

# Audit of Accounts Payable: Taxis

July 2004

***Audit and Evaluation Branch***

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### **Acronyms used in the report**

|       |  |
|-------|--|
| AEB   | Audit and Evaluation Branch                  |
| DAEC  | Departmental Audit and Evaluation Committee  |
| CAATT | Computer Assisted Audit Tools and Techniques |
| ECS   | Environmental Conservation Service           |
| EPS   | Environmental Protection Service             |
| IS    | Interdepartmental Settlement                 |
| MOU   | Memorandum of Understanding                  |
| NCR   | National Capital Region                      |
| P&C   | Policy and Communications                    |
| PVM   | Place Vincent Massey                         |
| PWGSC | Public Works and Government Services Canada  |
| TLC   | Terrasses de la Chaudière                    |

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## Executive Summary

The audit of the taxi vouchers in the National Capital region (NCR) has emerged from the Continual Auditing process which was approved at the May 23, 2003 Departmental Audit and Evaluation Committee (DAEC) meeting. The process calls for a review and as required, an audit, of automated transactions and associated functions at regular intervals, using an appropriate mix of Computer Assisted Audit Tools and Techniques (CAATT) and manual procedures.

It was recommended by DAEC that the Accounts Payable expenditures, and more specifically, taxi expenditures, be one of the initial areas for implementation. Consequently, Audit and Evaluation Branch (AEB) decided to review taxi expenditures for fiscal year 2002-2003 using the continual auditing approach. The preliminary analysis of a report generated by the taxi voucher system identified the following items which were to be audited using the traditional audit methodology: a small percentage of transactions of unusually high and low value, a small number of duplicate voucher numbers being recorded in the system, and variations in taxi utilization between services.

The taxi voucher system was adopted in order to reduce the paper burden associated with low cost taxis invoices. The NCR Accounting services at EC has signed an MOU (Memorandum of Understanding) with Public Works and Government Services (PWGSC) whereby taxi vouchers are paid directly by them. On a quarterly basis, PWGSC sends NCR Accounting a charge invoice listing taxi expenditures by responsibility center.

The main objective of the audit was to determine whether the use of taxis and related controls were in line with Treasury Board's Taxis Policy, the Government Travel Directives and EC's internal procedure on taxi vouchers for the NCR.

The focus for this audit was the Policy and Communications Service, since taxi utilization and values were, in total and by FTE, higher than for the other services. A random sample of taxi vouchers was examined for the four directorates within P&C during a four month period in fiscal year 2003-2004.

The overall conclusions of the audit are that:

- Most documented taxi use was in accordance with the requirements of the Treasury Board policy on taxis.
- Improvements could be made in the administrative procedure for taxi chit booklets.
- Areas to be addressed for improved compliance with policy requirements: the controls for the distribution of taxi chit booklets to individual employees, the monitoring of taxi chit booklets by Administrative Officers and NCR Accounting, the awareness of employees in regards to taxi and taxi chit use.

**Recommendation #1**

**It is recommended that NCR Accounting implement and document their monitoring activities as soon as possible. It is also recommended that NCR Accounting provide administrative officers with specific guidelines regarding their role in monitoring.**

**Management Response:**

With the new IS system from Public Works beginning April 1, Administrative Officers will be receiving a list of all the taxi chits used for their responsibility centres. One global invoice will be received by EC with a list of all taxi chits that have been paid for by that particular IS. This new system will help in the monitoring of taxi chits in the NCR.

A procedures manual will also be prepared for NCR Accounting Staff along with a guidelines manual for Administrative Officers on the monitoring process. Information sessions will be held for Administrative Officers in the NCR once these new guidelines on monitoring have been developed.

**Recommendation #2:**

**It is recommended that the Director General of the Financial Services Directorate, in conjunction with the Director of Management Services in Policy and Communications assess the need for taxi chit booklets to be distributed to employees. In the exceptional circumstances where employees require their own booklet, they should be provided with the specially designed 15 chit booklet.**

**Management Response:**

NCR Accounting along with P&C will be assessing the need for taxi chits booklets distribution in the NCR. In the meantime, an order has been placed for the printing of booklets with a reduced number of chits for distribution in exceptional circumstances to individual employees.

**Recommendation #3**

**It is recommended that the Director General of the Financial Services Directorate inform employees of the proper use of taxis and taxi chits.**

**Management Response:**

A reminder to all employees on the proper use of taxis and taxi chits in the NCR will be sent once the procedures have been fully documented.

## 1.0 Introduction

The audit of taxi vouchers has emerged from the Continual Auditing process which was approved at the May 23, 2003 Departmental Audit and Evaluation Committee (DAEC) meeting. The process called for a review and as required, an audit of automated transactions and associated functions at regular intervals, using an appropriate mix of Computer Assisted Audit Tools and Techniques (CAATT) and manual procedures.

The strategy on continual auditing, developed in 2002-2003, recommended that the Accounts Payable expenditures be one of the initial areas for implementation. It was later decided by DAEC through the Audit and Evaluation planning process, that taxi expenditures, more specifically, would be audited. Consequently, taxi expenditures for fiscal year 2002-2003 were reviewed to identify areas that would require further analysis, using the traditional audit methodology.

