AUDIT OF KEY FINANCIAL PROCESSES AT KOOTENAY/YOHO/LAKE LOUISE NATIONAL PARK FIELD UNIT

FINAL REPORT

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TABLE OF CONTENTS

EXECUTIVE SUMMARY ..... *ii*

1....BACKGROUND 1

2....OBJECTIVES AND SCOPE 1

3. METHODOLOGY 2

4. STATEMENT OF ASSURANCE 2

5. CONCLUSIONS 3

6. OBSERVATIONS AND RECOMMENDATIONS 3

6.1. Management Control Framework 3

6.2. Payments to suppliers 4

6.3. Acquisition cards 6

6.4. Expenditures for travel 7

6.5. Contracting 7

6.6.Revenues 9

MANAGEMENT RESPONSE 12

EXECUTIVE SUMMARY

Background

Parks Canada Agency (PCA) has as mandate to protect and present nationally significant examples of Canada's natural and cultural heritage, and to foster public understanding, appreciation and enjoyment in ways that ensure the ecological and commemorative integrity of these places for present and future generations.

The Agency is conducting a series of periodical audits of Field Units, Service Centers and National Office in order to review the financial, administrative and management practices. The audits focus on compliance with Treasury Board Secretariat (TBS) and PCA policies and practices. The audit was conducted at Kootenay /Yoho/ Lake Louise Field Unit.

Objectives and Scope

The objectives of this audit were to confirm whether due diligence is being exercised in key management processes and to provide assurance to senior management that processes and controls in place at the Kootenay /Yoho/ Lake Louise Filed Unit (KYLL FU) are adequate to ensure compliance to TBS and PCA policies and practices.

The scope of this assignment covered the following areas: Management Control Framework (MCF), Payments to Suppliers, Acquisition Cards, Expenditures for Travel, Contracting and Revenues. The period from April 1, 2002 to September 2003 was covered in this audit. Due to the size and unusual nature of the fire fighting effort against the major forest fire during the summer of 2003, the related expenses have not been included in the scope of this audit.

Methodology

The audit methodology included a review of relevant background documentation coming from KYLL FU, interviews with FU personnel and transaction testing in the key areas mentioned above. The KYLL FU was visited during the period of November 27 to December 2, 2003. This required site visits in Lake Louise, Alberta to establish contact with the Superintendent of the Field Unit, and visits to Field, BC (Yoho) and Radium/Hotspring, BC (Kootenay) offices for audits of revenues and expenditures. In Kootenay, our audit work required visits to both the field office for expenditures and the compound (warehouse) for contract files.

The LLYK field unit was established in 1996 and includes the Lake Louise and Icefields area of Banff National Park, Yoho National Park and Kootenay National Park. However, the operations of the field unit have remained in each of the former field offices, mainly to avoid relocation of staff and to keep the services as close as possible to the operations.

Statement of assurance

In our opinion, sufficient audit work has been performed and the necessary evidence has been gathered to support the conclusions contained in this report.

Conclusion

Overall, we found that the systems and controls in place for the key management processes reviewed provide a fairly good level of confidence that due diligence is exercised over expenditures and revenue. However, some controls could be strengthened. The main areas of improvement consist of the controls documentation which is often missing and the lack of monitoring controls to prevent errors or fraud and to detect the non-application of transaction controls. We have listed below our recommendations for consideration to the FU Superintendent and Manager of Finance and Administration.

Recommendations

1. As best practice, the Superintendent should conduct a formal risk assessment to identify and manage risks related to financial and business operations. Documenting the high-risk areas and their impact on the FU would support the need for appropriate funding to prevent these risks from damaging the FU operations.
2. As best practice, the Superintendent should document the business continuity plans for critical financial and administrative systems in the event of disasters or other uncontrolled events. The plan should also be tested annually to ensure that the team in place understands its practical operation.
3. The Superintendent should ensure follow-up is done on the exceptions found during the recent inventory count and investigate the need to adjust record accordingly. The recent losses in the forest fire should also be investigated to ensure they are properly reflected in the records.
4. The Superintendent should review the functions performed by the various sites to ensure effective and efficient attribution of resources and processes for the FU.
5. The Finance group at the Parks Canada National Office should perform a review of its supplier's database to ensure each supplier only has one account in the financial system. This will prevent the risk of confusion in the process.
6. The Superintendent should ensure processes are in place to:
    a. ensure proper documentation is obtained and retained with the invoice before payment is made (i.e. purchase order or contract/agreement (including appendix A, providing detailed costing of services to be provided), Sec 34 FAA Certification and Proof of receipt).
    b. ensure there is documentation for each file regarding the Sec 33 authority by an authorized officer.
    c. ensure that consideration is given to providing training on the procedures to be followed and the documentation to be kept on file for payments to suppliers.

