

# Audit of Financial Management by Returning Officers

## Final Report

Chief Planning and Audit Officer Branch  
Internal Audit Division  
October 2022



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# Executive Summary

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The audit of financial management by returning officers (ROs) was identified as a priority in Elections Canada's 2021–23 risk-based audit plan.

## What we examined

ROs are appointed by the Chief Electoral Officer of Canada to administer federal elections, by-elections and referendums in each of the 338 federal electoral districts in Canada. They are responsible for the fair and impartial management and control of events in their electoral district, including the financial management of their office during an event.

The objectives of this audit were to:

1. assess the adequacy and effectiveness of the financial management control framework over RO activities
2. determine if RO financial activities are undertaken in accordance with applicable policies, procedures, acts and regulations
3. determine if the training and tools provided to ROs are adequate to support the efficient exercise of their authorities

The scope of the audit included the financial management activities that took place within RO offices during the 44th general election in September 2021.

## Why it is important

Elections Canada's core responsibility is to deliver elections. ROs are, in turn, the personnel who execute the election activities at the electoral district level and bring the opportunity to vote directly to Canadians. During a general election period, ROs spend more than \$200 million and hire up to 250,000 election officers to conduct the election. All of these financial transactions take place within a short time frame and at widely dispersed locations across the country.

## What we found

With respect to the first objective, we found that a sound governance and control framework is in place. However, the dual oversight structure of headquarters operations and finance functions for certain activities caused confusion and sometimes resulted in an inappropriate level of controls being applied. We also found that the performance management process for ROs could be enhanced to encourage better financial performance.

The second audit objective focused on compliance with the *Canada Elections Act* (CEA) and various policy instruments. The overall compliance and application of individual controls by ROs were found to be good. It was noted that the role and training of

financial officers (FOs), who assist the RO, should be re-examined to leverage the expertise of this group. As well, additional monitoring procedures for payroll transactions are needed at the headquarters level to compensate for the manual nature of pay entry. Finally, it was observed that the introduction of overtime pay for many poll and RO office workers in the 44th general election was a source of confusion and that processes should be reviewed and clarified prior to future electoral events.

With respect to the third objective, it was found that ROs received adequate training and had useful resources available to support them in exercising their authorities. However, it was revealed that Elections Canada's information systems lacked integration, hampered efficiency and required many manual processes, contributing to errors and frustration.

Seven recommendations have been made to management to address the opportunities for improvement observed during the audit.

## **Management's response**

Management agrees with the audit findings, has accepted the recommendations included in the report and has developed management action plans to address the recommendations. In certain cases, management has proposed alternatives to the recommendations that will address the risk identified. The [management action plan](#) has been integrated into this report.

# Statement of Assurance

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In the professional judgment of the Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the audit conclusion. The audit findings and conclusion are based on a comparison of the conditions as they existed at the time, as described in the audit scope, against pre-established audit criteria that were agreed upon by management. The audit findings and conclusion are applicable only to the activity examined.

The planning and conduct of this audit engagement were guided by the Government of Canada's Policy on Internal Audit and related instruments.

# 1. Introduction

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## 1.1. Authority for Audit

The mission of the Internal Audit function of the Chief Planning and Audit Officer Branch is to provide independent and objective assurance services. These services are designed to add value and improve Elections Canada's operations. Internal Audit helps Elections Canada to accomplish its objectives by bringing a systematic, disciplined approach to assess and improve the effectiveness of risk management, control and governance.

The Audit of Financial Management by Returning Officers was included in the Risk-based Audit Plan 2021–23. The Audit Committee recommended approval of the audit plan to the Chief Electoral Officer (CEO) in February 2021.

## 1.2. Context

Elections Canada's core responsibility is to prepare for, deliver and report on federal elections, by-elections and referendums in accordance with the legislative framework, while ensuring integrity throughout the electoral process and promoting regulatory compliance. Returning officers (RO), who are appointed by the CEO, are the officers responsible for conducting events in each of the 338 federal electoral districts in Canada.

Under the direction of the CEO, ROs are responsible for the fair and impartial management and control of events in their electoral district, including the financial management of their office during an event.

Among other duties, the RO is responsible for managing a multitude of complex financial processes with the support of staff from Elections Canada's headquarters. These duties include:

- registering and submitting payment claims for all office staff and election officers
- paying and reconciling all expenses related to their office and additional assistant RO's office operation such as supplies, meeting rooms and printing expenses
- renting their offices and polling places
- verifying that all expenses are necessary, complete, correct and in accordance with the contractual arrangements
- managing public funds with prudence and sound judgment in accordance with the Code of Professional Conduct for Election Administrators, applicable laws, government policies and regulations, and Elections Canada headquarters' instructions

During a general election period, ROs spend more than \$200 million and may hire up to 250,000 election officers to conduct the election.

Given the monetary significance, the short time frame in which expenses are incurred and paid, the widely dispersed locations of the ROs and other risks identified by the Internal Audit Division, an audit of financial management activities by ROs during the recent general election was undertaken.

### **1.3. Objectives**

The Internal Audit of Financial Management by Returning Officers assessed whether ROs exercised their authority in accordance with the CEA and in the spirit of the principles prescribed in the *Financial Administration Act (FAA)*.