## 2.0 Background

In order to reduce the paper burden associated with taxi invoices, the National Capital Region (NCR) Accounting services signed a Memorandum of Understanding (MOU) with Public Works and Government Services (PWGSC) on April 22, 2003, whereby taxi vouchers are paid directly by them. On a quarterly basis, PWGSC sends NCR Accounting a charge invoice listing taxi expenditures by responsibility center. In 2002-2003, PWGSC Taxi System processed approximately 87% of all taxi expenditures, which totaled almost \$375,000; the other 13% were primarily reimbursed via petty cash.

## 3.0 Objective

The main objective of the audit is to determine whether the use of taxis and related controls are in line with the Treasury Board's Taxis Policy, the Government Travel Directives and Environment Canada's internal procedure on taxi vouchers for the NCR.

## 4.0 Audit Methodology and Scope

The preliminary analysis of taxi expenditures for the NCR services resulted in the identification of the following areas for further analysis: duplicate voucher (or chit) numbers, unusually high and low value vouchers, and one service, Policy and Communications, where there was higher usage of taxi vouchers in total and by FTE compared to other services.

The methodology for the audit included the following lines of enquiry:

- review of the TB policy and internal procedures related to taxi chits;
- interviews with personnel from the Financial Services Directorate and a selection of individuals involved in the taxi vouchers process in Policy and Communications, including admin officers, and executive, financial or admin assistants;

- selection of 2 samples of taxi chits for testing against policy and control criteria (please see Annex 1 *Preliminary Audit Criteria for Testing*);
- interviews with users of high amount taxi chits.

A first sample of taxi chits covering the period April 1, 2002 to March 31, 2003 included all duplicates, amounts paid over \$75.00 or under \$3, for a total of 52 possible transactions to be tested.

A second sample was selected from Policy and Communications. A random sample of taxi vouchers was examined for the Economics and Regulatory Affairs Directorate, International Relations Directorate, Climate Change Bureau and Communications Directorate. The period under review for detailed transactional testing was July to October 2003. During this period there were 560 transactions charged to the four directorates selected from Policy and Communications at a cost of \$7660.68. The total amount charged for the National Capital Region for the same period was \$39,604.24. A random sample of 75 was drawn from the 560 transactions. (please see Annex 2, Table B) The sample size was chosen to reflect a large anticipated non-response rate and to minimize the margin of error.

Sample size calculations were based on the hypothesis that 20% of taxi chit use would not be in accordance with Treasury Board Policy.

$$n_1 = \frac{Z^2 * p (1-p)}{d^2}$$

Where:

$n_1$  = initial sample size

$p$  = hypothesized 20% of taxi chit use not in accordance with TB policy

$d$  = the specified margin of error

$Z$  = 1.96 (for a 95% confidence interval)

In order to determine a suitable sample size, we then factored in an estimated non-response rate.

$$n = \frac{n_1}{r}$$

Where:

$n_1$  = initial sample size

$r$  = estimated non-response rate (50%)

$n$  = final sample size

Allowing a margin of error between 10% and 15% and a non-response rate of 50%, an acceptable sample size would be between 54 and 122 transactions. A sample size of 75 and an anticipated margin of error of 13.25% were ultimately chosen for testing.



## 5.0 Criteria

Samples were tested against the audit criteria, which is based mainly on the requirements of the TB Taxis Policy:

- Supervisors should approve the use of taxi only where value for money is obtained.
- Taxis should not be used for personal purposes.
- Vouchers should not 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.
- Consultants and other persons performing work on behalf of the government should not be supplied with taxi vouchers.
- Booklets should be complete with all yellow copies attached, have a Section 34 authorization, only be signed out to employees on an exception basis and contain taxi chits showing use for government business only.

## 6.0 Findings and Observations

In order to test the taxi chits against the audit criteria, original taxi chits/booklets had to be located. NCR Accounting provided the names of administrative contacts responsible for obtaining new booklets and returning used booklets. The audit encountered difficulties in locating the booklets, especially for the Hi/Low/Duplicate sample which was for an earlier period than the P&C sample. Having experienced a low response rate in the collection of the Hi/Low/Duplicate sample, a similar rate was anticipated for the P&C sample and was thus factored in the sample size calculation as per Section 4.0. The low response rate encountered in both samples is an indication that the process and controls of the administration of taxi chit booklets are not fully implemented in all areas.

When attempting to locate the administrative contacts responsible for cost centres, we discovered several reasons why taxi chit booklets were difficult to locate: many contacts were no longer responsible for the cost centres, some taxi chit booklets had already been forwarded to NCR Accounting, the whereabouts of some taxi chits were unknown, some booklets were signed out to employees on leave. It should be noted that in some cases adequate processes and controls were in place.

### 6.1 Controls and Processes

The audit found some weaknesses in the controls and processes of the administration of taxi chits. For example, most administrative and financial officers and assistants were not aware that the Treasury Board policy governing the use of taxis does not permit individual employees having taxi chit booklets except under exceptional circumstances. Also, prior to December 2002, returned taxi voucher booklets were logged in at Finance, and then shredded; there was no monitoring done on the utilization of taxi chits. NCR Accounting has since initiated process improvements which are on-going.

