



Core Control Audit of the Canada School of Public Service

April 2015

**Office of the Comptroller
General**



Why this is important

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 on departmental objectives in compliance with government policy and procedures.

Core control audits provide deputy heads with assurance regarding the effectiveness of core controls over financial management in their respective organizations. By doing so, core control audits inform deputy heads of their organization's level of compliance with requirements contained in selected financial legislation, policies and directives.

About the Canada School of Public Service

The Canada School of Public Service (CSPS) was created on April 1, 2004, when the legislative provisions of Part IV of the *Public Service Modernization Act* came into force. It was created from an amalgamation of the following three organizations: the Canadian Centre for Management Development, Training and Development Canada and Language Training Canada. CSPS has a mandate to provide a range of learning activities to build individual and organizational capacity and management excellence within the public service, according to the *Canada School of Public Service Act*.

According to its 2013–14 *Departmental Performance Report*, CSPS had spending of approximately \$84.8 million and human resources of 622 full-time equivalents during fiscal year 2013–14. Total expenses, including the above-noted actual spending, adjustments and revenues, represented approximately \$96.4 million.

Core Control Audit Objective and Scope

The objective of this audit was to ensure that core controls over financial management¹ within CSPS result in compliance with key requirements contained in the selected financial legislation, policies, and directives.

The scope of this audit included financial transactions, records, and processes conducted by CSPS. Transactions were selected from fiscal year 2013–14. The audit examined a sample of transactions for each of the selected policies and directives. The Appendix provides a complete list of policies and directives included in the scope of the audit and the overall compliance in the areas tested.

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

Conformance with Professional Standards

This audit engagement conforms with the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the quality assurance and improvement program.

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Audit Findings and Conclusion

Core controls over financial management regarding the transactions tested within CSPS resulted in full or partial compliance with the key requirements contained in 11 of the 14 policies, directives² and corresponding legislation tested. CSPS was not in compliance with key requirements contained in the remaining three policies and directives tested.

CSPS established a sound financial management governance structure to ensure strong financial management of public resources. Strong control was also observed in the management of receivables.

Weaknesses were identified in expenditure initiation, where supporting documentation for pre-approval was not always on file and the approval was not always provided before the expense was incurred. As well, account verification was often not dated.

Weaknesses were also identified in the acquisition card program, as some documentation to support initial credit limits, credit limit increases and that expenses were government business related were sometimes missing. With respect to contracting, the following documentation was not always on file: best value analysis for non-competitive contracts, bid evaluations signed by all evaluators, security clearance validation, and security requirements. In the area of pay administration, performance agreements and appraisals were not always signed and dated by all parties concerned and there was a lack of departure procedures in place. For the delegation of financial signing authorities, some employees with delegated financial authorities did not always obtain the appropriate training.

2. See Appendix A for CSPS compliance in the areas tested.

Recommendations

The Deputy Head of the Canada School of Public Service should ensure that:

1. Signature cards are signed by a supervisor prior to the effective date.
2. Employees with delegated financial authorities receive mandatory training before they exercise their delegated authority, as well as revalidate their knowledge to maintain their delegated authorities.
3. Vehicle expenses are tracked in order to monitor ongoing maintenance, repair and operating costs of the vehicle.
4. Documentation is retained on file, specifically with regard to acquisition card credit limits and credit limit increases set by responsibility centre managers, and to support that acquisition card purchases are government business-related expenses.
5. The departmental acquisition card coordinators sign the acquisition card request form to support that coordinators are responsible for managing the departmental acquisition card program.
6. Documentation is retained on file to support that the amount of any accountable advances is calculated based on operational needs.
7. Business processes are improved, are consistently performed in compliance with the Treasury Board *Contracting Policy*, and relevant documentation is retained on file.
8. Employee leave is approved in a timely manner and by an individual with the proper delegated authority.
9. Performance agreements and appraisals are signed and dated by all concerned parties.
10. Departure forms are completed and kept on file.
11. Expenditure initiation is properly documented and performed by an individual who has the appropriate delegated authority before expenses are incurred.
12. Account verification is properly dated, and is done on a timely basis.

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 2015.

The results of the audit and the Management Action Plan have been discussed with the President of CSPS and with the Small Departments Audit Committee. The Office of the Comptroller General of Canada will follow up on the implementation of the Management Action Plan.

Appendix A: Policies and Directives Tested

Policies and Directives Tested	Compliance
<i>Directive on Delegation of Financial Authorities for Disbursements</i>	Not Met
<i>Policy on Financial Management Governance</i>	Met
<i>Directive on Fleet Management: Light Duty Vehicles</i>	Partially Met
<i>Directive on Receivables Management</i>	Met
<i>Directive on Acquisition Cards</i>	Not Met
<i>Directive on Accountable Advances</i>	Partially Met
<i>Policy on Payables at Year-End (PAYE)</i>	Partially Met
<i>Contracting Policy</i>	Partially Met
<i>National Joint Council Travel Directive</i>	Partially Met
<i>Directive on Travel, Hospitality, Conference and Event Expenditures (formerly Hospitality Policy)</i>	Partially Met
<i>Directive on Leave and Special Working Arrangements</i>	Partially Met
<i>Directive on Financial Management of Pay Administration</i>	Partially Met
<i>Directive on Expenditure Initiation and Commitment Control</i>	Not Met
<i>Directive on Account Verification</i>	Partially Met

Legend of Compliance Thresholds³	
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. Compliance thresholds for the transactions tested.