7. The Superintendent should ensure implementation of a monitoring process to ensure that a review of the acquisition card purchases is performed before payment.

8. The Superintendent should consider reducing the amount of cards being used at the FU. The Manager of Finance and Administration could cancel the cards for low volume users to facilitate its monitoring and the risk of abuse.

9. The Superintendent should ensure training is provided to all acquisition cardholders to ensure that acquisition card policies and guidelines are understood and respected.

10. The Superintendent should not provide blanket authorization for travel to all employees. We recommend that a travel authorization process be put in place to ensure proper management of travel costs, allowing exception blanket approval for certain individuals to specific locations only, as deemed necessary.

11. The Superintendent should ensure training is provided to all employees to ensure that contracting policies and guidelines are understood and respected (i.e. competitive vs non-competitive contract).

12. For sole source contracts adequate justification has to exist on file. The Superintendent should ensure procedures are followed meaning there is proper documentation on file providing all the arguments and advantages of signing the contract with that particular company.

13. The Superintendent should explore the possibility of having a Contract Review Board for all major contracts (i.e. over $50K).

14. The Superintendent should consider having a locked box on the self-registration sites that would be unlocked only by the finance staff in the regional office. Therefore the Park's Staff wouldn't handle the cash but simply bring the box from the site to the office. This would control the risk of cash misappropriation by the Park's Staff and serve as a mitigating control for the lack of control over pre-numbered self-registration forms.

15. The Superintendent should ensure supervisors reconcile all components of the permits/passes, including upgrades. Additional training on this matter and the recommendations provided as part of the internal review should be considered to ensure proper implementation of the procedures.

16. Finance at National Office must review the actual controls in place over issuance of permits and passes to ease the reconciliation with revenue reported.

1. BACKGROUND

PCA is conducting a series of annual audits of key financial, administrative and management practices for Field Units (FU), Service Centers and National Office. FU are groupings of national parks, national historic sites and national marine conservation areas that are usually in proximity of one another, allowing them to share management and administrative resources. The Agency has in total thirty two field units. Moreover, PCA has four service centers, located in Halifax, Quebec City, Cornwall/Ottawa and Winnipeg, with smaller branches in Calgary and Vancouver, which support the organization in a variety of professional and technical disciplines.

This audit was done at the Kootenay /Yoho/ Lake Louise (KYLL) FU at the end of November and beginning of December 2003.

2. OBJECTIVES AND SCOPE

The objectives of this audit were to confirm whether due diligence is being exercised in key management processes and to provide assurance to senior management that processes and controls in place at the KYLL FU are adequate to ensure compliance to TBS and PCA policies and practices.

The scope of this assignment covered the following areas:

- ✓ Management Control Framework (MCF),
- ✓ Payments to Suppliers,
- ✓ Acquisition Cards,
- ✓ Expenditures for Travel,
- ✓ Contracting and
- ✓ Revenues

The period from April 1, 2002 to September 2003 was covered in this audit.

The expenses incurred as part of the fire fighting effort against the major forest fire during the summer of 2003 have been considered out of the scope of this audit. The size and unusual nature of the expenses would have taken a considerable amount of time not budgeted for this engagement. An estimated amount of $8M was invested in the fire fighting effort in 2003-2004 year.

3. METHODOLOGY

The audit included a visit to the KYLL FU and comprised the following activities:

- interviews with KYLL FU management and personnel responsible for all the areas identified;
- review of relevant documentation provided by PCA and FU (i.e. KYLL FU Business Plan for 2002-2003, the Corporate Plan for 2000/01 – 2004/05, the Organization Chart, PCA Delegated Signing Authorities Chart, policies and guidelines that deal with suppliers, acquisition, travel, contracting and revenues, as well as various reports prepared by the financial department of the FU);
- on-site examination of a sample of transactions in each of the key areas covered by the assignment.

