified as being responsible for the safe custody of the inventory of high value items and there is formal acceptance of that responsibility.
- Periodic stocktaking is performed
- Inventories are properly safeguarded

Accurate records not maintained for all items in the inventory and written procedures lacking (criteria 5.2 and 5.6 in Appendix A)

Inventory for which there are screen charges (PC) or which are important to manage from an operational point of view (laptops) are accurately recorded, as are monitors which generally work in conjunction with PCs. Inventory for A/B switches is not maintained and this represents a security concern which will be discussed with security findings below. The printer inventory is not accurate.

AMMIS is the only inventory used for non-computer items and locally-acquired items are not reliably entered. Accurate records are not maintained for this part of the inventory as a number of items do not have a C number. The persons responsible for maintaining inventory items do not have access to AMMIS.

Recommendation 4: We recommend that the MSI manager provide the individuals responsible for inventory items (both computer and non-computer) with written procedures and Read-only access to AMMIS should also be provided. In the case of non-computer inventory, the procedures should include a step that requires obtaining a C number before any equipment is deployed.



The MSI manager should regularly monitor and provide feedback as required to the persons responsible for inventory items.

VI.III Interviewer Pay

A number of criteria were fully met. These include:

- Managers conduct a verification of pay and expense claims (section 34 of FAA) before forwarding to finance
- Financial officer is exercising its responsibility to ensure that a system of account verification exists
- There is a process to follow up on overpayments (to do so requires an accurate records system and capacity to identify errors)
- Expense elements of interviewer pay correspond to the appropriate line items in CDFS

Tighten interviewer pay procedures for data collection managers (DCM) (criterion 6.1 in Appendix A)

We found written procedures and directives related to the method to process an interviewer pay claim. For example, there is a draft SOPS (Survey Operations Pay System) User Guide, dated December 2004 that explains the technical steps. It is not however designed to address section 34 responsibilities. There is also an ROB procedure for the payment of overtime. We were shown the PWGSC on-line pay site used by regional HR compensation advisors as a key tool.

One cannot write a standard recipe for all DCM to follow—there isn't a mechanical set of steps that will apply generally. However, there should be procedures to remind DCM of their responsibilities. As a minimum, it should contain basic checks to perform when verifying pay claims.

Different levels of authorization exist in SOPS (recommendation by senior interviewer, approval by DCM, review by project managers (PM4)) and various edits are built in the process. There seems to be enough checks to satisfy the requirements and assure the financial officer that section 34 is being handled properly. However, there are no written directives covering this issue.

Recommendation 5: Regional Office Branch (ROB) should prepare guidelines for data collection managers (DCM) on their section 34 responsibilities and for the financial officer regarding section 33 and interviewer pay.



VI.IV Physical security

A number of criteria were fully met. These include:

- Emergency numbers are posted in central locations where staff can easily find them
- Strangers are challenged
- Staff members wear their ID according to security directives
- Procedures are in place to ensure that employees do not receive a user ID granting access to Network A or confidential information until personnel screening is completed
- A Committee on Occupational Safety and Health is established and is operational Meetings are conducted on a regular basis
- There are trained personnel on first aid and their names are posted
- Fire extinguishers are in place and there are signs clearly indicating their locations
- Employees have been trained on the procedures to follow when the alarms go off
- Signs are posted indicating the location of emergency doors which are easily accessible

Storage of protected B information (criterion 7.4 in Appendix A)

Security measures described in the Security Practices Manual are not always applied when it comes to storing protected B files after hours. While the risk of outsiders seeing protected information is low because of perimeter security, access to information is on the basis of a “need to know”, which is respected when documents are properly stored. Confidentiality is a key value for all Statistics Canada employees who have to protect information received from respondents as well as any other protected information.

We noticed that protected B files (e.g. survey data, personnel-type) were left on desks after employees had left for the day. Some cabinets were unlocked overnight and some employees with offices with doors choose not to lock them, even though protected information is kept in the office and not stored in cabinets. Regarding personnel-related information, the Human Resources section is located in the MSI area which has controlled access, but personnel files should not be left unlocked overnight. This type of information should be treated with the same care as survey data.