In December 2002, a memo was sent from NCR Accounting to administrative officers regarding the MOU with PWGSC and the procedure to follow when returning booklets. The

standard internal procedure now requires the administrative officer to sign Section 34 on the front cover of the completed booklet, and to send all completed booklets to a specific employee in NCR Accounting Services. The memo indicated that there would be active monitoring of taxi voucher expenditures. A follow-up memo was sent in December 2003 as a reminder to administrative officers on taxi usage and procedures.

Although active monitoring had not yet commenced as of the end of January 2004, it is anticipated that booklets missing carbon copies, missing a Section 34 signature or containing chits not properly filled out will be returned to administrative officers. These booklets will be accompanied by a letter asking the administrative officer to make the necessary corrections and then return the booklet to NCR Accounting. (please see Annex 3 *Flowchart of the taxi chit process and related controls*)

Inconsistencies in the exchange process of taxi chit booklets were found between administrative officers and NCR Accounting. In some cases, employees contacted NCR Accounting directly to obtain booklets, and returned completed booklets directly to NCR Accounting. In other cases, employees used a central contact within their service who distributed new booklets and collected completed booklets. The new internal procedure requires that a central contact liaises with NCR Accounting in the exchange process, thus tightening the control.

Findings and observations in respect to the two samples will be discussed in the next two sections. Each section will outline the audit test results for the sample by transaction, or taxi chit, then by booklet, as in addition to reviewing individual taxi chits, we gathered data on the remainder of the taxi chits contained in the booklet. Please note that the total number of taxi chits does not correspond to the number of booklets examined, as one booklet may contain more than one taxi chit from the sample.

## **6.2 High/Low/Duplicate Sample – Taxi Chits**

Of the 52 transactions selected for audit, only 26 were located. It should be noted that this sample was obtained for a period prior to when the new procedures took effect. This may explain why some of the processes are lacking, i.e. missing Section 34 signature.

**High Amounts:** Of the 39 transactions selected for audit, 19 were obtained during testing. (please see Annex 2, Table A) Of the 19 chits collected, 15 were used for multiple deliveries in the NCR area. The average cost of a multiple deliveries was \$100.27. The highest amount was \$139.29 and the lowest amount was \$89.96. The other 4 taxi chits did not contain enough information to conclude on the nature of the transactions.

The use of taxis for deliveries is the main reason for the high amounts recorded in first sample. Interviews were conducted with taxi chit users in both the Environmental Conservation Service (ECS) and the Environmental Protection Service (EPS). It was determined that the business of both services required the expedient delivery of Secret or Protected B documents and briefing material to numerous senior officials, in the context of high level interdepartmental meetings.

Both ECS and EPS explained the need and efficiency in using taxis as a courier service. A cost benefit analysis was conducted by ECS and indicated that an alternate courier service would cost significantly more, be less flexible and less timely than using taxis.

**Low Amounts:** It was not possible to locate the two low amount chits where the amount charged was \$2 and \$3. It is probable that the low amounts charged are attributable to a systems error or data entry error.

**Duplicates:** We did not find any duplicate transactions or cases where the department had been charged twice for the same transaction.

PWGSC has indicated that the duplicate chit numbers listed in the invoice were a result of a keying error. Initially, Environment Canada was charged in error for the first bill and then when the correction was made, the first amount was reversed and a credit was received for the exact amount. The corrected chit is usually for a different amount and possibly a different taxi company. This happens on an infrequent basis but is anticipated given the number of chits captured in the data entry process. This process is also alluded to in the MOU with PWGSC.

### **6.3 Hi/Low/Duplicate Sample – Taxi Chit Booklets**

During testing, 14 booklets were collected. Several observations were noted:

- None of the booklets had a Section 34 authorization signature;
- 1 booklet was signed out to an individual employee;
- 2 booklets (14%) were missing all 25 carbon copies;
- 11 booklets (79%) were missing all information for at least one taxi chit.

Examination of the booklets revealed a few irregular uses of taxi chits. These instances involved travel between the employee's residence and workplace, or between the employee's residence and a hotel for business meeting purposes. The transactions were found in the one taxi chit booklet signed out to an individual employee.

The supervisor has been informed of the appropriate use of taxi chits and has communicated this information with the individual employee.

### **6.4 Policy and Communications Sample – Taxi Chits**

During the period between July and October 2003, 560 taxi voucher transactions were recorded for Policy and Communications. As part of a random sample of that period, 75 transactions were selected. During testing, 42 taxi chits were collected. (See Annex 2, Table B)

It was anticipated that the margin of error would be 13.25% with the hypothesis that 20% of the P&C sample collected would contravene TB Policy. In reality, only 13.9% of the chits in the P&C sample contravened TB Policy. The actual margin of error was calculated at 9.8%. If the same process was repeated 100 times, in 95 of the tests, the contraventions would be between 4% and 24%.

The transactional observations on the sample are as follows:

- 6 taxi chits (14%) were blank with no accompanying carbon copy;
- 31 taxi chits out of 36 (86%) were used in accordance with TB Policy;
- 4 taxi chits (11%) were used to travel to or from an airport;
- 1 taxi chit (2.7%) contravened TB/ Policy requirements regarding personal use involving travel between the employee's workplace and residence;

The use of taxi chits for travel to or from an airport, bus terminal or train station contravenes the Taxis Policy. Further, using a taxi chit for travel to or from a terminal reduces the level of controls because taxis can be paid through taxi chits and travel claims.