Specifically, the objectives of the audit were to:

1. assess the adequacy and effectiveness of the financial management control framework over RO activities
2. determine if RO financial activities are undertaken in accordance with applicable policies, procedures, acts and regulations
3. determine if the training and tools provided to ROs are adequate to support the efficient exercise of their authorities

### **1.4. Scope**

The scope of the audit included financial management activities related to operations within electoral districts taking place during a general election. The audit focused primarily on the 44th general election.

The audit generally excluded the day-to-day operations of Elections Canada's headquarters functions, such as Operational Support Services and Accounting Operations – Field Services, except where their activities and approvals are relevant to the testing of controls in the electoral districts.

### **1.5. Approach and Methodology**

The audit methodology was guided by the Government of Canada's Policy on Internal Audit and related policy instruments, which include conducting audits in accordance with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.

#### **The planning phase consisted of:**

- interviews and meetings with headquarters personnel from the Field Governance and Operational Readiness (FGOR) division and the Accounting Operations –Field Services (FS) division
- a survey of all FOs and follow-up interviews with select FOs
- a process walk-through with two selected ROs



- a document review of all relevant acts, directives and regulations; RO manuals and training material; and other relevant corporate information (such as internal controls over financial management documentation)
- the acquisition of transactional data for RO operating and payroll expenses from the 44th general election
- the assessment of risks to develop objectives and scope
- the establishment of [audit criteria](#)
- validation of the plan with management
- development of testing procedures and testing strategy

**The audit fieldwork was conducted from December 2021 to March 2022. The examination phase included:**

- a survey of all ROs and in-depth interviews with 35 ROs selected from across Canada
- data analysis, data validation and testing of sample financial transactions from selected electoral districts
- a walk-through of various financial procedures with headquarters staff and ROs
- analysis of audit results against the audit criteria
- documentation of observations and findings

After the examination phase concluded, recommendations for management were developed in areas where opportunities for control improvements were identified.

## 2. Findings and Recommendations

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### **Objective 1: Assess the adequacy and effectiveness of the financial management control framework over returning officer activities**

#### **2.1.1. Governance**

Across Canada, 338 returning officers (RO) are responsible for delivering all aspects of a general election in their own electoral districts. A multitude of directorates, divisions and units within Elections Canada's Electoral Events and Innovation Branch support ROs by creating policies, procedures, training, manuals and other guidance for the various functions they must carry out during an election period. The operational group that communicates directly with ROs is Field Governance and Operations (FGOR).

All guidance and training related specifically to financial management is created within the Field Services (FS) division of Accounting Operations. FS provides information to FGOR to integrate with other guidance provided to ROs and FOs. While the majority of RO communication with headquarters is through the FGOR governance structure, on financial matters, such as expense payments and payroll, ROs as well as FOs may communicate directly with FS.

A key finding of this audit is that the multiple communication streams and sources of information make it difficult for ROs to determine if they are following the right path.

This lack of clarity is best exemplified with the implementation of overtime pay following the introduction of the new provision in the *Federal Elections Fees Tariff*. In March 2021, a joint Finance and FGOR communication was published for ROs, promising additional information in the RO manual. Detailed information about overtime was then published in the March 2021 Delivery Plan on the RO intranet site. The RO manual mentioned overtime, as did the FO manual, which also contained instructions on how to enter time. Despite having these resources, the ROs interviewed described varying ways they thought overtime had been implemented. In the interviews with ROs, they expressed their confusion with regard to these multiple sources of guidance, which they sometimes felt were conflicting.

#### **Recommendation 1**

To ensure common understanding, it is recommended that all instructions related to financial transactions be communicated through a single authoritative source, no matter if the origin is operational or financial.