At the end, a debriefing of our preliminary observations was made to the KYLL FU Superintendent and to the Manager of Finance and Administration.

We would like to mention that this FU has not amalgamated the Finance and administrative activities into one location, therefore a visit to each site was required for this audit.

4. STATEMENT OF ASSURANCE

In our opinion, sufficient audit work has been performed and the necessary evidence has been gathered to support the conclusions contained in this report.

5. CONCLUSIONS

Overall, we found that the systems and controls in place for the key management processes reviewed could be strengthened to ensure due diligence and adequacy. The main areas of improvement consist of the control documentation which is often missing and the lack of monitoring controls to prevent errors or fraud and to detect the non-application of transaction control. We have outlined in section 5 our observations and recommendations for consideration of the Superintendent and Manager of Finance and Administration in addressing these matters.

6. OBSERVATIONS AND RECOMMENDATIONS

6.1. ***Management Control Framework***

Observations

The KYLL FU is made up of four sites (Lake Louise, Field, Radium and Banff). The various functions of the FU have been allocated throughout the sites, adding complexity to the implementation of the Management Control Framework. Although dispersed, the team in place at the KYLL FU is able to ensure adequate stewardship of resources, management of risk and reliable information for decision making due to it's strong competencies.

We did however identify areas of improvement. Despite the fact risk management related to financial and administrative processes is understood, the FU doesn't have a formal document or analysis showing how risks related to these processes are assessed. There is no formal plan to manage identified risks. Parks Canada presently does not have internal policies or guidelines requiring managers to undertake formal risk assessment, which is not consistent with Treasury Board's Risk Management Policy (2001) and Integrated Risk Management Framework (2001).
Even in the absence of a documented contingency plan, the FU has proven its ability to handle high risk situations rather well, specifically in the case of the forest fire during the summer 2003.

Through our discussion, we found that the FU was not comfortable with the accuracy and integrity of the assets inventory. A recent inventory count has brought concerns over the validity of the data. Some of the assets were also lost in the recent forest fire in the Kootenay area.

Recommendations

1. As best practice, the Superintendent should conduct a formal risk assessment to identify and manage risks related to financial and business operations. Documenting the high-risk areas and their impact on the FU would support the need for appropriate funding to prevent these risks from damaging the FU operations.
2. As best practice, the Superintendent should document the business continuity plans for critical financial and administrative systems in the event of disasters or other uncontrolled events. The plan should also be tested annually to ensure that the team in place understands its practical operation.
3. The Superintendent should ensure follow-up is done on the exceptions found during the recent inventory count and investigate the need to adjust its record accordingly. The recent losses in the forest fire should also be investigated to ensure they are properly reflected in the records.
4. The Superintendent should review the functions performed by the various sites to ensure the continued effective and efficient attribution of resources and processes for the FU.

6.2. ***Payments to suppliers***

Observations

We conducted interviews with finance personnel and performed testing of a sample of 45 supplier payment files for expenditures made using purchase orders and competitive and non-competitive types of contracts.

The sample selected had a dollar value of $ 1,665,364.48. Out of the 45 files 14 (31%) were low dollar value purchases, representing $13,851.51 (0.8%). In the total sample we found duplicate or triplicate accounts for the same suppliers. For Yoho the files for 2002-2003 were in storage

and not available for review, therefore the sample is mostly of files from 2003-2004 (Yoho, Kootenay, Radium).

We found that payments made are properly recorded in the financial accounting system but that the documentation regarding purchase approvals, invoice verification and approval and payment approval could be strengthened. More specifically, we found:

- Five payment files didn't have any supporting documentation since the files had been moved to storage.
- Twelve payment files didn't have the purchase orders or contracts/agreements attached to the invoice and couldn't be found.
- Thirteen payment files had no commitment in the financial system.
- Five payment files had invoices not date-stamped when received.
- Five payment files didn't have the documentation supporting the Sec 34 FAA certification by the appropriate authority.
- Eleven payment files didn't have the documentation supporting the receipt of goods or services.
- Two payment files didn't have the documentation supporting the Sec 33 authorization by an appropriate Officer.