The observations on the sample related to administrative procedures are as follows:

- 7 taxi chits (19.4%) were used for travel between TLC and PVM;

As shown above, one sixth of the transactions in the P&C sample (19.4%) involved travel between PVM and TLC. There is a fully operational shuttle (Envirobus) that operates between the two locations. At the time of the audit, Envirobus had 20 scheduled one-way daily trips between PVM and TLC. A second shuttle is now operating between the four main EC buildings in Gatineau as of the end of May 2004.

### **6.5 Policy and Communications Sample – Taxi Chits Booklets**

During testing, a total of 25 taxi chit booklets were collected from Policy and Communications. Several observations have been made on these booklets:

- 9 booklets (36%) were complete, i.e. all 25 yellow copies attached and filled out;
- 15 booklets (60%) were signed out to employees;
- 7 booklets (28%) did not have a Section 34 authorization signature;
- 2 booklets (8%) showed use that may contravene the Treasury Board policy including use for personal purposes such as to and from restaurants, medical appointments or involving travel between the workplace and residence;

In the two booklets indicating use for personal purposes, the destinations appear to be restaurants in some cases, a medical office in one case, and in other cases, chits were used for travel between the residence and workplace or meeting locations.

## **7.0 Conclusions**

This audit has found that, in general, most documented taxi use was in accordance with the requirements of the Treasury Board policy on taxis. However, we found that improvements could be made in the administrative procedure for taxi chit booklets. The audit found three areas where Environment Canada could improve compliance with policy requirements and procedures in the National Capital Region.

- Increased monitoring of taxi chit booklets by Administrative Officers and NCR Accounting;
- Controls for the distribution of taxi chit booklets to individual employees;
- Employee awareness of appropriate taxi and taxi chit use.

### **7.1 Increased monitoring of taxi chit booklets**

The first area of concern involves the administration of taxi chit booklets. There were a number of issues regarding the administration of taxi chit booklets; however, there has been marked improvement. This progress follows the process improvements initiated by NCR Accounting in December 2002.

In December 2002, NCR Accounting issued a memorandum to all Administrative Officers in the NCR. The memo in reference to the TB Policy stated that “employees should request taxi vouchers from their supervisor. Taxis, however, are “not to be used for personal purposes, such as, to and from restaurants or for medical appointments”. The memo also requested Administrative Officers to sign Section 34 on the front cover of the taxi booklets and return them to NCR Accounting, providing better scrutiny. Further, it was announced that “NCR Accounting would be monitoring, on a random basis, the expenditures incurred by taxi vouchers and would be reporting results directly to the Branch Program Manager”.

The process improvements have not been fully implemented. For example, monitoring had not yet commenced as of January 2004. Active monitoring should result in an increase of adequately completed taxi chit booklets, booklets that contain all the information necessary to verify taxi use and cost.

### **7.2 Controls for the distribution of taxi chit booklets**

As the audit revealed, many employees are in possession of taxi chit booklets. The TB Taxis policy clearly discourages this practice; however 43% of the P&C sample of taxi chits was found in booklets signed out to individual employees. The distribution of taxi chit booklets to employees reduces the amount of control over the use of taxi chits, as the use is most likely only verified when the Section 34 authorization is signed, upon completion of the entire booklet. In cases where employees need to hold an entire taxi chit booklet, they could be supplied with a specially designed 15 chit booklet as outlined by the TB Taxis policy. It should be noted that the three cases of personal use were found in booklets signed out to employees.

As well, with the current process, administrative officers can obtain new booklets from Finance regardless of whether or not used booklets have been returned. In order to better control the distribution of booklets, it would be preferable for Finance to provide the cost centers with replacement booklets in accordance with the number of used booklets the respective cost centers have returned. Any increase to the number of booklets provided to a cost center would have to be justified.

### **7.3 Awareness**

The audit found that employee awareness needs to be increased concerning the use of taxi chits when in travel status. A small percentage of chits in the P&C sample (11.1%), were used to travel to or from the airport. This practice, although not a serious infraction, contravenes the TB policy requirements. Therefore, employees should be informed that they should not be using taxi chits while in travel status.

In the same sample, the audit also found that almost 20% of chits were used for travel between Terrasses de la Chaudière and Place Vincent Massey. Envirobus should be promoted as an alternative to taxi travel between PVM and TLC.

Finally, the very small percentage of cases indicating personal use indicates that not all employees are aware of the regulations governing taxi use.

## 8.0 Recommendations

### **Recommendation #1**

Interviews with NCR Accounting indicated that the monitoring of taxi chit usage had not yet commenced as of January 2004. Many booklets were missing as only 50% of the transactions were obtained in the first sample, and only 56% in the P&C sample. In addition, the audit found that almost 30% of the booklets in the P&C sample did not have a Section 34 signature. In both samples, there were cases where many carbon copies were missing and the original white copy was blank, approximately 15% for both samples. Overall, the books in the hi/low/duplicate sample were missing 25% of the yellow carbon copies and in the Policy and Communications sample, close to 10% of the yellow carbon copies were missing. Without this information, verification of taxi use or costs is virtually impossible. Increased monitoring should result in increased awareness about the policies and decreased contravening use.

