

**AUDIT OF FINANCIAL, ADMINISTRATIVE
AND MANAGEMENT PRACTICES:

HUMAN RESOURCES - NATIONAL OFFICE**

FINAL REPORT

**Drafted by:
Parks Canada Internal Audit**

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SUMMARY

Background

The Parks Canada Agency conducts periodic audits to ensure consistency between information and the main financial, administrative and management practices for all field units, service centres and the national office. The audit should also confirm whether due diligence is exercised in key management practices. The human resources audit at the national office was conducted as part of these compliance audits.

Objective and Scope

The objective of this audit was to provide senior management with an independent assessment in order to determine whether the existing policies, directives and guidelines were adequately applied with regard to the following components:

- < travel costs
- < awarding of contracts

The audit covered the period from April 1, 2000, to September 30, 2001. The work was carried out at the human resources group in national office.

Methodology

The methodology included interviews with management and key employees and a review of the relevant documentation.

Conclusion

T Several discrepancies with the policies in place for awarding contracts were found.

1. BACKGROUND

The Parks Canada Agency (the Agency) conducts periodic audits to ensure consistency between information and the main financial, administrative and management practices for all field units, service centres and the national office. The audit should also confirm whether due diligence is exercised in key management practices. The audit of the human resources in national office was one of these compliance audit.

There are 32 field units and 4 service centres in the entire Agency. Field units are groupings of national parks, national historic sites and national marine conservation areas that are usually in proximity to one another. Their proximity allows them to share management and administrative resources. The service centres support the organization in a variety of professional and technical disciplines.

Directors of the service centres and field units are responsible for ensuring that the policies, directives and guidelines issued by Treasury Board and the Agency are followed.

2. OBJECTIVE AND SCOPE

The objective of this audit was to provide senior management with an independent assessment in order to determine whether existing policies, directives and guidelines were adequately applied with regard to the following components:

- < travel costs
- < awarding of contracts

The audit covered the period from April 1, 2000, to September 30, 2001. The work was carried out with the human resources group at the national office. The audit was led by Irene McEniry of the Performance, Audit and Review group.

3. METHODOLOGY

The methodology included:

Interviews with managers and key employees

- < At the national office, interviews were conducted with managers and employees responsible for various audit-related operations in order to obtain their job description and comments.

Review of the relevant documentation

- < Reading Treasury Board and Parks Canada policies;
 - Financial Administration Act
 - Policy on Acquisition Cards
 - Policy on Awarding Contracts
- < Preparing audit programs;
- < Choosing what must be audited using data provided by the financial system - on a sampling basis;
- < Reviewing of the various related documents;

4. OBSERVATIONS AND CONCLUSIONS

4.1 Travel Costs

Description

This compliance audit was conducted to assure management that the Agency's travel policy is followed.

In view of the high number of travel accounts at human resources in the national office, a sampling method was used to select accounts. Fifteen accounts were reviewed representing 44% of the accounts for the 2000-2001 period and 34% for the first six months of the 2001-2002 fiscal year. All of the claims in the selected files were reviewed.

The audit made it possible to ensure that:

- < the amounts claimed were accurate,
- < the claims were accompanied by supporting documents,
- < the rates used were in line with the existing policy at the time of the claim,
- < if advances were received, they were processed accordingly throughout the claim,
- < the various authorities were given by employees with the appropriate delegated signing authority.

Observations

Overall, the documents were accurate and signed by the appropriate signing authority. However, one account could not be reviewed in its entirety as only Finance's copy was available. The original file was destroyed so it was impossible to retrace the annual blanket travel authority. Without that document it can't be confirmed that travelling expenses were authorized prior to travel.

Conclusion

T The travel policy concerning travel costs is respected and the controls in place are sufficient.

Recommendations

T *Ensure that accounts likely to be audited are kept on file.*

4.2 Awarding of contracts

Description

Ensure that the awarding of contracts complied with existing policies and directives. In order to do so, following items were reviewed:

- < contracts valued over or under \$5,000;
- < local purchases;
- < temporary help contracts;
- < call ups against standing offers.