Recommendations

5. The Finance group at the Parks Canada National Office should perform a review of its supplier's database to ensure each supplier has only one account in the financial system. This will prevent the risk of confusion in the process.
6. The Superintendent should ensure processes are in place to:
    a. ensure proper documentation is obtained and retained with the invoice before payment is made (i.e. purchase order or contract/agreement (including appendix A, providing detailed costing of services to be provided), Sec 34 FAA Certification and Proof of receipt).
    b. ensure there is documentation for each file regarding the Sec 33 authority by an authorized officer.

c. ensure that consideration is given to providing training on the procedures to be followed and the documentation to be kept on file for payments to suppliers.

6.3. ***Acquisition Cards***

Observations

Currently, there are 70 acquisition cardholders in the KYLL Field Unit. Some of them don't regularly use the card but have it for emergency purposes. The person responsible for the acquisition cards had already cancelled some that were not used on a regular basis.

We performed a detailed review of acquisition card purchases for 7 cardholders and we found that some expenditures made with the cards related to vehicle repair, travel and hospitality while they should have been made with different cards. Through our discussions we also found that there had been a case of fraud from the use of the acquisition card in the past year. The fraud was performed by an employee using the card for personal purchases. The employee was immediately terminated once the fraud was found.

Recommendations

7. The Superintendent should ensure implementation of a monitoring process to ensure that a review of the acquisition card purchases is performed before payment.
8. The Superintendent should consider reducing the number of cards being used at the FU. The Manager of Finance and Administration could cancel the cards for low volume users to facilitate monitoring and minimize the risk of fraud.
9. The Superintendent should ensure training is provided to all acquisition cardholders to ensure that acquisition card policies and guidelines are understood and respected.

6.4. ***Travel***

Observations

TBS travel policy requires authorization of travel in advance in accordance with the delegation of authorities. A list with all travel cards was provided by the KYLL FU. From a total of eighty travel cards, only fifty two were active, the rest (twenty eight) were inactive or for people who are outside of KYLL FU. Based on the active list, a sample of nine transactions was tested. Travel files are divided between Kootenay and Field locations.

Six out of the nine transaction tested didn't have a pre-approval for travel expenses. This is due to a blanket authorization to all employees of the FU for travel expenses incurred within the Province of Alberta and British Columbia.

Recommendations

10. The Superintendent should not provide blanket authorization for travel to all employees. We recommend that a travel authorization process be put in place to ensure proper management of travel costs, allowing exception blanket approval for certain individuals to specific locations only, as deemed necessary.

6.5. ***Contracting***

Observations

The KYLL FU enters into contracts for goods, services or real property/construction related services using one of the types of contracts:

1. non-competitive (i.e. for emergency situation; only one person or firm is capable of performing the contract; the nature of the work is such that it would not be in the public interest to solicit bids)
2. competitive (SOA, MERX)

The following table reflects the number of contracts initiated by the FU between April 1, 2002 and September 1, 2003.

Period	Number of contracts	Dollar value
April 2002 to March 2003	60 (from which 3 cancelled) - 20 competitive - 40 non-competitive	1,524,253.86
April 2003 to September 2003	41 (from which 1 cancelled) - 7 competitive - 34 non-competitive	1,948,444.00

The sample included 21 contracts (22%), non-competitive and competitive with a dollar value of $ 1,282,768.84 (see Appendix A for details). All the contracts are done in Radium.

Examining the sample we found the following:

- for one contract there was a supplementary payment of $15,966.54 without having the proper amendment attached to the contract (KKP 2256);
- 3 cases of sole source contracting. In one case we found two justifications, which however were too simplistic (KKP 2321 and 2225; there was no explanation for 2323 all of them being for the same company); for the other two cases no justification was provided (KKP 2211 and 2309; KKP 2202 and 2209). Moreover, the amendment of the contract number KKP 2211 can be perceived as contract splitting.
- In eight cases the contracts were treated as being non-competitive although they should have respected the competitive process, as they were over $25K.

Recommendations

11. The Superintendent should ensure training is provided to all employees to ensure that contracting policies and guidelines are understood and respected (i.e. competitive vs non-competitive contract).

12. For sole source contracts adequate justification has to exist on file. The Superintendent should ensure procedures are followed (i.e. there is proper documentation on file providing all the arguments and advantages of signing the contract with that particular company).

13. The Superintendent should explore the possibility of having a Contract Review Board for all major contracts (i.e. over $50K).

