

Management Action Plan
Core Control Audit of the Economic Development Agency of Canada for the Regions of Quebec

Economic Development Agency of Canada for the Regions of Quebec (CED) Opinion of the Audit Report

The Agency has reviewed the findings, conclusions and recommendations of the audit for fiscal year 2011-12 and, as far as the scope of this audit is concerned, they accurately reflect the state of core control over key financial requirements related to the selected legislation, policies and directives.

CED sign off on the Management Action Plan

Marie Lemay
Deputy Minister / President
Economic Development Agency
of Canada for the Regions of Quebec

Signature

Date

Recommendations	Priority	Response and Action Taken and Planned	Responsibilities (title of position responsible for action)	Deadline (action implementation target date)
1. Management should ensure that cardholders signed acknowledgement of their responsibilities is kept on file.	Medium	<p>Response</p> <p>We agree with the recommendation.</p> <p>Action taken</p> <p>In 2012-2013, responsibility for the Policy on Acquisition Cards was transferred to the Departmental Finance Branch and changes were made:</p> <ul style="list-style-type: none"> • A financial officer is responsible for receiving and conserving the cardholder signed acknowledgement document before the acquisition card is given out. • A copy of the cardholders signed acknowledgement document is kept in an electronic file. 	Director, Accounting, Collection and Procurement	Completed in 2012-2013.
<p>2. Management should ensure that the <i>Contracting Policy</i> is followed, including:</p> <ul style="list-style-type: none"> • Justification is kept on file for all sole source 	High	<p>Response</p> <p>We agree with the recommendation.</p> <p>Action taken and planned</p> <p>CED revised its procurement and contract management procedures in 2012-2013 and most deficiencies have already been addressed.</p> <p>First of all, the Contracting Committee, made</p>	Director, Accounting, Collection and Procurement	December 2013 (a number of aspects dealt with/corrected in 2012-13)

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<p>contracts;</p> <ul style="list-style-type: none"> • An analysis of best value is completed and kept on file for all sole source contract files; • Approved Statements of Work are maintained on file; • Security requirements are identified; 		<p>up mainly of senior Agency executives, was set up to be the official oversight authority and to recommend to the Deputy Minister all contracts and amendments to contracts with a value of \$10,000 or over.</p> <p>For all contracts for professional services, a procurement strategy has been prepared to provide a summary for the file. This document includes, without being limited to, the rationale for the sole source contract and the choice of supplier. In addition, for any sole source procurement exceeding \$10,000, a mandate for a contract request form, including appendix <i>PN 89 — Justification for Sole Source</i> must be completed.</p> <p>In addition to the purchasing method, the procurement strategy also includes a cost justification component for non-competitive processes. This justification is presented in the form of a cost breakdown, supplier's price list or invoice submitted to another client.</p> <p>To make sure that all the necessary items are included in the file, we have developed a checklist which must be filled out for every professional service contract. This checklist, in the form of items to be checked off, enables us</p>		

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<ul style="list-style-type: none"> Bid evaluations are completed and signed; Contracts and amendments are signed prior to commencement of work. 		<p>to ensure that all the items needed for the file are taken into account. The list includes, without being limited to, the Security Requirement Check List (SRCL), statement of work, basis of selection, completed and signed evaluation grid, recording in Hermès etc.</p> <p>With regard to purchase orders issued by the various directorates, a reminder has already been sent regarding coding in the financial system. Another reminder will emphasize the need to document files. In addition, we are currently working on implementing a post-audit system for purchase orders, which would enable us to verify throughout the year that purchases made by purchase order comply with contracting rules. Notices of non-compliance will be sent to directors should this not be the case.</p> <p>We are currently revising our purchasing procedures, which will include a section explaining best practices to follow with regard to purchasing, as well as those which should be avoided. Once the procedures have been updated, an e-mail will be sent to all employees, encouraging them to become familiar with this new section.</p>		