Observations

The audit was conducted based on a sampling method. The account selection was done using listings provided by the SAP financial system.

Nine contracts over \$5,000 and 8 contracts under \$5000 were reviewed. Both cases represent 26% of the number of contracts. Due to the high amounts involved (over \$5,000), 3 purchases made using local purchase orders were also reviewed. For the temporary help contracts, the selection was limited to 3 accounts, the remaining 8 were contracts for less than 25 hours of work. Finally, 10 of the 59 call ups against standing offers were also reviewed.

Conclusions

T Deviations from the existing policy were noted.

Contracts valued over and under \$5000

- On three occasions (two contracts of \$5,000 and one contract of \$13,013) the contract was drafted after the work was done.
- An amendment was also created after the fact (contract value \$5,100).
- A correction was made to the total amount of a contract but was not dated or initialled, which made it impossible to confirm when and by whom the correction was authorized.

Regarding contracts being drafted after the fact, managers were advised by Parks Canada Contracts and Material Management Group that they were deviating from the policy prior to the audit.

Temporary help contracts

The contracting policy specify that temporary help contracts are to be limited to a duration of not more than 20 weeks.

- One of the temporary help contract files that was reviewed showed that the employee worked 43 consecutive weeks without documentation in the file authorizing the extension by the supervisor.

General comments

Some additional deviations across the four types of contracts were noted.

T Documents missing from the file.

- In some files, no trace of selection or list of people contacted but answers of bidders that refused the contract.
- Signed contract not in file but in the hands of a manager on leave indefinitely.
- Note indicating transmittal of a contract but no copy of it in the file.
- No sign of research or comparisons to confirm that the purchase or service had the best price-quality ratio.

Recommendations

T *Ensure that the awarding of contracts is consistent with existing policy.*

T *Ensure signed documents are kept on file.*

T *Ensure all contract changes are initialled.*

T *Ensure all documents in the file are signed and dated for better identification and chronology of files and to keep files as complete as possible.*

REPLY FROM MANAGEMENT REGARDING THE COMPLIANCE AUDIT OF THE HUMAN RESOURCES AT NATIONAL OFFICE

Management has read the internal audit report about the financial, administration and management practices at the Human Resources National Office (HRNO).

Below are our comments and action taken as a result of the report recommendations.

Travel costs

Recommendation:

Ensure that accounts likely to be audited are kept on file.

Comments/action taken

The missing document - the travel authority form - annual coverage - has finally turned up. However, during an HRNO administrative officers' meeting, a point was made about how important it is to be able to easily find files under our responsibility. If we leave or if a manager leaves a position, it is up to the replacement or the supervisor to retain these files for the recommended period.

We will clarify whose responsibility it is to retain official records for audit purposes, whether it is Finance, Contracting Services or the administrative unit.

Awarding of contracts

Recommendations:

Ensure that the awarding of contracts is consistent with existing policy.

Ensure signed documents are kept on file.

Ensure all contract changes are initialled.

Ensure all documents in the file are signed and dated for better identification and chronology of files and to keep files as complete as possible.

Comments/action taken

The findings, conclusions and recommendations were first sent to HRNO managers and then were made the focus of a special meeting of administrative officers in November 2001. In spring 2002, both former and new administrative officers attended various workshops on topics such as low-dollar value purchases and service contracts. Checklists of documents required in the file will be developed for each type of action (temporary help, purchase orders, contracts under \$5,000 and over \$5,000, call-ups against a standing offer). The employees concerned will be encouraged to use them as tools to simplify their work, thereby ensuring that documentation is complete.

By December 2002, various administrative files will be audited to determine whether progress has been

made.

We will conduct an audit of Contracting Services to determine which types of training are planned for next year. All HRNO employees required to deal with suppliers/contractors as part of their duties will be given the necessary training. Regular meetings with administrative officers will be held in order to discuss administrative matters.