NCR Accounting and administrative officers must increase active monitoring. Section 34 endorsers should monitor taxi chit use and question use that does not comply with the Treasury Board policy or Environment Canada's internal procedure on taxi use. Administrative officers should also remind employees to return the yellow carbon slips once their taxi travel is complete.

Information regarding the correct handling procedure for taxi chits and acceptable use of taxis according to Treasury Board policy should be made available to employees in the National Capital Region. Employees may not be aware of the importance of adequately filling out taxi chit vouchers and returning the carbon copies to the administrative officer.

**It is recommended that NCR Accounting implement and document their monitoring activities as soon as possible. It is also recommended that NCR Accounting provide administrative officers with specific guidelines regarding their role in monitoring.**

### Management Response:

With the new IS system from Public Works beginning April 1, Administrative Officers will be receiving a list of all the taxi chits used for their responsibility centres. One global invoice will be received by EC with a list of all taxi chits that have been paid for by that particular IS. This new system will help in the monitoring of taxi chits in the NCR.

A procedures manual will also be prepared for NCR Accounting Staff along with a guidelines manual for Administrative Officers on the monitoring process. Information sessions will be held for Administrative Officers in the NCR once these new guidelines on monitoring have been developed.

### **Recommendation #2**

The audit found that a large number of taxi chit booklets (60%), 15 out of the 25 booklets from Policy and Communications examined, were signed out to employees. All of the documented taxi use for personal purposes found in the audit was made by individuals in possession of a taxi chit booklet. There are fewer controls regarding taxi usage when individual employees are provided with their own booklets as verification of the transactions

can only be done upon completion of the entire booklet. Whereas, in cases where taxi chits are distributed separately, there can be immediate verification when the employee returns the yellow carbon copy.

As per the TB policy, "Only in very exceptional circumstances would an entire book be logged out to an individual." To meet this exceptional situation, - two part vouchers (parts 2 and 3) with 15 vouchers to a booklet may be ordered; the receipt and hard copy remain. These booklets can be ordered through NEBS Systems, the same provider as for the 25 chit booklets. The 15 chit booklets cost slightly more to print than the 25 chit booklets, approximately 4 cents more per chit or 17.7%. Despite the increased cost, it is believed that implementing the use of the 15 chit booklets will result in a long-term reduction in contravening use.

**It is recommended that the Director General of the Financial Services Directorate, in conjunction with the Director of Management Services in Policy and Communications assess the need for taxi chit booklets to be distributed to employees. In the exceptional circumstances where employees require their own booklet, they should be provided with the specially designed 15 chit booklet.**

Management Response:

NCR Accounting along with P&C will be assessing the need for taxi chits booklets distribution in the NCR. In the meantime, an order has been placed for the printing of 15 chit booklets for distribution in exceptional circumstances to individual employees.

***Recommendation #3***

The audit found that 11% of chits in the P&C sample, representing approximately 25% of the total expenditures, were used for travel to or from an airport. As per Policy Requirement 4 of Treasury Board's Taxis Policy, "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 results of the P&C sample showed that some employees may not be aware of the policy requirements. During the audit, we attempted to ascertain the rationale behind this policy. However, neither Treasury Board nor EC policy interpretation officers were able to commit to providing an official rationale.

The very small percentage of cases where taxis were used for personal use, including travel between the employee's residence and workplace or meeting destinations, indicated that not all employees may be aware of the government policies on local travel.

**It is recommended that the Director General of the Financial Services Directorate inform employees of the proper use of taxis and taxi chits.**

Management Response:

A reminder to all employees on the proper use of taxis and taxi chits in the NCR will be sent once the procedures have been fully documented.



Annex 1 PRELIMINARY AUDIT CRITERIA FOR TESTING

| <b>Policy Requirements</b>  |
|---|
| Supervisors should approve the use of taxi only where value for money is obtained.  |
| Taxis should not be used for personal purposes.   |
| Vouchers should not 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. |
| Consultants and other persons performing work on behalf of the government should not be supplied with taxi vouchers.  |

| <b>Controls</b>   |
|---|
| Taxi vouchers should be filled properly.  |
| Only in very exceptional circumstances would an entire book be logged out to an individual. |
| Completed booklets should be returned to finance/administration.                            |



## Annex 2 Methodology

**Table A: Hi/Low/Duplicates Sample**

| Number of Specific Transactions Selected and Obtained by Service |                   |          |                   |           |                   |          |                   |                 |
|--|-------------------|----------|-------------------|-----------|-------------------|----------|-------------------|-----------------|
| Service  | Duplicates        |          | High              |           | Low               |          | Total             |                 |
|  | Selected/Obtained |          | Selected/Obtained |           | Selected/Obtained |          | Selected/Obtained |                 |
| HRSI   | 3                 | 0        | 9                 | 2         | 2                 | 0        | 14                | 2 (14%)         |
| P & C  | 6                 | 5        | 11                | 3         | 0                 | 0        | 17                | 8 (47%)         |
| ECS  | 0                 | 0        | 7                 | 4         | 0                 | 0        | 7                 | 4 (57%)         |
| EPS  | 2                 | 1        | 12                | 10        | 0                 | 0        | 14                | 11 (79%)        |
| <b>Total</b>   | <b>11</b>         | <b>6</b> | <b>39</b>         | <b>19</b> | <b>2</b>          | <b>0</b> | <b>52</b>         | <b>26 (50%)</b> |