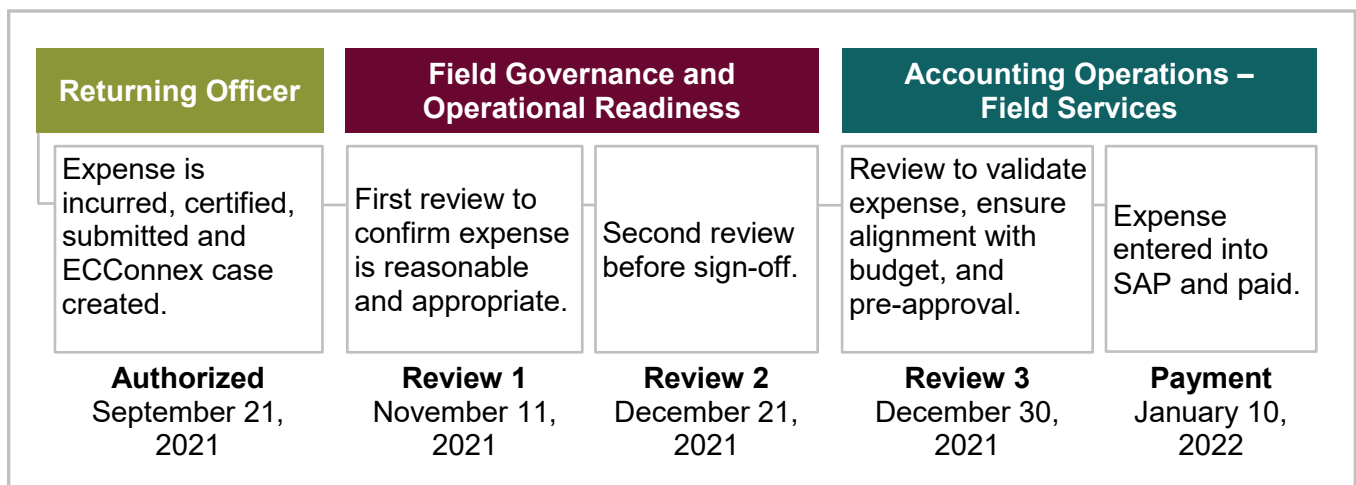
## 2.1.2. Financial Management Controls

In line with financial policies, ROs make most purchases with an acquisition card. Small purchases may be made using an accountable advance (also known as petty cash). For very large purchases, or where vendors do not accept the acquisition card, the RO requests payment through a special account form. FGOR and FS have a system of controls in place over all of these financial transactions that relies heavily on manual processes both in the field and at headquarters. ROs provide their authorization for FGOR to proceed with the processing and payment of all types of expenses incurred through physical signatures on printed reports. This action is similar to the execution of FAA sections 32 and 34. The reports are scanned and returned to headquarters through email or by uploading to a system called the Field Assignments Management Tool. Most documents are eventually saved in shared network folders, where they can be accessed by both FGOR and FS.

Once received at headquarters, payment submissions are reviewed for completeness by FGOR and additional information requested from the RO, if required. Then each expense is verified by both FGOR and FS before finally being entered and processed in the corporate financial system.

The design of the controls is such that a portion is performed by each group to create a thorough and complete review of transactions. In practice, however, with a larger team, FS works ahead of FGOR and consequently often does a pre-review of transactions, adding more steps to an already lengthy review process.

The following example (figure 1) illustrates the timeline and number of reviews undertaken for one randomly selected election expense submitted on a special account form. The expense incurred was security services in the amount of \$386.40.



*Figure 1: Example of review process for an election expense submitted through a special account form*

In this case, the amount was authorized, reviewed and approved at least four times before being paid to the vendor approximately three and a half months after the election. Management clarified that 67% of all special account forms are paid within their

documented service standards of three weeks. However, the example illustrates that there is a disproportionate number of controls in place for a small payment.

Conversely, the review and approval process for payroll transactions is less detailed. The review and analysis of payroll transactions at headquarters are done at an aggregate level. Subject matter experts at headquarters may also perform supplemental analysis to monitor the number of hours worked in the different functional areas. However, the submitted hours of individual electoral districts or the hours of specific election officers are only reviewed on an ad hoc basis, such as if there is an inquiry or complaint by a worker.

## Recommendation 2

To improve efficiency in the review of financial transactions, it is recommended that control activities be commensurate with the risks associated with the consequences of a control failure, that is, reduce/streamline the number of checks on small purchase transactions and increase review of payroll transactions.

### 2.1.3. Performance Management

To complete the governance cycle, FGOR has a performance management review process for ROs. The process allows for feedback to be provided to the RO against certain identified objectives and also gives the RO the opportunity to provide feedback to Elections Canada on the tools and resources they provide. The consequence for not achieving financial management objectives (such as submitting ineligible expenses or failing to submit receipts and reconciliations) includes withholding of pay and/or creation of a payable to Elections Canada to reimburse for ineligible payments. However, due to the processing time for expense transactions as described above, FS is not prepared to provide accurate feedback on financial management performance until several months after the RO evaluations.

Despite the consequences of not meeting performance expectations for financial management, five months after the 44th general election, nearly \$1 million (approximately 6%) of acquisition card expenses, which were already paid centrally, had not been reconciled and submitted by ROs with proper supporting documentation. In addition, it was noted that in the audit testing subsample, one petty cash register and one signed lease also had not been submitted. As a result, FS had to undertake their own process to obtain documentation, from either ROs or vendors, and process the expenses on behalf of ROs to ensure proper controls were in place.

### Recommendation 3

To improve the efficiency and effectiveness of the RO performance management process, it is recommended that:

- a) the timing of the performance management assessment exercise for ROs be reviewed to ensure that feedback from Field Services can be adequately incorporated
- b) the performance management framework for ROs be clarified to set out more effective consequences for poor financial management during and after an election

## Objective 2: Determine if returning officers' financial activities are undertaken in accordance with applicable policies, procedures, acts and regulations

### 2.2.1. Financial Transactions

An RO's primary responsibility is to deliver an election in their electoral district, which requires the initiation of a large number of expenditures in a short period of time. To accomplish this, the CEA provides for ROs to be financial managers with authority to incur expenditures from their own budgets. Typical expenditures managed during an election include office and polling-site leases, furniture rentals, purchases of supplies, travel expenses and payroll.

Although not bound by the FAA like public servants throughout the Government of Canada, Elections Canada has implemented processes and expectations for ROs that mirror those in the FAA. For instance, ROs have authority to initiate spending and certify the purchase for payment (similar to FAA sections 32 and 34), while the payment of purchases is authorized within the headquarters finance function (similar to FAA section 33). As such, the audit examined whether ROs exercised their due diligence when making expenditures, expenditures were eligible in consideration of the CEA and other guiding acts and directives, and a review process was in place to verify overall compliance.

During interviews, ROs demonstrated that they understood the importance of diligent review and control of the finances within their responsibilities.

