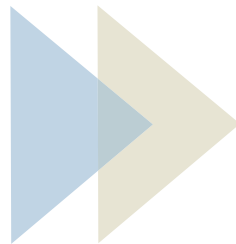




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Follow-Up on the Management Action Plan for the Audit of the Canadian Northern Economic Development Agency

Follow-Up on the Management Action Plan for the Audit of the Canadian Northern Economic Development Agency

The Canadian Northern Economic Development Agency (CanNor) was subject to an internal audit conducted by the Office of the Comptroller General (OCG) in 2011.

The risk ranking, management response and planned actions, and OCG assessments on the status of implementation of the Management Action Plan following the 2011 Audit of CanNor have been included for your information.

2011 Audit of the Canadian Northern Economic Development Agency				
Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
1) CanNor should develop and implement a financial management framework which includes, but is not limited to, processes and controls over forecasting, Payables at Year-End (PAYEs), and financial reporting.	High	In 2011-12 CanNor Finance has begun to develop and implement a financial management framework to include a regular monthly process for forecasting allowing Responsibility Center (RC) managers to plan for their requirements for the fiscal year and remain within their budget authorities. The process includes a monthly call and financial templates that include the budgets, actual expenditures to date, and commitments with a requirement to establish a forecast to year-end. Finance has created a Monthly Financial Situation Report Calendar for 2011-12 to help managers understand the timelines to meet regular Executive Committee financial reporting. PAYE procedures were followed at Year End (YE) using Aboriginal Affairs and Northern Development Canada's (AANDC) instructions and timelines. All timelines were met and the 2010-11 PAYEs were properly established within these procedures.	<p>ASSESSMENT: Validated through document review and transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>Financial Management Framework has been developed for CanNor and many pieces of the framework have been implemented as evidenced by follow-up audit work. The Framework covers the following areas: Management Accountability, Roles and Responsibilities, Governance, Policies and Procedures, Expenditure Management, Training, Active Monitoring. The Financial Management Framework was in draft form at the time of the follow up audit. The Chief Financial Officer (CFO) has indicated that finalization is anticipated shortly.</p> <p>During the file review, four of the nineteen contracts reviewed included invoices where PAYEs were established. A PAYE was properly set-up and the transactions were identified as such for all four applicable contracts reviewed.</p>	LEVEL 4 (Substantial implementation)

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions (as of March 2012)	OCG assessment	Status of Management Action Plans
2) CanNor should revise the Fiscal Year 2009-10 financial statements in a timely manner.	High	CanNor will restate the comparative figures for 2009-2010 during the preparation of the 2010-2011 financial statements; these financial statements will be posted with the 2011 Departmental Performance Report (DPR).	ASSESSMENT: Financial Statements have been adjusted and posted on the CanNor internet site.	LEVEL 5 (Full implementation)
3) CanNor should obtain all necessary financial system training and access, to the First Nations and Inuit Transfer Payments System (FNITP) and the Oasis Salary Management System (OSMS).	High	In May 2011, CanNor Finance coordinated multiple training sessions to be delivered by AANDC to CanNor's corporate services employees. Financial system training has been delivered to CanNor's corporate services staff over a two week period to three AS-3s (general administration and finance), an AS-5 (accommodations and corporate services), an FI-03 (Finance) in the northern regions and FIs in the Ottawa region. The training was specifically focused on FNITP, OSMS and the financial system.	ASSESSMENT: Training on FNITP, OSMS and OASIS has been coordinated with the respective AANDC offices in each of the regions and HQ and is ongoing. During the follow-up audit it was noted that AANDC maintains all original files and access to systems is still somewhat limited for CanNor staff. CanNor has indicated that they will continue to work with AANDC and internally in order to have access to all required documentation both hard copy and electronic.	LEVEL 4 (Substantial implementation)
4) CanNor should design effective business processes for financial management for its head office in Iqaluit. This should include consideration of the most effective Memorandums of Understanding (MoUs) or service agreements with other federal entities to support CanNor's	High	The CFO, CanNor will contact other Regional Economic Development Agencies and other government departments of similar size to get their documented internal control processes and associated checklists. These documents will be reviewed and customized to CanNor's required business processes for financial management. CanNor is negotiating the 2011-12 Corporate Services' MOU with	ASSESSMENT: Validated through document review during the examination phase of the 2012 Follow-Up Audit. A MoU between CanNor and AANDC was signed in October 2012 for the provision of the following corporate services: <ul style="list-style-type: none"> • Financial services and financial systems; • Assets and material management; • Informatics and information management; • Human resources; 	LEVEL 5 (Full implementation)