We also noticed that all the filing cabinets used to store protected B information are not meeting the standards described in the Security Practices Manual.

Recommendation 6: The Regional Director takes action to ensure that employees appropriately secure protected B data after hours, whether this is information provided in confidence, sensitive statistical information or other types of protected information such as personnel files. We also recommend that the RO either purchase a number of filing cabinets suitable for storing protected B information or consult with HO security to see how the present cabinets can be retro-fitted to meet security requirements.



Personnel screening falls short (criterion 7.7 in Appendix A)

As part of the physical security sub-objective, personnel screening was reviewed. The criterion is taken directly from the Government Security Policy. This can be considered as a follow-up to the 2002 Personnel Screening audit that covered the entire department.

During the current audit, on the employee side, we concentrated on new hires over the past year (November 2004 to November 2005) excluding Census employees. There were 18 names on our list and our findings indicate that 3 of these employees started to work without a valid security clearance. In addition, only one of the three signed the security clearance form before starting to work. The two others signed their forms after their first day of work (one and ten days).

For interviewers, the same time period was used and is summarized:

➤ No security clearance	6
➤ Obtained after starting work	38
➤ Compliant	48
➤ File not located	1
➤ Total	93

The results indicate that 44 (6+38) out of 93 interviewers, or 47%, did not comply with the Government Security Policy at the time of the audit. This can be considered as an improvement over the results of the 2002 Personnel Screening Audit, but requires some specific action to rectify the situation.

The risk to the agency is that someone without proper security clearance is hired. The degree of risk is not high, but could become a problem in the long run if rules are not adhered to. Should an event occur, the impact on the reputation of Statistics Canada could be significant.

Recommendation 7: The director should introduce procedures to ensure that employees and interviewers be security cleared before they start working for the RO. This should be monitored on an ongoing basis to ensure full compliance.

Conditions for A/B switch use should be improved (criterion 7.9 in Appendix A)

The MSI manager noted that all requests for A/B switches must be approved by a senior manager and that the distribution was very limited. During inventory work, we did not find an A/B switch on machines that would normally contain confidential information.

We were told that employees who use A/B switches are not required to sign a declaration in advance. This declaration is required as described in the EDP Security Policy, Appendix A section 11 ii. There is no list of who has an A/B switch within the RO.

Having signed declarations shows that employees understand their obligations and a complete list of who has switches helps ensure that they are not left inadvertently where they do not belong.

Recommendation 8: The IT manager should maintain a list of A/B switch users and declarations should be filled out in accordance with the EDP Security Policy, Appendix A section 11 ii. This practice should be monitored on an ongoing basis.

VI.V Staffing under the Public Service Employment Act (PSEA)

The following was met but documentation can be improved (see below):

- Open and closed competition files contain all the key documents listed in the PSC Staffing Manual, Chapter 8. Key documents are duly completed and signed and show evidence that a process took place to apply relative merit, pursuant to the PSEA, section 10 (1). Gate-keeping and Senior Personnel Review Committee (SPRC) approvals have been obtained when necessary.

Documentation can be improved for open and closed competitions (criterion 8.1 in Appendix A) and files on actings, actings extensions and term extensions are hard to locate (criteria 8.2 and 8.3 in Appendix A)

For closed and open competitions, we found most of the evidence required to demonstrate that processes have been carried out properly.

However, steps that managers are to carry out are not always done; for example, signing board member statements and screening selection forms, and in one case, documenting that a candidate met qualifications even though that person was the only candidate.

Recommendation 9: The HR function should not issue competition results before all required documents are received from managers.

For other forms of PSEA staffing - term extensions, acting appointments and acting extensions - we are not able to draw a conclusion since an insufficient number of staffing files in our sample could be located. We found that the filing system is not in good order due to moves and scarce resources being placed on priorities such as current staffing actions, including census staffing.

Recommendation 10: The HR manager should ensure that the filing system is put into proper order and maintained.