Transactions made by the 35 selected ROs were sampled, both randomly and through auditor judgement. For non-payroll transactions, the purchases tested were found to be authorized, allowable and in compliance with applicable acts and directives, with only minor exceptions. However, it was noted that FGOR, the unit responsible for verifying RO expenses, often had to make multiple requests to obtain all of the required documentation and explanations not included with the original submission.

## 2.2.2. Financial Officers

The FO's guiding document, the FO manual, sets out the expectation that FOs play a key role in helping the ROs manage all aspects of financial-related transactions, such as leases, purchases, budgets and payroll. The manual indicates that the FO play a control function that should ensure that submissions to headquarters have minimal errors.

The audit found that there are opportunities for FOs to make an even more valuable contribution to the effective financial management in the electoral districts.

While ROs did confirm that their FOs were a critical part of their team for delivering the election, it was clear from the information gathered that the FOs' main function was to enter large amounts of data into the Returning Officer Payment System (ROPS) and other systems, leaving limited time for performing quality review on transactions to be submitted.

Compounding the FO's limited control function in practice was the lack of position-specific training received. FOs could access online training modules and read the FO manual as early as the first day of the writ period. However, it was reported that most FOs did not start training until the computer equipment was installed in their office – which was several days later, or in some cases more than a week. By that time, it was difficult for some FOs to find time to complete the training.

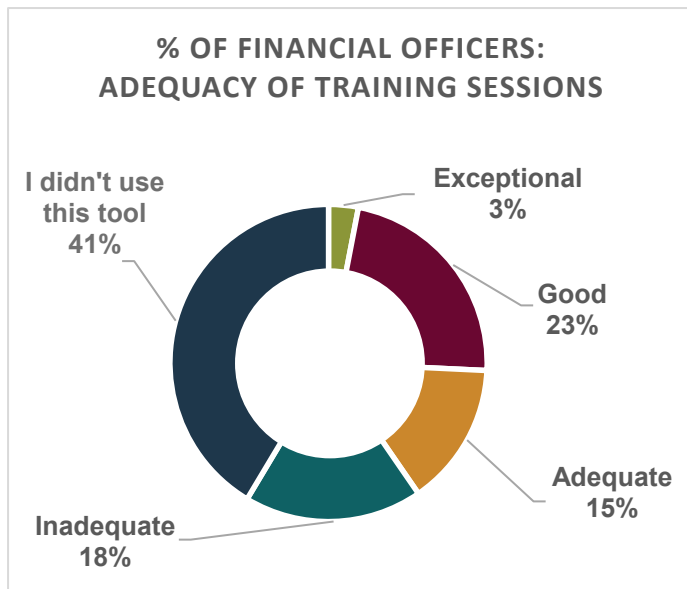


Figure 2: FO survey result

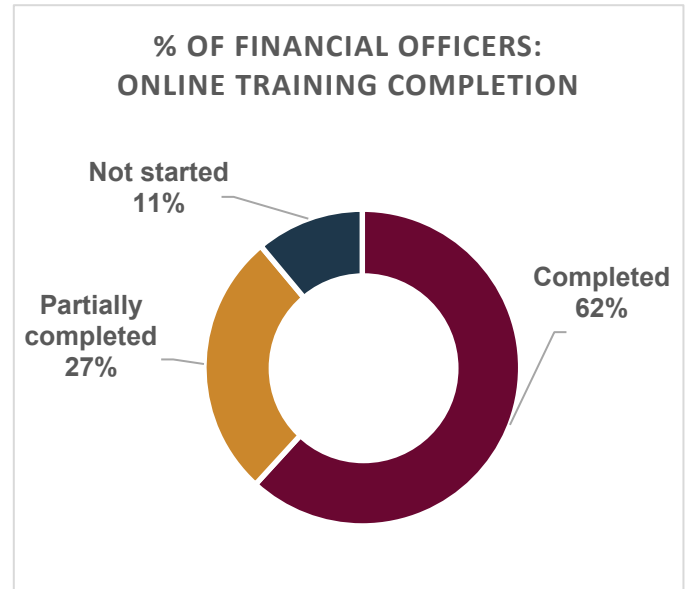


Figure 3: Training completion

In the survey of FOs, only 41% felt their training was at least adequate, and another 41% said they did not use the training resources (figure 2). FGOR's training unit confirmed that only 62% of FOs completed the online training module that was available (figure 3).

In addition, FOs were retained for only a short period after the election, leaving ROs to deal with the remaining acquisition card and petty cash expenses and payroll inquiries. FS, which allocates the budget for FO hours, explained that there is no requirement to terminate the FOs at a specified time if the RO can justify the additional hours needed to finish work related to financial transactions, but this did not translate to actual practice by RO.

#### Recommendation 4

**To optimize the value of the FO role, it is recommended to:**

- a) realign duties currently being performed by FOs, such as considering the addition or reassignment of a clerk position with appropriate security clearance to complete data entry tasks until systems can be updated to reduce these tasks
- b) reinforce the FO role as a control and compliance function as per the FO manual
- c) make the FO training mandatory and explore possibilities to facilitate compliance by starting training prior to the writ

### 2.2.3. Payroll Analysis

Issues around payroll transactions for hourly staff, which includes most office workers and all polling-day workers, were more significant than other types of expenses.

Payroll is the most significant expense incurred by ROs during the election. In 2020, Elections Canada initiated a review of the *Federal Elections Fees Tariff* which provides for the determination of fees, costs, allowances and expenses to be paid and allowed to ROs and other persons employed at or in relation to elections under the CEA. A key recommendation coming from this review was a transition from a set fee to an hourly rate for a number of election worker

positions.