6.6. ***Revenues***

Observations

The KYLL FU revenues are derived from a variety of sources and are grouped into five main components:

1. revenues collected from campgrounds and park entry/visiting fees
2. revenues collected from activities related to Municipal services
3. revenues collected from activities related to professional services provided
4. revenues from staff housing
5. other revenues

These revenues could be classified in three types of transactions: 1) cash register transactions; 2) self-registration revenues mailed in to offices or picked-up by Park Canada Staff; and 3) charges invoiced by the Field Unit for municipal services, rents etc.

The total revenue for 2002-2003 was $8,002,075 and for 2003-2004 (April to September 2003) $ 7,136,740.

During our audit, we conducted interviews with the Manager of Finance and Administration, the Financial Analyst and the Finance Clerk looking after FU revenue. We also obtained detailed descriptions of the revenue processes with their relevant controls. In addition, we reviewed a sample of transactions to ensure funds received were recorded in the financial system and deposited to the Bank and to verify that the processes and controls were adequate during the audit period. Most processes have good control environment but the process to collect revenue from campgrounds and park entry/visiting fees could be strengthened. The controls in place do not provide sufficient assurance as to the completeness of the cash received for service provided, especially for self-registration. The self-registration envelopes, although pre-numbered are not reconciled to the cash received since too many envelopes are missing in the reconciliation due to

excess usage by the campers. In addition, the cash is collected from the deposit box by one of the Park's Staff in the morning and brought to the regional office, but there is no control to prevent theft.

During our interviews, we were advised that a fraud had occurred in the summer of 2003. The fraud was perpetrated at one of the entry points in the park, where an employee was not recording certain upgrades in the system and was stealing the money. This seasonal employee was terminated upon knowledge of the fraud. All entrances in the park require the issuance of a permit and a receipt, which is reconciled daily, upgrades to the basic entrance need to be signed by both the attendant and the customer. In some cases, the reconciliation between the signatures for upgrades and the cash register are not performed in a timely manner or not performed at all by the supervisor.

As a result of the fraud mentioned above, the Manager of Finance and Administration had one of its Financial Analysts perform a review of the controls over the processes involving cash manipulation at the various gates and visitor centres. We have reviewed their conclusion and agree with the recommendations. These recommendations are currently being implemented throughout the FU.

Our major concern, however, for revenue is to ensure that all services provided are invoiced as required. Our interviews and documentation review revealed that the controls are not adequate to ensure all services rendered are invoiced. The Field Unit appears to have good control over the delivery of services; however, there is no way to link services rendered to services invoiced. For instance, we were unable to reconcile the permit documents reviewed with funds collected. This situation has a major impact on the assessment of revenue reported since the audit team is not in a position to provide assurance that revenue declared for the Field Unit are accurate and represent 100 per cent of services rendered.

Recommendations

14. The Superintendent should consider having a locked box on the self-registration sites that would be unlocked only by the finance staff in the regional office. Therefore the Park's Staff

wouldn't handle the cash but simply bring the box from the site to the office. This would control the risk of cash misappropriation by the Park's Staff.

15. The Superintendent should ensure supervisors reconcile all components of the permits/passes, including upgrades. Additional training on this matter and the recommendations provided, as part of the internal review should be considered to ensure proper implementation of the procedures.

16. Finance at National Office must review the actual controls in place over issuance of permits and passes to ease the reconciliation with revenue reported.

MANAGEMENT RESPONSE

Shown below is the management response to each of the recommendations of the report.

1. The Superintendent should conduct a formal risk assessment to identify and manage risks related to financial and business operations. Documenting the high-risk areas and their impact on the FU would support the need for appropriate funding to prevent these risks of damaging the FU operations.
    - Parks Canada does not have a formal risk assessment process.
    - The field unit will explore utilizing the services of an MBA student to develop a concept for risk assessment within the Mountain Parks related to financial and business operations, and to document the high-risk areas and their impact on the field unit.

2. The Superintendent should document the business continuity plans for critical financial and administrative systems in the event of disasters or other uncontrolled events. The plan should also be tested annually to ensure the team in place understands its practical operation.
    - The Field Unit has a Generic Disaster Response Plan and a Director, Disaster Services (Public Safety Coordinator). Informatics has standard backup processes; backups are stored off-site and tapes and systems are checked regularly. Firewalls (administered nationally) provide security from cyber intruders.
    - The field unit will explore utilizing the services of an MBA student or a consultant to develop continuity plans for critical financial and administrative systems, and to document testing procedures.