VI.VI Staffing under the Statistics Act for Statistical Survey Operations (SSO) (criteria 9.1 and 9.2 in Appendix A)

We expected to find that competitive processes in keeping with the merit principle are being used for employees hired under the *Statistics Act*, and that interviewers hired had passed a selection test. We found that the interviewer selection test is administered and that qualified candidates obtained at least 65%. However, we were unable to locate enough of the information required to draw a conclusion on the extent to which SSO competitive processes have taken place to establish merit. What we were told indicates that the merit principle is being applied, but there is insufficient evidence on which to base a conclusion.

Our difficulties stem from the fact that there are no centralized staffing files and standards about information to be kept on file for employees hired under the *Statistics Act*, similar to those that exist for public servants hired under the *Public Service Employment Act*.

Recommendation 11: The Assistant Director, Operations should create and maintain a central filing system and associated procedures for SSO staffing actions. Doing this in conjunction with Regional Office Branch headquarters would foster consistent standards across regional offices.

There have been changes in the HR employee complement and responsibilities since many of these staffing actions were completed. This, coupled with file location problems and the desire of the director to ensure that staffing is carried out according to standards, as well as an invitation by the director to return, suggests that Internal Audit Division should consider more audit work in this area in its next multi-year audit plan.



Appendix A

Criteria by sub-objective and result

Sub-objective 1: To ensure that accounts for payment and settlements are verified in a cost effective and efficient manner while maintaining adequate controls

Criteria	Summary result
1.1 Signature forms showing delegated authorities are maintained and kept in a locked cabinet. The new forms must be filled and signed by October 31, 2005.	Yes
1.2 Acquisitions are signed off by officer with delegated authority.	Not met. (see recommendation (rec 1))
1.3 The documentation shows compliance with section 34 (signed by officer with delegated authority)	Yes.
1.4 Financial coding is correct (FRC, authority, line object, and project code match the section 34 stamp)	Yes.
1.5 Invoices for payment received in the mailroom are date stamped and promptly forwarded to Finance where they are stamped again.	Yes.
1.6 Invoices are matched to purchase order forms to verify that prices match those quoted in the purchase order.	Yes, when a purchase order is present. (see criterion 1.11)
1.7 PST exemptions are taken and GST calculation correct.	Yes.
1.8 Requests for payment are signed off by Financial Officer under sect 33 of the FAA. No person shall exercise signing authority pursuant to both section 33 and 34 of the FAA with respect to a particular payment.	Yes.
1.9 Payments are promptly processed through CDFS by Finance. Cheques should be sent to the employee's home address or company's direct address.	Yes.
1.10 The release date of the payment should be 30 days after the receipt of the invoice (right away for employees), or acceptance of the goods/service, whichever is later. The invoice should be date stamped upon receipt and when payment is processed. The invoice receipt date should match CDFS receipt date.	Not met. (see rec 2)
1.11 Files of all suppliers are maintained and contain all supporting documents for all acquisitions (Order form (including LPO), Invoice, Bill of Lading, Packing Slip with evidence that it was verified). A unique CDFS ID must be recorded on the invoice.	Not met. (see rec 1)
1.12 Transactions must follow a logical flow (i.e. purchase order, application & appraisal forms dated before invoice date).	Yes.
1.13 Access to supplier files is restricted and files are kept under lock and key	Yes.
1.14 Acquisition cards monthly statements are reconciled with individual purchases and paid promptly to avoid payment of interests.	Yes.
1.15 There is a separate file maintained for the acquisition card	Yes.
1.16 Invoice date and number are entered correctly on CDFS.	No, date entered to effect early payment. (see rec 2)