Various data analysis techniques were used to identify potentially unusual payroll transactions for testing, in addition to a random selection of workers from the population of the 35 selected electoral districts. Since ROs are required to submit only one summarized pay action request each pay period, copies of original timesheets were requested from the ROs for the sampled transactions. Results of the testing are outlined in figure 4.

53 timesheets requested for testing by auditors

Total timesheets available to auditors

30/53

Timesheets with calculation errors

6/30

Timesheets entered incorrectly (overstated hours)

1/30

Timesheets not signed by RO

6/30

23 timesheets were unavailable for testing

Figure 4: Payroll testing results

Even though only half of the requested timesheets were obtained for testing, a number of unusual payroll entries were identified which required follow-up and further action by FS. For example, 20% of the timesheets had minor errors as a result of manual calculations. Given the large number of workers employed for a very short period of time, minor errors may be expected. However, data analysis could be used during and after the election period to identify both common and unusual errors. Without such analysis, management does not have the information to understand, address and work to improve common sources of errors.

### Recommendation 5

To identify unusual transactions and common errors for review and process improvement, it is recommended that management employ data analytics and/or continuous monitoring of payroll transactions.

#### 2.2.4. Overtime

The introduction of hourly pay rates in the *Federal Election Fees Tariff* allowed for the payment of an overtime rate (see figure 5) for the first time.

Communications and instructions regarding overtime were published in several places, although no specific training was provided. Even though the information was available, sources of confusion included who was eligible for overtime, how it was to be entered and whether the budget had been adjusted to account for overtime.

Of significant note was RO concerns over the application of overtime for polling-day workers. Elections Canada's documentation states that these election workers are eligible for overtime pay after working 8 hours in "one position." However, it is possible for workers to change positions over the course of a polling day, depending on the needs of the poll. Sometimes the rate of pay remains the same, or it may change. Because of the "one position" distinction, workers who filled multiple positions did not get paid overtime despite working shifts greater than 8 hours in one day, while other workers with the same shift in only one position were paid the overtime rate after 8 hours.



The “one position” rule was put in place because of a system limitation that cannot accommodate an overtime calculation when there is a change in position, but it is not consistent with the wording in the *Federal Elections Fees Tariff* (see figure 5).

Some ROs recognized that the system prevented certain workers from being paid overtime when they worked more than 8 hours in multiple positions. As a result, there was at least one report of an RO manipulating time entry into the payroll system to “make up” for the lost overtime. It is unknown how widespread this practice might have been.

In another case, a worker called headquarters after the election to complain that they had not been paid for overtime hours to which they felt entitled. The situation was one in which more than one position was worked on election day. The RO was then contacted by a member of the finance call centre team and asked to create, sign and submit an additional timesheet that would compensate the worker for the overtime they did not receive, causing what the RO identified as a significant ethical dilemma. During audit testing, FS management later confirmed that this response was not supported and reached out to the RO to discuss further. Once again, it is not known if this was a widespread practice or an isolated event.

### Overtime pay

**32 (1)** An election worker – other than a person appointed by an RO under section 61 of the Act – who is required to work more than eight hours in one day is entitled to be paid at a rate of one and one-half times their regular hourly rate for each hour worked in excess of eight hours in one day.

### Overtime pay — staff

**(2)** A person appointed by an RO under section 61 of the Act who is required to work more than 40 hours in one week in one position is entitled to be paid at a rate of one and one-half times their regular hourly rate for each hour worked in excess of 40 hours in one week in that position.

[Federal Elections Fees Tariff \(justice.gc.ca\)](https://www.justice.gc.ca)

Figure 5: Overtime pay provisions in the *Federal Elections Fees Tariff*

## Recommendation 6

**To ensure appropriate and consistent application of overtime provisions across all electoral districts, it is recommended to:**

- a) review Elections Canada's overtime policy as per the Federal Election Fees Tariff
- b) provide training and guidance to election officers and support staff during the next electoral event, clarifying who qualifies for overtime and in what context and explaining how overtime is to be submitted, especially when two positions are worked in the same day

**Objective 3: Determine if the training and tools provided to returning officers are adequate to support the efficient exercise of their authorities**

**2.3.1. Training**

RO should have easy access to all the training and tools required to carry out the general election, including their financial responsibilities. Because ROs remain actively engaged with Elections Canada on a part-time basis during non-election periods, they are able to participate in training and other preparatory activities prior to a general election.

54% of ROs rated their training as a financial manager as both timely and useful; during interviews with the selected ROs, 68% stated that they were adequately trained and ready at the start of the election period. Newer ROs were less likely to feel prepared.

A variety of tools and resources are available to assist ROs in exercising their financial authorities (figure 6). ROs thought that the online tools ECDocs and Event+ were the most helpful in assisting them in managing their tasks. They referred to their RO Manual (88%), their FOs (72%) and the help desk, known as the Field Support Network (FSN) (64%), when they needed answers to financial management questions.