3. The Superintendent should ensure follow-up is done on the exceptions found during the recent inventory count and investigate the need to adjust its record accordingly. The recent losses in the forest fire should also be investigated to ensure they are properly reflected in the records.
    - Asset Management group is currently reviewing the AIMS database in conjunction with PWGSC. Managers are currently reviewing the assets under their responsibility to ensure the database is complete, and are identifying assets that have been removed, as well as those slated for demolition or disposal over the next five years. The data integrity exercise is scheduled for completion March 31.

4. The Superintendent should review the functions performed by the various sites to ensure effective and efficient attribution of resources and processes for the FU.
    - Resource levels and operations are being reviewed on a Mountain Park basis through the Sustainable Financial Strategy exercise to align resources and define consistent service levels. Implementation will commence in 2004/5.

5. The Finance group at the Parks Canada National Office should perform a review of its supplier's database to ensure each supplier only has one account in the financial system. This will prevent the risk of confusion in the process.

- Suppliers often are national in their scope of operations and request payment to branch offices, thus necessitating more than one vendor. PHQ periodically reviews vendors, and deletes or blocks duplications. Access to vendor module has been restricted so that not all finance officers/clerks will have access. Information retrieval will contain information from vendors that have been blocked.
- The upcoming upgrade of our financial system will significantly restrict access to the creation of vendor and customer files. This change will help reduce the multiple input of vendor's and suppliers. A review was recently performed by N.O. Finance on our supplier and customer files. The review acknowledged that work was required to clean up the files. A clean up is planned but no timelines are available at this point in time. Unclear whether resources will be available prior to the upgrade planned for January 2005.

6. The Superintendent should ensure that processes are in place to:

   a. ensure proper documentation is obtained and retained with the invoice before payment is made (i.e. purchase order or contract/agreement (including appendix A, providing detailed costing of services to be provided), Sec 34 FAA Certification and Proof of receipt).

   - Payment schedules will be incorporated into the contracts. Copies of contracts are retained with the finance clerk who makes payments. Training will be provided to managers on the requirement for purchasing document initiation prior to purchases.

   b. ensure there is documentation for each file regarding the Sec 33 authority by an authorized officer.

   - Section 33 payment release sheets that are authorized by a finance officer are maintained with the finance clerk's payments. The clearing number for the section 33 authorization is posted with the payment document information in IFMS.

   c. ensure that consideration is given to providing training on the procedures to be followed and the documentation to be kept on file for payments to suppliers.

   - Will be incorporated into training

7. The Superintendent should ensure implementation of a monitoring process to ensure a review of the acquisition card purchases is performed before payment.

   - MasterCard checklist is used by each finance clerk prior to payment, and a formal audit process is carried out annually.
   - Account verification is further tested through statistical sampling.
   - Section 34 managers as well as credit card holders will be provided with increased training on acceptable use.

8. The Superintendent should consider reducing the amount of cards being used at the FU. The Manager of Finance and Administration could cancel the cards for low volume users to facilitate its monitoring and the risk of abuse.

- Some MasterCards of low dollar value card users have been cancelled by managers request. Further investigation will be done through audit. Use will be reviewed periodically and low volume users will be identified to managers.
- To reduce risk, credit levels on the MasterCards are lower for those that use their credit cards less frequently