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		Adjustments have been made to the procurement delegation schedule in order to clarify delegated authorities and ensure better control of contracting approvals.		
3. Management should ensure that the reason for travel is documented on file.	Medium	<p>Response</p> <p>We agree with the recommendation.</p> <p>Action taken and planned</p> <p>In order to implement the new <i>Directive on Travel, Hospitality, Conference and Event Expenditures (April 1, 2013)</i>, we provided training, which is now almost complete, for the individuals responsible for applying the Directive at the Agency. We also revamped the travel authority forms to bring them into line with the requirements of the Directive, so that the purpose of the trip can be understood.</p> <p>In April 2014, the Agency will implement the new Shared Travel System (STS) in order to comply with the new <i>Directive on Travel, Hospitality, Conference and Event Expenditures</i>. The travel authority form will include a field for the reason for the trip which must be filled out by the person requesting the authority before it</p>	Director, Accounting, Collection and Procurement	April 2014

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		can be accepted by the system.		
4. Management should ensure that hospitality transactions are properly approved, tracked, monitored and disclosed.	Medium	<p>Response</p> <p>We agree with the recommendation.</p> <p>Action taken</p> <p>In 2012-2013, the Agency conducted a number of training sessions on the requirements of section 32 and 34 for those with this authority.</p> <p>For the 2012-2013 fiscal year, we conducted a risk-based post-audit of a representative sample of operational expenditures. The data is now being compiled and once the results of the post-audit have been reviewed, we will decide whether other measures need to be implemented.</p> <p>With regard to the results for operations disclosures to which this recommendation are based on very small samples (sample of 1 and 3 transactions for two criteria where there is a notice of non-compliance.)</p>	N/A	N/A

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5. Management should ensure that requests for leave are approved prior to the leave being taken.	Medium	<p>Response</p> <p>We agree with the recommendation.</p> <p>Action planned</p> <p>A reminder on required documents was sent to delegated managers.</p> <p>Approval is given verbally, at the correct time, and supported later by entry into the dedicated leave control system.</p>	Director, Human Resources	November 2013
6. Management should ensure that performance agreements are signed by both the employee and the manager prior to the start of the performance period and are kept on file.	Medium	<p>Response</p> <p>We agree with the recommendation.</p> <p>Action planned</p> <p>A reminder was sent to delegated managers to assure that all performance agreements signed by an employee and his/her superior are on file at the Human Resources Direction.</p>	Director, Human Resources	November 2013

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7. Management should ensure that funds commitment availability is certified by someone with the appropriate authority and that expenses are recorded at the value expected to be incurred.	High	<p>Response</p> <p>We agree with the recommendation</p> <p>Action planned</p> <p>No action will be taken with regard to authorization of overtime, for the reason mentioned above.</p> <p>In 2012-2013, the Agency conducted a number of training sessions on the requirements of section 32 for those with this authority.</p> <p>For the 2012-2013 fiscal year, we conducted a risk-based post-audit of a representative sample of operational expenditures. The data is now being compiled and once the results of the post-audit have been reviewed, we will decide whether other measures need to be implemented.</p> <p>With regard to the issue of overtime, there is no function in the system that permits pre-authorization. Therefore, each manager ensures that his/her employee has been authorized to do overtime. The controls in place are related to the timing of the signature for payment. The</p>	Director, Accounting, Collection and Procurement	December 2013

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		responsible manager must ensure that he or she has authorized the overtime before it is done. As soon as we will move to the new managing human resources computerized system PeopleSoft, information traceability will be available.		
8. Management should ensure that accounts verification is performed by someone with the delegated authority, that it is supported by complete documentation and is properly dated, and that it is carried out on a timely basis.	High	<p>Response</p> <p>We agree with the recommendation.</p> <p>Action planned and taken</p> <p>In 2012-2013, the Agency provided a number of training sessions on the requirements of section 34 for those with this authority. For the 2012-2013 fiscal year, we conducted a risk-based post-audit of a representative sample of operational expenditures. The data is now being compiled and once the results of the post-audit have been reviewed, we will decide whether other measures need to be implemented.</p> <p>It should be noted that, for observations related to overtime, we believe that Agency managers</p>	Director, Accounting, Collection and Procurement	December 2013

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		<p>have all the information they need when approving overtime for their employees. Employees have to enter their overtime for each individual day into the computerized system and send a request to the manager, who approves the overtime by consulting the screen which confirms the overtime done and requested every day. As soon as we will move to the new managing human resources computerized system PeopleSoft, information traceability will be available.</p>		