Sub-objective 2: To ensure that travel is effectively managed and controlled

Criteria	Summary result
2.1 All travel is approved in advance and signed by officer with delegated authority or a current Blanket Travel Authority form exists.	Yes
2.2 Travel Advance and Approval forms are completed and include purpose of travel	Yes
2.3 Amounts requested are reasonable and given to the traveller within a reasonable timeframe (2 days before trip).	Yes
2.4 Expenses identified are within those described and allotted in TB Directive	Yes
2.5 A Blanket Travel Authority to travel if used is included in the employee file	Yes
2.6 Emergency travel situations are post approved and include an explanation on the expense claim	Did not occur in sample ³
2.7 Expense claim forms are completed within an acceptable timeframe and signed by an officer with delegated authority	Yes
2.8 Claims include required receipts and there is evidence that Finance as reviewed the claim (red tick marks)	Yes
2.9 It is the responsibility of supervisors to authorize taxi use for employees travelling on official government business. Vouchers cannot be used when travelling to or from an airport, bus terminal or train station for trip related purposes, or while at the duty travel location. The use is to be monitored.	Yes.
2.10 Consultants and other persons performing work on behalf of the government are not to be supplied with taxi vouchers	Yes
2.11 When taxi vouchers are made available instead of cash, departments and agencies are to use the standardized government-wide voucher (GC 89).	Yes
2.12 All air fare and rail bookings should be completed through AcXess Voyage.	Yes
2.13 Travellers' cheques must be used for authorized travel on an exceptional basis only.	Yes
2.14 A travellers cheques custodian and a backup have been appointed	Yes
2.15 Travellers cheques are stored in a safe or locked cabinet with restricted access	Yes
2.16 The custodian is responsible for processing transactions and for procuring, protecting, controlling and handling the cheques.	Yes
2.17 The custodian signs off replenishments after verifying amounts received	Yes
2.18 A log is maintained and includes the name of the travellers and amounts provided in the denominations given	Yes
2.19 There is sign-off by the traveller confirming the amounts received with a copy on file and another for the traveller	Yes
2.20 The custodian has reconciled the inventory	Yes
2.21 The inventory matches the amounts on hand	Yes
2.22 American Express invoices are paid promptly	Yes
2.23 Amounts received by the travellers are supported by Travel Advance and Approval and Travel Expense Claim Forms duly signed by officer with delegated authority	Yes
2.24 Travellers cheques are not used for salary advances or loans	Yes

³ Due to the wide usage of blanket travel authorities, emergency travel situations seldom occur.



Sub-objective 3: To ensure the economical and efficient use of individual travel card (ITC)

Criteria	Summary result
3.1 The cards are assigned by an officer with delegated authority who is identified as the regional co-ordinator	Yes
3.2 The ITCs are used for government business only and for approved expenses i.e. accommodation, car rental	Yes
3.3 Travellers have prior approval using the Travel Advance and Approval form or have a blanket travel authority on file	Yes
3.4 Non standard type of expenses have been approved by an officer with delegated authority e.g. rental of meeting rooms, hospitality	Did not occur in sample.
3.5 Procedures are in place for authorising and issuing the card	Yes
3.6 Procedures are in place for retrieving and cancelling the cards when an employee leaves the department or assumes a new position	Yes but improvement possible (memo ⁴)

Sub-objective 4: To ensure that procurements of goods or services are made in the most cost efficient manner while maintaining proper financial controls

Criteria	Summary result
4.1 There is a designated officer responsible for all acquisitions	Yes
4.2 Standing offers or contracts if amount exceeds \$5K for goods and \$25K for services have been negotiated with principal suppliers	Yes
4.3 When Local Purchase Orders (LPOs) are used, there is evidence that the best prices were obtained	Not met (see rec 3)
4.4 Internal request forms and LPOs are signed by officer with delegated authority	Not met. (see rec 1)
4.5 Procedures exist for the receipt and verification of goods or services received	Yes
4.6 Invoices or packing slips when separate are verified for accuracy of quantities and quoted prices	Yes
4.7 Managers sign off under sect. 34 confirming receipt of goods or services	Yes
4.8 Stamped invoices and packing slips are promptly forwarded to Finance for payment	Yes
4.9 Refer to payables criteria for Finance responsibilities prior to payment	Yes
4.10 There is designated co-ordinator for the use of acquisition cards (Master Card) who is not the purchasing officer. The cards are in the name of current employees within the administration unit and must be used by the cardholder only for official government purchases only and must be kept in a secure location with controlled access when being used.	Yes
4.11 The co-ordinator is fully responsible for all acquisitions using the card and there is a signed agreement to that effect. Each cardholder must sign a written acknowledgement.	Yes
4.12 A separate log or inventory exists for all acquisitions made by LPO, standing offer and acquisition card.	Yes but improvements possible (memo)

⁴ A number of findings, due to their minor nature, were discussed in a management memo. These findings are associated to the following criteria: 3.6, 4.12, 5.4, 6.2, 7.1 and 7.12.