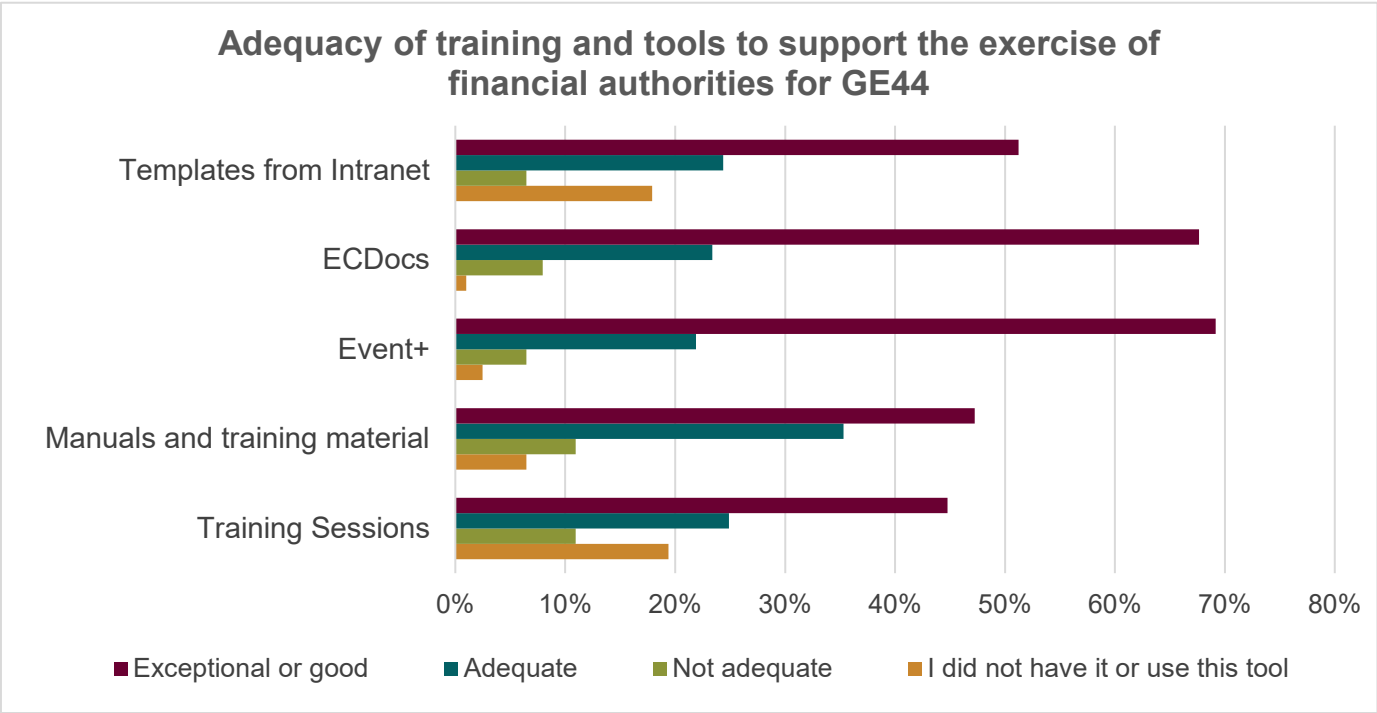


Figure 6: RO survey results

## 2.3.2. Information Systems

The survey revealed that ROs rated the effectiveness of the overall suite of information technology and systems in helping to manage financial activities as only “fairly effective” (43%) or “somewhat ineffective” (29%). For example, 43% of RO survey comments and 49% of FO survey comments received about the effectiveness of systems specifically mentioned issues with ROPS. To

supplement system capabilities, about half of ROs were found to have created one or more of their own reports, such as Excel workbooks, to manage their financial position.

Other systems may not have created specific problems because of their functionality, but the number of stand-alone systems contributes to general inefficiency in processes. As discussed in Objective 1, there are manual processes that require keying information (such as acquisition card transactions, timesheets), printing, signing, scanning, and uploading or emailing documents to headquarters. These documents are then downloaded at headquarters and stored on a shared network drive or other shared repository. Given that Elections Canada’s field workforce is comprised almost entirely of very short-term workers who are employed only once every two to four years, having to learn multiple systems and performing manual tasks may be contributing to frustration and errors.

Surveys and interview comments repeatedly focused on dissatisfaction with some of the systems, particularly those that operated too slowly or required redundant data entry and had limited reporting capabilities.

### Recommendation 7

To streamline the field financial processes, it is recommended that management prioritize the renewal of the payment system. An ideal solution would feature a single user interface and integration between different functions (such as recruitment, payroll and automated timekeeping, financial transactions and the software SAP) with a goal to:

- improve efficiency
- provide better reporting
- eliminate the possibility of workarounds
- reduce errors and manual processes for field staff and polling-day workers

### **2.3.3. Support**

In the event that systems or processes are unclear, support should be available to supplement any gaps in knowledge. The general help desk is FGOR's FSN, which ROs or FOs can access via email, phone or online self-service. Financial inquiries during the election period are routed directly to a separate call centre within FS, called FSN Finance.

ROs and FOs commented that they were frustrated with the FSN when they called with complex issues because the people they spoke to responded only with information from the manual. However, once the officer connected with a more specialized member of the Field Payment Team, they were happy with the quality of responses they received. Additional concerns about timeliness and completeness of communication were determined to be attributable, in part, to system design and were outside the scope of this audit. Management has been provided with specific comments from ROs and FOs regarding their experiences with the FSN.

