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Core Control Audit of the National Round Table on the Environment and the Economy

January 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 National Round Table on the Environment and the Economy are effective and result in compliance with corresponding legislation, policies, and directives.

The scope of this audit included an examination of a sample of transactions from each of the policies and directives indicated in Appendix A of this report. The transactions were taken from April 1, 2010 to March 31, 2011.

Conformance with Professional Standards

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.²

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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.³

The *Financial Administration Act* designates deputy heads as accounting officers for their department or agency. As accounting officers, deputy heads are accountable for ensuring 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. For the audit criteria please refer to <http://www.tbs-sct.gc.ca/report/orp/2011/ccac-cvcb-eng.asp>.

² The Office of the Comptroller General has not undergone an external assessment to support its conformance with this statement.

³ Policy Framework for Financial Management: Section 2. Context.

Audit findings and conclusion

The core controls over financial management within the National Round Table on the Environment and the Economy are effective and result in compliance with all nine policies, directives⁴ and corresponding legislation.

It should be noted that for the areas assessed as “Met” and “Met with Exception” in Appendix A, effective controls were in place.

Regarding the areas that have been assessed as “Partially Met” in Appendix A, it was concluded that inconsistent application of pre-approval procedures led to some purchases being made prior to the documented expenditure initiation and commitment authority.

Recommendation

As part of this audit the Agency received a recommendation to ensure that expenditures are pre-approved.

Management Response

Management has accepted the audit findings and has developed an action plan to address the recommendation. The National Round Table on the Environment and the Economy has provided the Office of the Comptroller General with a management action plan to address findings.

The results of the audit and the management action plan have been discussed with the President and CEO of the National Round Table on the Environment and the Economy and the Small Departments and Agencies Audit Committee.

Follow-up

The Office of the Comptroller General will follow-up on the management action plan until all findings are resolved.

⁴ See Appendix A for the National Round Table on the Environment and the Economy’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	Met
Directive on Expenditure Initiation and Commitment Control ⁵	Partially met
Directive on Account Verification ⁶	Met with exception
Directive on Acquisition Cards	Met
Contracting Policy	Met with exception
National Joint Council Travel Directive and the Directive on Travel Cards and Travellers Cheques	Met with exception
Hospitality Policy and Directive on the Management of Expenditures on Travel, Hospitality and Conferences	Met with exception
Directive on Leave and Special Working Arrangements	Met with exception
Directive on Financial Management of Pay Administration	Partially met

Legend	
Met	Greater than or equal to 99% compliance.
Met with exception	Greater than or equal to 90% and less than 99% compliance.
Partially met	Greater than or equal to 80% and less than 90% compliance.
Not met	Less than 80% compliance.

⁵ Includes *Financial Administration Act*, Section 32.

⁶ Includes *Financial Administration Act*, Section 34.