**Table B: Policy and Communications Sample**

| Number of Specific Transactions Selected and Obtained by Directorate |              |                 |
|--|--------------|-----------------|
| Directorate  | Transactions |                 |
|  | Selected     | Obtained        |
| Economic and Regulatory Affairs                                      | 19           | 9 (47%)         |
| International Relations  | 10           | 7 (70%)         |
| Climate Change Bureau  | 18           | 13 (72%)        |
| Communications   | 28           | 13 (46%)        |
| <b>Total</b>   | <b>75</b>    | <b>42 (56%)</b> |

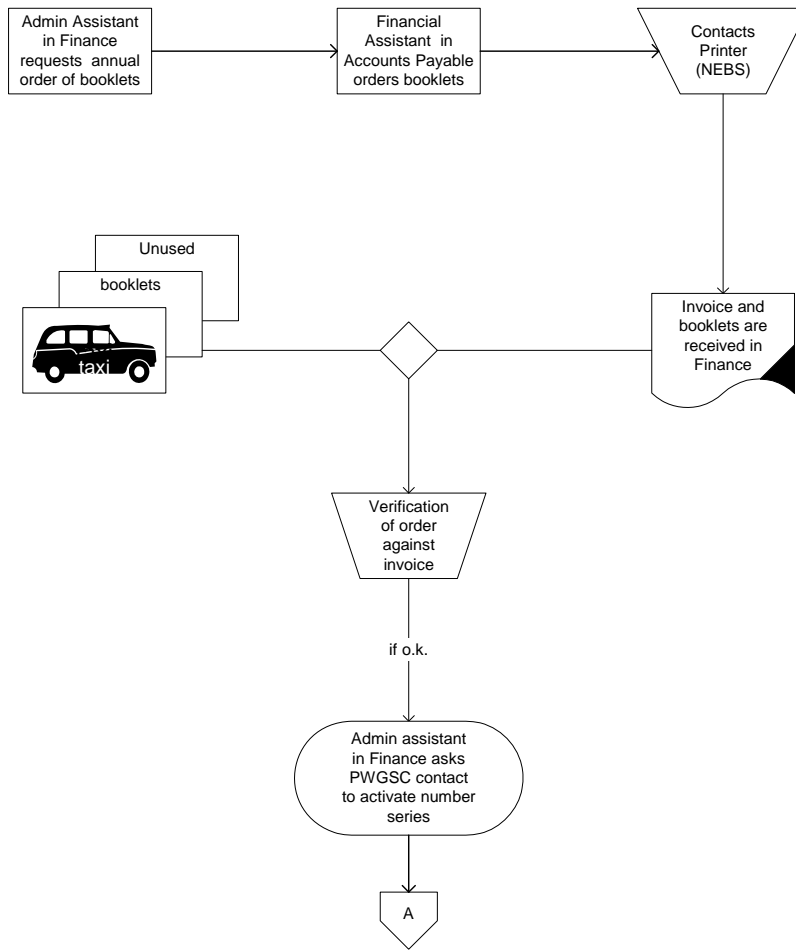


## Annex 3 Flowchart of the taxi chit process and related controls

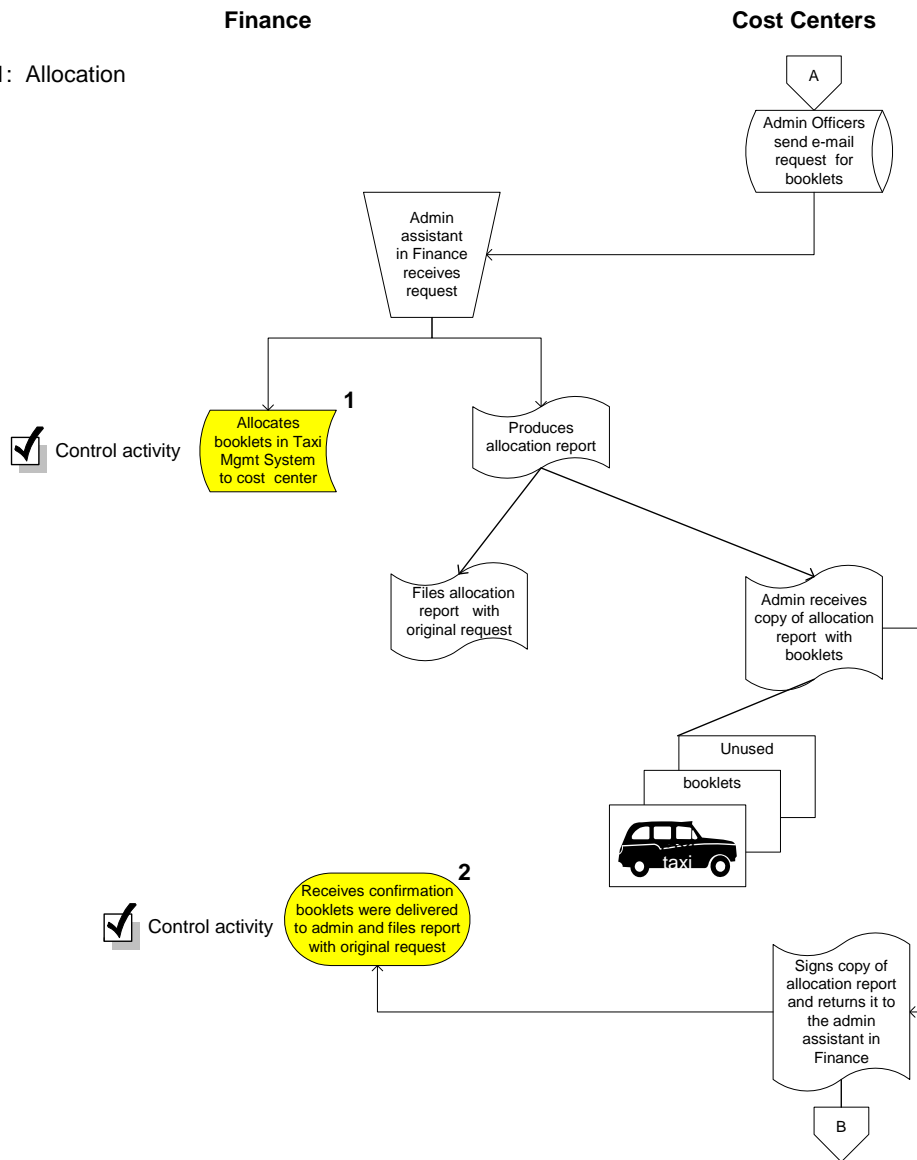
This flowchart outlines the activities involved in the taxi chit processed. The yellow and red boxes (or shaded boxes) identify control activities. The red or dark shaded boxes, labelled 4, 6 and 7, involve monitoring-related control activities. The audit considers the latter key activities in promoting improved departmental compliance with policy.