9. The Superintendent should ensure training is provided to all acquisition cardholders to ensure that acquisition card policies and guidelines are understood and respected.
    - Training will be provided when card is issued; training update will be provided with training for new American Express cards. Policy briefing also provided through annual coding manuals.
10. The Superintendent should not provide blanket authorization for travel to all employees. We recommend that a travel authorization process be put in place to ensure proper management of travel costs, allowing exception blanket approval for certain individuals to specific locations only, as deemed necessary.
    - Blanket approvals have been developed for forest fire contingency situations where immediate response to anywhere Nationally is required. Travel authorizations are being requested where air travel is required. Blanket authorizations for B.C. and Alberta travel will be specified by individual and restricted to frequent travelers. E-mail authorizations are accepted. We will ensure that an electronic travel authorization form is available on the Intranet
11. The Superintendent should ensure training is provided to all employees to ensure that contracting policies and guidelines are understood and respected (i.e. when should have a competitive or non-competitive contract);
    - Training to be provided by the contracting officer in conjunction with finance staff; acquisition cards policy, shared travel service initiative implementation, purchasing responsibilities and authorizations, and new activity coding in addition to a review of all coding fields will be incorporated into the training.
12. For sole source contracts adequate justification has to exist on file. The Superintendent should ensure procedures are followed (i.e. there is proper documentation on file providing all the arguments and advantages of signing the contract with that particular company).
    - To be addressed through training and creating a template of requirements for sole sourcing contracts. The Manager is responsible for providing valid justifications for sole sourcing.
13. The Superintendent should explore the possibility of having a Contract Review Board for all major contracts (i.e. over $50K).
    - To be implemented with two persons from finance and an independent reviewer from outside finance
    - With major contracts, advise and consultation is often sought from the Contracting Specialist in the Western Canada Service Centre

14. The Superintendent should consider having a locked box on the self-registration sites that would be unlocked only by the finance staff in the regional office. Therefore the Park's Staff wouldn't handle the cash but simply bring the box from the site to the office. This would control the risk of cash misappropriation by the Park's Staff and serve as a mitigating control for the lack of control over pre-numbered self-registration forms.

    - Finance will consult with Visitor Services managers and supervisors to identify the optimal solution to this issue. While the recommendation would reduce the control risk, revenues would be lost due to inability to confirm that site users have paid for their campsites. Infrastructure changes may be required. The issue will be forwarded to Mountain Parks Visitor Service Board to determine a standard operating procedure for self-registration campgrounds in the Mountain Parks. The risk could be reduced by promoting cashless payment and by statistical sampling as well.

15. The Superintendent should ensure supervisors reconcile all components of the permits/passes, including upgrades. Additional training on this matter and the recommendations provided, as part of the internal review should be considered to ensure proper implementation of the procedures.

    - Internal reviews have identified that improved procedures need to be developed for reconciling permits and passes. Finance is coordinating with Visitor Services to ensure this is done on a consistent basis throughout the field unit.

16. Finance at National Office must review the actual controls in place over issuance of permits and passes to ease the reconciliation with revenue reported.

    - Will await recommendations from Finance at National Office. Visitor Services is currently reviewing controls and developing methods to provide more accountability.

    - This observation was made several years ago by the Office of the Auditor General during the course of their financial audit of Parks Canada Agency. Controls were developed and put in place to deal with the AG observation. Finance, National Office will review this issue further, prior to June 2005, in order to determine the scope of the problem and identify control weaknesses.

APPENDIX A

The following table illustrates the sample used and the dollar value for each contract.

Type of contracts	Period	#	Dollar value
Competitive	2002-2003	KKP 2228 (MERX)	354,000.00
		KKP 2206 (PWGSC)	70,000.00
		KKP 2210	67,450.00
		KKP 2227	65,362.00
		KKP 2256 (MERX)	150,000.00
		KKP 2257 (MERX)	145,725.00
Subtotal			852,537.00
Competitive	2003-2004	KKP 2315 (PWGSC)	69,550.00
Other (over 5,000.00)		KKP 2213	5,800.00
		KKP 2230	15,000.00
		KKP 2240	33,450.00
		KKP 2249	45,800.00
Subtotal			100,050.00
Non-competitive	2002-2003	KKP 2202	14,445.00
		KKP 2209	27,000.00
		KKP 2211	25,680.00
		KKP 2233	31,250.00
		KKP 2205	11,935.00
		KKP 2259	8,500.00
Subtotal			118,810.00
Non-competitive	2003-2004	KKP 2309	35,000.00
		KKP 2321	25,000.00
Subtotal			60,000.00
Non-competitive Forest Fire (Special Budget)		KKP 2325 (NAFTA)	350,000.00
		KKP 2327	40,000.00
		KKP 2331 (NAFTA)	500,000.00
		KKP 2333	35,000.00
		KKP 2334 (NAFTA)	250,000.00
		KKP 2335	80,000.00
		KKP 2336 (NAFTA)	120,000.00
		KKP 2337	65,000.00
		KKP 2338 (NAFTA)	120,000.00
		KKP 2340	30,000.00
Subtotal			1,590,000.00