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Core Control Audit of Assisted Human Reproduction Canada

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Office of the
Comptroller General

Canada

Objective and scope

The objective of the audit was to ensure that controls over financial management¹ were effective and conducted in a manner that was compliant with corresponding legislation, policies, and directives at Assisted Human Reproduction Canada.

The scope of the audit included an examination of transactions selected from fiscal years 2008-09 and 2009-10.

The scope was limited due to a memorandum of understanding with another Canadian federal institution that provides services on behalf of the Agency for certain requirements in these policies and directives.

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing².

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.

Background

The Assisted Human Reproduction Agency of Canada (the Agency) was established by Order in Council in January 2006 under the authority of the *Assisted Human Reproduction Act* (AHR Act), and commenced operations in February 2007. The Agency is mandated to administer and enforce the AHR Act. A Supreme Court ruling was issued in December 2010 which found certain provisions of the Act within the jurisdiction of the provinces.

As a start-up department it is important that business processes be developed and implemented in the short term to ensure legislation, policies, and directives are followed. The Agency did not have a chief financial officer for the first two years of its existence. It

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.

As the Agency is a new entity, it is important to develop and rapidly implement business processes to ensure compliance with legislation, policies and guidelines. The Agency did not have a Chief Financial Officer during its first two years of existence. The Agency also relied on contractors and temporary help services to complete daily operational requirements.

Audit findings and conclusion

During the period covered by this audit the Agency did not have effective controls in place over financial management and were not conducted in a manner compliant with the requirements contained in eleven of thirteen policies, directives⁴ and corresponding legislation.

Recommendations

As part of this audit the Agency received detailed recommendations which revolved around three themes. Recommendations were made to ensure expenditure initiation and account verification are performed by someone with the appropriate delegated authority and accomplished in a timely manner. The Agency was advised to develop business processes to ensure appropriate contracting vehicles are chosen and used within the terms and conditions and that files support the decision making process. Further recommendations were made to ensure documentation is on file for travel, hospitality, and acquisition cards.

Management action plans

Management has accepted the audit findings and has developed an action plan to address the detailed recommendations. This management action plan was provided to the Office of the Comptroller General and is available on the Agency's website.

The results of the audit and the management action plan have been discussed with the President of the Agency and the Small Departments and Agencies Audit Committee. The Office of the Comptroller General will follow-up on the management action plan until all findings are resolved.

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⁴ See Appendix A for a complete list of policies and directives tested; as well as the agency's overall compliance in these areas.

Appendix A: Policies and Directives Tested

Policies and Directives Tested	Compliance
Directive on Delegation of Financial Authorities for Disbursements	Not Met
Directive on Expenditure Initiation and Commitment Control ⁵	Not Met
Directive on Account Verification ⁶	Not Met
Directive on Acquisition Cards	Not Met
Directive on Accountable Advances	Not Met
Contracting Policy	Not Met
National Joint Council Travel Directive	Not Met
Hospitality Policy	Not Met
Membership Fees Policy	Not Met
Performance Pay Administration ⁷	Not Met
Directive on Leave and Special Working Arrangements	Partially Met
Directive on Financial Management of Pay Administration	Not Met
Casual Employees	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

⁷ Includes the *Policy on the Management of Executives*, the *Directive on Terms and Conditions of Employment for Certain Excluded and Unrepresented Employees* and the *Directive on Executive Compensation*