### 3. Acknowledgements and Contacts

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We wish to express our appreciation to the staff and management of Field Governance and Operational Readiness, the Office of the Chief Financial Officer, and all of the ROs and FOs who participated in this audit.

**Audit contact:**

Assistant Director, Internal Audit

**Management contacts:**

Senior Director, Field Governance and Operational Readiness

Deputy Chief Financial Officer

# Appendix A: Audit Criteria

Objective	Criteria
<p><b>Objective 1:</b> Assess the adequacy and effectiveness of the financial management control framework over the ROs' activities</p>	<p>1.1. A governance structure is in place over the activities of ROs.</p> <p>1.2. The control framework exists and is applied effectively.</p> <p>1.3. Financial policies and procedures are applied consistently across electoral districts.</p> <p>1.4. Roles, responsibilities and financial authorities are understood by ROs.</p>
<p><b>Objective 2:</b> Determine if the ROs' financial activities are undertaken in accordance with applicable policies, procedures, acts and regulations</p>	<p>2.1. Financial transactions, including contracts, are appropriately authorized.</p> <p>2.2. A review process is in place for all expenses, including leases, pay (timesheets for training and regular hours), travel and supplies.</p> <p>2.3. Assignment of financial authority is done through prescribed methods.</p> <p>2.4. Financial reporting is sufficient (timely, accurate, complete) to allow ROs to monitor their financial transactions.</p> <p>2.5. Expenditures incurred are allowable as per the <i>Federal Elections Fees Tariff, Financial Administration Act, Canada Elections Act</i>, Treasury Board of Canada Secretariat policy instruments, and Elections Canada policies and procedures.</p> <p>2.6. Ineligible expenses are identified and acted upon by headquarters staff.</p>
<p><b>Objective 3:</b> Determine if the training and tools provided to ROs are adequate to support the efficient exercise of their authorities</p>	<p>3.1. ROs have received adequate and timely training on processes and procedures.</p> <p>3.2. Training is updated regularly, and participation in training is tracked.</p> <p>3.3. Information technology is available, and staff are trained to use the systems.</p> <p>3.4. Tools provided to ROs are effectively designed to manage the election.</p> <p>3.5. Tools provided by Elections Canada are used as designed.</p> <p>3.6. Additional support (such as Field Support Network) is available and provides solutions in a timely manner.</p>

# Appendix B: Recommendations and Management Action Plans

Recommendation	Management Action Plan
<p>1. To ensure common understanding, it is recommended that all instructions related to financial transactions be communicated through a single authoritative source, no matter if the origin is operational or financial.</p>	<p>Management supports this recommendation.</p> <p>The roles of the functional authority (Finance) and the operational authority (FGOR) will be clarified, with clear financial delegation at all levels, taking into account FGOR's delegation of authority to instruct and communicate with field personnel. Training, training support materials, delegation and communication tools and associated financial manuals will be updated accordingly.</p> <p>In addition, in 2023, FGOR senior management will renew the field support network operations model. This will allow field administrators and personnel to benefit from a single source of information when seeking clarifications related to functional or operational authorities.</p> <p>All actions to be completed by April 2024.</p>
<p>2. To improve efficiency in the review of financial transactions, it is recommended that control activities be commensurate with the risks associated with the consequences of a control failure: that is, reduce/streamline the number of checks on small purchase transactions and increase review of payroll transactions.</p>	<p>Management supports this recommendation.</p> <p>A working group will be established to identify payment processes that can be streamlined or automated. This payment process review will be used as part of the e-signature initiative, and targeted processes will include those for leases, credit cards, special account forms and petty cash. An action plan will be put in place to link business process improvement to the introduction of digital tools, including the e-signature initiative. Digital deliverables will be selected and piloted based on prioritization related to election readiness, digital transformation capacity, and tools already available on the market.</p> <p>Risk-proportionate control activities: For the purpose of this recommendation, a risk-based</p>

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	<p>payment sampling process must be put in place. A working group will therefore be tasked with developing a risk management framework to ensure that riskier transactions are subject to tighter controls. Standardization and automation of several financial processes are required, including a thorough assessment of internal controls and financial risks. In order to achieve this goal, EC plans to use the various functionalities of SAP and start in the fall of 2024.</p> <p>All actions to be completed by April 2024.</p>
<p>3. To improve the efficiency and effectiveness of the RO performance management process, it is recommended that:</p> <ul style="list-style-type: none"> <li>a) the timing of the performance management assessment for ROs be reviewed to ensure that feedback from Field Services can be adequately incorporated</li> <li>b) the performance management framework for ROs be clarified to set out more effective consequences for poor financial management during and after an election</li> </ul>	<ul style="list-style-type: none"> <li>a) Management supports the intent of the recommendation but suggests alternative actions in order not to delay the reporting to ROs of their overall evaluation. Performance assessment should be completed and communicated to stakeholders as soon as possible after the general election. This is necessary to put in place individual performance management plans for those administrators who require remediation. As an alternative action, management proposes a supplement to the performance evaluation that will be provided to ROs related to the financial management criteria (as it is for the election material management criteria, which are also evaluated several months after a general election).</li> <li>b) Management supports this recommendation. The performance management framework will be clarified with field liaison officers and ROs to foster a better understanding of and compliance with financial management responsibilities, expectations and consequences. This will be done through training modules and within the information notes sent to returning officers in the lead-up to and at the beginning of the next general election.</li> </ul> <p>In support of this approach, the training of ROs in financial management will be</p>