4.13 The card is not used for certain type of acquisitions specified by TB Policy e.g. travel related expenses, repairs, cash advances or interdepartmental transactions (this will be verified with SO 1 payables).	Yes
4.14 Payments to the credit card company are made promptly to avoid interest payments.	Yes

Sub-objective 5: To ensure that inventories are properly managed

Criteria	Summary of results
5.1 There is an officer identified as being responsible for the safe custody of the inventory of high value items and there is formal acceptance of that responsibility.	Yes
5.2 Accurate records are maintained of all items in the inventory	Not met. (see rec 4)
5.3 Periodic stocktaking is performed	Yes
5.4 There are procedures in place to account for and report losses or damages for write-off	Not met. (memo)
5.5 Inventories are properly safeguarded	Yes
5.6 There are documented departmental and regional instructions for the maintenance of inventory records and these are known.	Not met. No documented regional instructions. (see rec 4)

Sub-objective 6: To ensure that verification of interviewer pay is properly managed, a process exists to follow up on overpayments, and expense elements are accurately coded

Criteria	Summary result
6.1 There are up-to-date procedures outlining the responsibilities of managers and finance for the verification of interviewer pay claims	Partial, some procedures exist (see rec 5)
6.2 Managers conduct a verification of pay and expense claims (section 34 of FAA) before forwarding to finance	Yes
6.3 Financial officer is exercising its responsibility to ensure that a system of account verification exists	Yes
6.4 There is a process to follow up on overpayments (to do so requires an accurate records system and capacity to identify errors)	Yes
6.5 Expense elements of interviewer pay correspond to the appropriate line items in CDFS	Yes



Sub-objective 7: To ensure the security of regional employees, information and assets

Criteria	Summary result
7.1 A security officer is appointed and staff know who and where person is located	Not met (memo)
7.2 Procedures are in place for granting access to employees and visitors during and after regular hours	Met, with reservations. The issue was that the new magnetic doors were not functioning properly. This was addressed and resolved.
7.3 Emergency numbers are posted in central locations where staff can easily find them	Yes
7.4 Staff has been trained on security measures and know what procedures to follow under different circumstances e.g. gas smell, stranger in area	Not met (see rec 6)
7.5 Strangers are challenged	Yes
7.6 Staff members wear their ID according to security directives	Yes
7.7 Personnel screening procedures are in place to ensure that new hire employees are cleared in advance of beginning work (checked using tool for HR staffing)	Not met (see rec 7)
7.8 Procedures are in place to ensure that employees do not receive a user ID granting access to Network A or confidential information until personnel screening is completed.	Yes
7.9 Management controls are in place to ensure that A/B switches are not in use by those accessing information provided in confidence	Not met. (see rec 8)
7.10 A Committee on Occupational Safety and Health is established and is operational	Yes
7.11 Meetings are conducted on a regular basis	Yes
7.12 Minutes and decision records are posted in key areas and or E-Mailed to all staff	Not met. Not posted and not all staff has access to e-mail. (memo)
7.13 There are trained personnel on first aid and their names are posted	Yes
7.14 Fire extinguishers are in place and there are signs clearly indicating their locations	Yes
7.15 Employees have been trained on the procedures to follow when the alarms go off	Yes
7.16 Signs are posted indicating the location of emergency doors which are easily accessible	Yes