Procurement of the taxi  
chit booklets

Finance

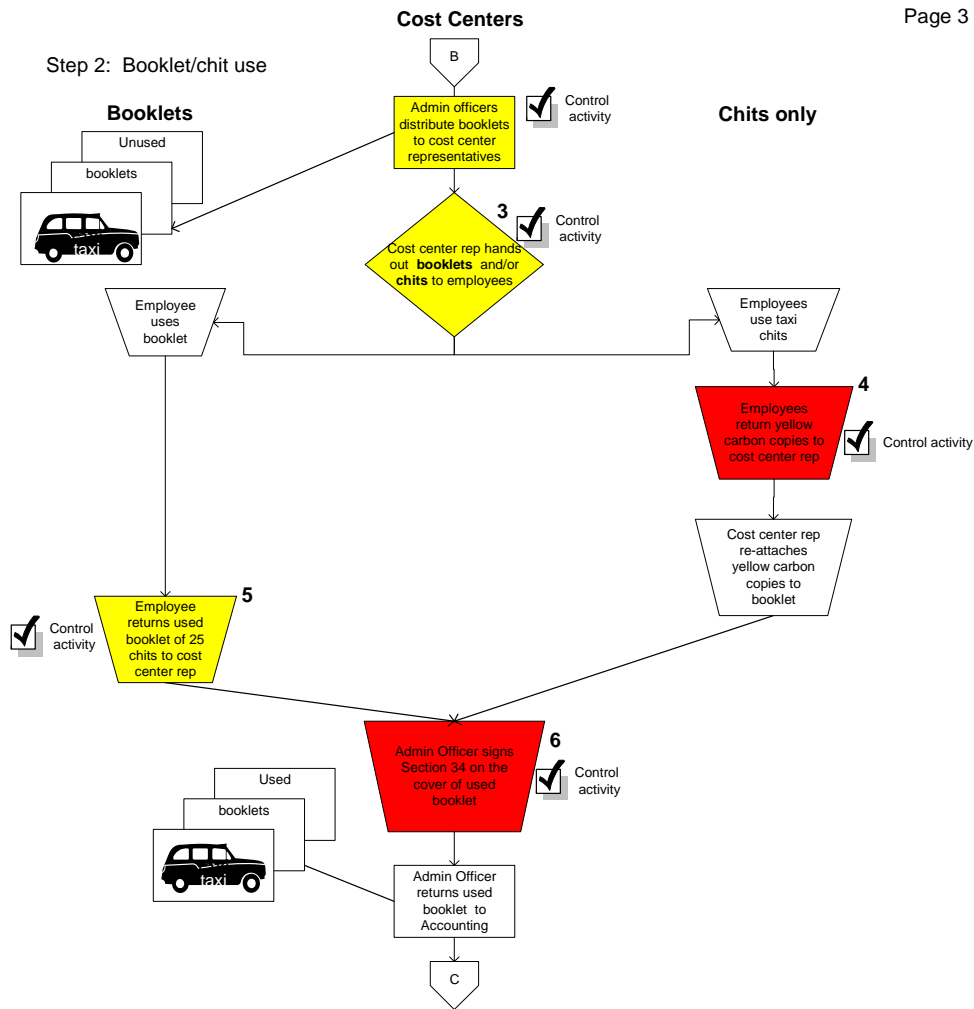


Step 1: Allocation



1. Allocation involves registering chit numbers that will be distributed to administrative officers. This activity ensures that a record is kept of the taxi chit booklets containing a range of taxi chit numbers is allocated to a particular admin officer and cost center.

2. A signed copy of the allocation report is evidence that the administrative officer has duly acknowledged receipt of the taxi chit booklets.