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	<p>renewed in order to reinforce their understanding and mastery of the role, responsibilities and accountabilities that they must assume with respect to the management of expenses, budgetary controls and follow-ups, as well as their supervisory responsibilities with respect to their staff, including the FO.</p> <p>All actions to be complete by January 2024.</p>
<p>4. To optimize the value of the FO role, it is recommended to:</p> <ul style="list-style-type: none"> <li>a) realign duties currently being performed by FOs, such as considering the addition or reassignment of a clerk position with appropriate security clearance to complete data entry tasks until systems can be updated to reduce these tasks</li> <li>b) reinforce the FO role as a controllership function as per the FO manual</li> <li>c) make the FO training mandatory and explore possibilities to facilitate compliance by starting training prior to the writ</li> </ul>	<p>Management supports these three recommendations.</p> <ul style="list-style-type: none"> <li>a) Duties performed by FOs will be reorganized and in doing so consideration will be given to the reassignment or addition of a financial support clerk position to the RO office staff complement for data entry into the payroll system.</li> <li>b) Training and guidelines for FOs and their role in supporting the RO will be reviewed, developed and reinforced. Emphasis will be placed on the required experience and skills. Insofar as the RO remains financially accountable, the training of ROs in financial management will be renewed to reinforce their understanding and mastery of their role, accountabilities and responsibilities in terms of expenditure management, budgetary controls and monitoring, as well as their supervisory responsibilities with respect to their staff, including the FO.</li> <li>c) Training for FOs will be made mandatory. Consideration will also be given to the inclusion of pre-writ training for FOs among the pre-writ training of key RO office staff. This training will focus on the FO's role, responsibilities and expectations to achieve better compliance.</li> </ul> <p>All actions to be completed by April 2024.</p>

Recommendation	Management Action Plan
<p>5. To identify unusual transactions and common errors for review and process improvement, it is recommended that management employ data analytics and/or continuous monitoring of payroll transactions.</p>	<p>Management agrees with the intent of the recommendation but feels the risks will be addressed through other means.</p> <p>The existing payroll system is outdated and does not allow us to perform data analysis. Therefore, the current process involves a post-audit of timesheets. Given the very short election period, the large number of timesheets processed, and the timeframe for paying all election workers, it would be impossible to conduct continuous monitoring during the election period. The RO is independent and responsible for the validation and approval of timesheets. In post-election audits conducted by Finance, any discrepancies must be reimbursed.</p> <p>To address the recommendation, the pre-GE45 process to establish specific audit criteria is being reviewed and the number of statistical samples to be audited increased.</p> <p>The payroll system renewal project leading to a modern, automated solution will address this issue in a timely manner. Continuous monitoring capability is a requirement for the new payroll system. The implementation of appropriate controls will allow us to perform effective analytical/statistical data reviews and quickly identify errors and/or unusual transactions.</p> <p>In support of this approach, financial management training for ROs will be renewed to reinforce their understanding and mastery of the role, accountabilities and responsibilities they must assume with respect to expenditure management, controls and budget monitoring, as well as their supervisory responsibilities with respect to their staff, including the FO.</p> <p>All actions to be completed by the 45th general election.</p>

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<p>6. To ensure appropriate and consistent application of overtime provisions across all electoral districts, it is recommended to:</p> <ol style="list-style-type: none"> <li>a) review Elections Canada’s overtime policy as per the <i>Federal Election Fees Tariff</i></li> <li>b) provide training and guidance to election officers and support staff during the next electoral event, clarifying who qualifies for overtime and in what context and explaining how overtime is to be submitted, especially when two positions are worked in the same day</li> </ol>	<p>Management supports these recommendations.</p> <ol style="list-style-type: none"> <li>a) A working group composed of Legal Services, Information Technology, Polling and Innovation and Finance will be established to analyze this request and implement an action plan.</li> <li>b) In support of this initiative, the training of ROs in financial management will be renewed in order to strengthen their understanding and mastery of their role, accountabilities and responsibilities with respect to expenditure management, controls and budget monitoring, as well as their supervisory responsibilities with respect to their staff, including the FO.</li> </ol> <p>All actions to be completed by April 2024.</p>
<p>7. To streamline the field financial processes, it is recommended that management prioritize the renewal of the payment system. An ideal solution would feature a single user interface and integration between different functions (such as recruitment, payroll and automated timekeeping, financial transactions and the software SAP) with a goal to:</p> <ul style="list-style-type: none"> <li>• improve efficiency</li> <li>• provide better reporting</li> <li>• eliminate the possibility of workarounds</li> <li>• reduce errors and manual processes for field staff and polling-day workers</li> </ul>	<p>Management supports this recommendation.</p> <p>In April 2022, the CEO confirmed the importance of the project to replace the payroll system. This project is part of the Digital Transformation initiative and is awaiting formal approval. Implementation is based on prioritization, digital transformation capacity as well as tools already available on the market. An action plan will be put in place.</p> <p>Between the 45th general election and 2028, this new system will have a single user interface and will be able to integrate different functions or modules that can meet other operational needs such as recruitment and training.</p> <p>Other pay functions will be streamlined through the e-signature initiative described in the action plan for recommendation #2.</p> <p>The action plan will be completed by September 2023.</p>