Sub-objective 8: Staffing under the Public Service Employment Act

Criteria	Summary result
8.1 Open and closed competition files contain all the key documents listed in the PSC Staffing Manual, Chapter 8. Key documents are duly completed and signed and show evidence that a process took place to apply relative merit, pursuant to the PSEA, section 10 (1). Gate-keeping and Senior Personnel Review Committee (SPRC) approvals have been obtained when necessary.	Yes but items coming from managers could be improved (see rec 9)
8.2 Staffing files for acting appointments and extensions of acting appointments (more than 4 months) contain key documents signed by delegated authorities, and show evidence that a process took place to apply relative merit, pursuant to the PSEA, section 10 (1) and PSER, section 7. Gate-keeping and SPRC approvals have been obtained when necessary.	Cannot conclude due to insufficient information. (see rec 10)
8.3 Term extensions files contain key documents signed by delegated authorities and show evidence that a right of appeal has been issued and that the 3-year cumulative period policy requirement has been applied, pursuant to section 10 (2) of the PSEA and section 7 of the 2003 Term Employment Policy. Gate-keeping and SPRC approvals have been obtained when necessary.	Cannot conclude due to insufficient information. (see rec 10)

Sub-objective 9: Staffing for Statistical Survey Operations (SSO)

Criteria	Summary result
9.1 Staffing files show evidence that a competitive process to establish merit took place for all external appointments, internal promotions, and long-term acting assignments, pursuant to the Staffing Guidelines, sections 2 and 5.	For the records examined, there is evidence that key elements of a competitive process are used but cannot conclude due to insufficient information. (see rec 11)
9.2 The interviewer selection test has been administered during new hires staffing and all qualified candidates have obtained at least 65% on the test, pursuant to the Staffing Guidelines, section 5.2.4.	For the records examined, a selection test is administered but cannot conclude due to insufficient information. (see rec 11)

Sub-objective 10: To ensure that managers and HR personnel are being prepared for the introduction of HR Modernization

Criteria	Summary result
10.1 The HR manager is aware of the new accreditation requirements.	Yes
10.2 Training requirements are identified.	Yes
10.3 An HR learning plan is in place for HR personnel and managers.	Yes
10.4 HR personnel have received basic training. This could include Accountabilities & Responsibilities (P101), Enabling Skills for PSMA (P102), Preparation for PSMA Trainers (P103), PSEA – online (P106), Staffing for experienced staffing specialist ((P110) PSC ready in Sep) and Integrated HR & Business Planning (P100) (PSC ready in Oct).	Yes
10.5 Managers have or will receive basic training before the new policy.	Yes



Appendix B

Management Action Plan

Recommendations	Action Plan or Explanation of No action on the Recommendations	Responsible for Action	Estimated Completion Date	Status
<p>The MSI manager should establish proper acquisition procedures to ensure that an officer with delegated authority signs before any acquisition is made:</p>	<p>MSI Manager has prepared proper procedures. The Finance Officer will perform periodic Audits to ensure compliance and will report these to the Director</p>	<p>Gary Dillon</p>		<p>Completed</p>
<p>The Director should take immediate steps to stop the early payment practice. He should ensure that clear procedures are in place that respect the 30 day release date for payments required under the Policy on Payment Requisitioning and Payment on Due Date and he should monitor the situation to ensure that this has been corrected:</p>	<p>The Director has taken action to ensure that existing PDD procedures are followed where possible. We maintain that there continues to be an issue with the larger companies (e.g. Bell Canada) that charge us interest when we apply PDD for their invoices. In light of our responsibility to manage Public Funds in the most cost efficient manner, we believe we should continue to pay some invoices as soon as they are received.</p>	<p>Doug Newson</p>		<p>Completed</p>