3. Chits: Rep may track chit distribution by writing identifying information on the white copy as individual chits are handed out. Booklets: Rep may track booklet distribution by logging in the name of booklet user.

4. Monitoring of chits/yellow copies: Rep verifies that information such as date, time, origin and destination, name and amount are included on the carbon copy and also verifies appropriateness of the transaction. If taxi use is suspected to contravene policy, follow-up action can be taken immediately. **It is important that monitoring occur here so that a timely and accurate collection of data can be ensured.**

5. Monitoring of booklets: Rep verifies information for all 25 chits in the booklet. If taxi use is suspected to contravene policy, follow-up can only be taken after 25 chits have been used. Problems may occur because the time between the actual transaction and the return of the booklet makes it difficult to monitor appropriate use.

6. The administrative officer verifies appropriateness and completeness of booklets, including taxi chit information. **The administrative officer must take steps to ensure that all the required information is collected before signing the Section 34 and returning the booklet to Accounting.**

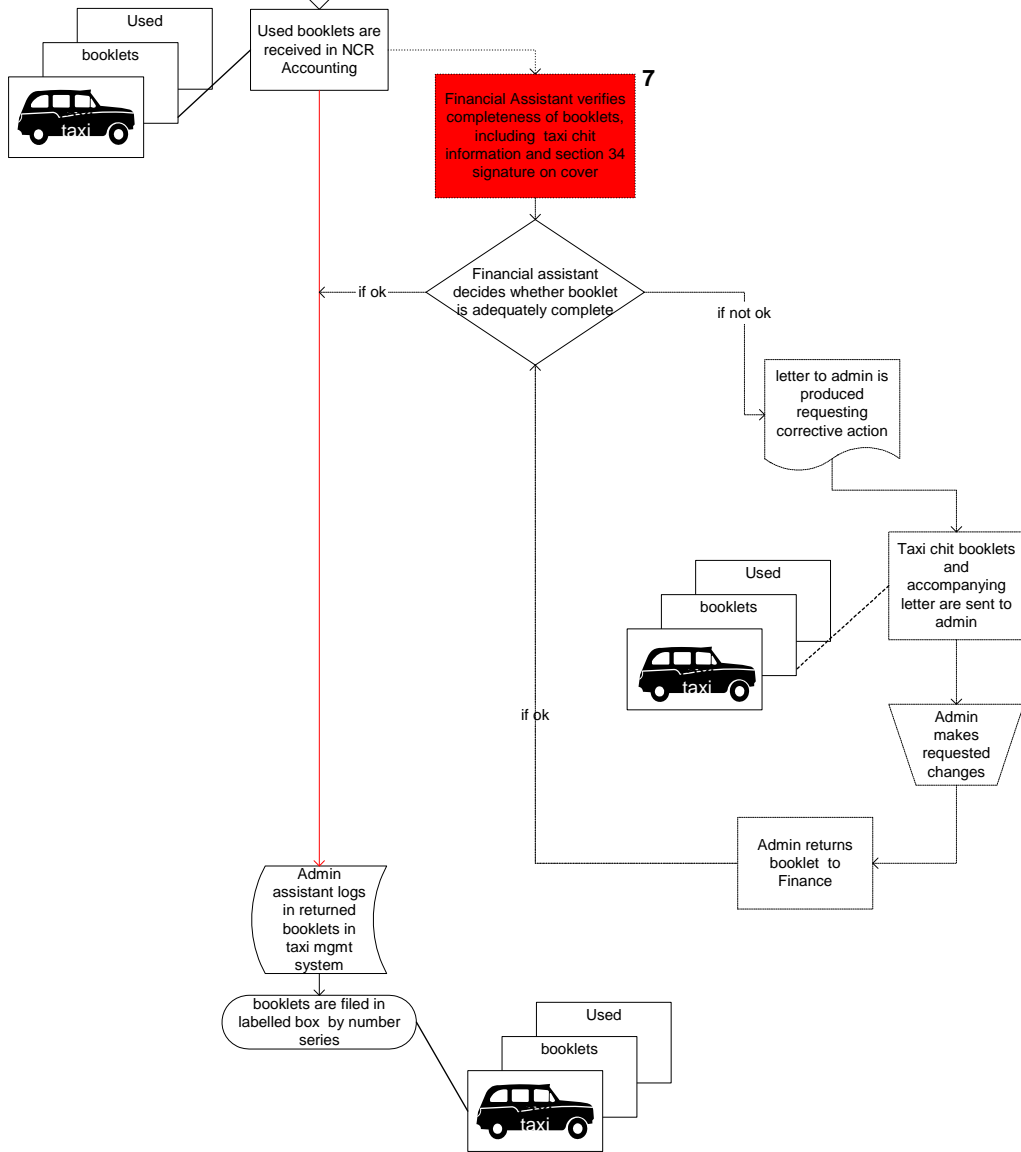


Step 3: Booklet return

Finance

Cost Centers

Page 4



7. If booklets are simply logged back in without a verification of the completeness of booklets, there is potentially no monitoring done in Finance, weakening the overall control of the process. As of January 2004, the monitoring process had not begun in Accounting. **The process of ensuring that taxi chit booklets are complete is vital to monitoring policy compliance.**