Recommendations	Action Plan or Explanation of No action on the Recommendations	Responsible for Action	Estimated Completion Date	Status
<p>The MSI manager should establish a set of procedures that would ensure that the best prices are obtained when using an LPO. The results of this process must be kept on file. Such procedures could include the pursuit of bids for each LPO. The MSI manager must also monitor the situation regularly to ensure that these new procedures are followed and that the problem has been corrected:</p>	<p>The MSI Manager has prepared a set of procedures outlining the process to be taken when acquisitioning goods through an LPO process and reflect the PWGSC guidelines that the “use of Standing Offers is Mandatory”. To ensure that these procedures are followed, all LPO must be signed under section 33 of the FAA by the Assistant Directors or the Regional Director. The Finance Officer will review files periodically to ensure compliance</p>	<p>Gary Dillon</p>		<p>Completed</p>
<p>We recommend that the MSI manager provide the individuals responsible for inventory items (both computer and non-computer) with written procedures and Read-only access to AMMIS should also be provided. In the case of non-computer inventory, the procedures should include a step that requires obtaining a C number before any equipment is deployed. The MSI manager should regularly monitor and provide feedback as required to the persons responsible for inventory items:</p>	<p>The responsibility of computer Inventories and A/B switches has been negotiated with ITSD. A signed SLA effective April 1st, 2006 establishes their responsibility. The MSI Manager has advised the ITSD representative of these findings and had them prepare procedures. As of April 24th, 2006, all persons responsible for Computer Inventories have access to AMMIS. As to non-computer equipment, the MSI Manager has prepared written procedures for purchasing and inventory control. The MSI Manager will monitor on a quarterly basis and access to AMMIS has been obtained for the Purchasing Clerk.</p>	<p>Gary Dillon</p>		<p>Completed</p>



Recommendations	Action Plan or Explanation of No action on the Recommendations	Responsible for Action	Estimated Completion Date	Status
Regional Office Branch (ROB) should prepare guidelines for data collection managers (DCM) on their section 34 responsibilities and for the financial officer regarding section 33 and interviewer pay:	This has been referred to ROB for a national approach.	Manager, MS	Summer 2006	
The Regional Director takes action to ensure that employees appropriately secure protected B data after hours, whether this is information provided in confidence, sensitive statistical information or other types of protected information such as personnel files. We also recommend that the RO either purchase a number of filing cabinets suitable for storing protected B information or consult with HO security to see how the present cabinets can be retro-fitted to meet security requirements:	All filing cabinets will be retro-fitted to meet security requirements May 5 th , 2006. The Director has sent a note reminding all staff of their responsibility to ensure that protected B data is secured appropriately after hours. The Security Officer will carry out periodic inspections to ensure compliance.	Doug Newson		Completed



Recommendations	Action Plan or Explanation of No action on the Recommendations	Responsible for Action	Estimated Completion Date	Status
The director should introduce procedures to ensure that employees and interviewers be security cleared before they start working for the RO. This should be monitored on an ongoing basis to ensure full compliance:	Staffing Guidelines dated October 2005 had been distributed to all staff. Part of the Guidelines dealt with Security Clearances (in bold lettering) emphasizing that no one was to be hired without an Enhanced Reliability Check. These will be re-distributed under the Director's Signature with an emphasis on Security Clearances. The HR Consultant will audit a sample of files to ensure compliance	Doug Newson		Completed
The IT manager should maintain a list of A/B switch users and declarations should be filled out in accordance with the EDP Security Policy, Appendix A section 11 ii. This practice should be monitored on an ongoing basis:	This responsibility for issuing and maintaining an inventory has been moved to ITSD through the SLA. The MSI Manager has ensured that all existing users of A/B switches sign the declaration.	Gary Dillon		Completed
The HR function should not issue competition results before all required documents are received from managers:	Discussion on this procedure has taken place with the employees who are responsible for staffing. Reminder has been sent to Managers, and will continue to communicate on an on-going basis as new competitions are undertaken	Heather Jefferys		Completed
The HR manager should ensure that the filing system is put into proper order and maintained:	System has been established. HR employees are in the process of implementation. Student is being hired to complete this project	Heather Jefferys	Fall 2006	Partially Completed



Audit of Central Regional Office (Toronto) Administrative Processes

Recommendations	Action Plan or Explanation of No action on the Recommendations	Responsible for Action	Estimated Completion Date	Status
The Assistant Director, Operations should create and maintain a central filing system and associated procedures for SSO staffing actions. Doing this in conjunction with Regional Office Branch headquarters would foster consistent standards across regional offices:	Our position is that this responsibility belongs to the HR unit. The HR Consultant will create and maintain a central filling system, prepare a “check List” for staffing files in conjunction with HO and the other Regions to develop procedures and offer guidance to the Operations staff to ensure compliance	Heather Jefferys	Fall 2006	Partially Completed