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
operations.		AANDC and is emphasizing the areas of service in financial management requiring attention that have been noted in the OCG core controls' audit. Our objective is to have a revised MOU in place well before the end of the fiscal year.	<ul style="list-style-type: none"> • Security and occupational health and safety services; • Communications; and • Executive services. <p>This MoU is valid for the period of April 1, 2012, to March 31, 2013. Through discussions with the CFO, it was noted that the organization's intention was to renew the Memorandum of Understanding for the provision of corporate services with AANDC for the 2013-14 fiscal year.</p> <p>A financial management framework has been put together to outline roles, and responsibilities, governance, policies and procedures, expenditure management, training and monitoring for CanNor. This document was in draft form at the time of our audit. CFO has indicated an expectation that it will be finalized in the near future.</p>	
5) CanNor should ensure managers and executives receive the required training and validate their knowledge as required prior to exercising their delegated authority. CanNor should also maintain a record of completion of all training by individuals with delegated authority.	High	In March-April 2011, CanNor Finance undertook a detailed review of existing Canada School of Public Service (CSPS) certification for delegated financial authorities. The RC structure was amended in 2011-12 and as a result, financial delegated authorities were reviewed for all proposed delegated managers to ensure that Finance has an official record of certification (G126-G127 course) and the CSPS' notification of successfully passing the tests. These documents have been compiled in binders by RC and	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>All eight employees reviewed received the appropriate training in accordance with the requirements pertaining to financial management, contracting, and human resources.</p> <p>Documentation pertaining to the completion of training by individuals with delegated authority was kept on file.</p>	LEVEL 5 (Full implementation)

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
		distributed to the 3 regions with a copy in Ottawa. In this context, all signature specimens have also been resigned by both the delegation manager and delegated RC manager and sent to AANDC.		
6) CanNor should ensure that expenditure initiation and individual commitments are approved by an individual with the delegated authority to do so before expenses are incurred and recorded in the financial system.	High	<p>In March-April 2011, the process supporting the <i>Financial Administration Act</i> (FAA) section 32 (commitments) and section 34 (payment for the performance of work, supply of goods or the rendering of services) was reviewed by CanNor Finance and corrective action was implemented by ensuring proper delegations and paper trails to support section 32 and 34.</p> <p>This will be reflected in the documented internal control processes that will be adopted by March 2012.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>For 102 of 112 applicable files reviewed, funds commitment availability was certified by someone with the delegated authority prior to the expenditure initiation at the value expected to be incurred.</p> <p>The results of these findings are rolled-up from expenditure initiation and commitment control findings found under the Directive on Acquisition Cards (criteria ii), the Contracting Policy (criteria iv), the National Joint Council Travel Directive (criteria ii) and the Directive on Financial Management of Pay Administration (criteria i).</p> <p><u>Directive on Acquisition Cards</u></p> <p>Funds commitment availability was certified by someone with the delegated authority prior to the expenditure initiation, at the value expected to be incurred, when it was required to do so, for 23 of the 25 applicable files reviewed under this criterion.</p> <ul style="list-style-type: none"> • For one file reviewed, certification of 	LEVEL 4 (Substantial implementation)

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
			<p>funds commitment availability was performed by an individual who benefited from the expenditure and;</p> <ul style="list-style-type: none"> • For one file reviewed, certification of funds commitment availability was performed after the purchase had been made. <p><u>Contracting Policy</u></p> <p>Funds commitment availability was certified by someone with the delegated authority prior to the expenditure initiation at the value expected to be incurred for eighteen of the nineteen contracts reviewed.</p> <ul style="list-style-type: none"> • For one contract reviewed, there was no evidence of expenditure initiation on file. <p><u>National Joint Council Travel Directive</u></p> <p>Funds commitment availability was certified by someone with the delegated authority prior to the expenditure initiation at the value expected to be incurred for 49 of 52 files reviewed.</p> <ul style="list-style-type: none"> • For three files reviewed, the expense was not approved prior to the departure date. <p><u>Directive on Financial Management of Pay Administration</u></p> <p>Funds commitment availability was certified by someone with the delegated authority prior to the expenditure initiation</p>	

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
			at the value expected to be incurred for 12 of the 16 applicable transactions reviewed. <ul style="list-style-type: none"> • For three acting files, the expense was authorized after to the start of the acting period; • For one overtime file, there was no evidence of pre-approval on file. 	
7) CanNor should ensure that expenses are certified by an individual with the delegated authority to do so on a timely basis, and by someone who does not directly or indirectly benefit from the expenditure.	High	<p>In March-April 2011, the process supporting FAA section 32 (commitments) and section 34 (payment for the performance of work, supply of goods or the rendering of services) was reviewed by CanNor Finance and corrective action was implemented by ensuring proper delegations and paper trails to support section 32 and 34.</p> <p>This will be reflected in the documented internal control processes that will be adopted by March 2012.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>For 100 of the 107 applicable files reviewed the performance of account verification was done by someone with the delegated authority to do so, was accomplished on a timely basis and verified the correctness of the payment requested.</p> <p>The results of these findings are rolled-up from account verification findings found under the Directive on Acquisition Cards (criteria iii), Contracting Policy (criteria vi), the National Joint Council Travel Directive (criteria iii), and the Directive on Financial Management of Pay Administration (criteria ii).</p> <p><u>Directive on Acquisition Cards</u></p> <p>The performance of account verification was done by someone with the delegated authority to do so, was accomplished on a timely basis and verified the correctness of the payment requested for 31 of 33 files reviewed.</p>	LEVEL 4 (Substantial implementation)

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
			<ul style="list-style-type: none"> • For one file reviewed, account verification was performed by an individual who benefited from the expenditure; and • For one file reviewed, account verification was not performed on a timely basis. <p><u>Contracting Policy</u></p> <p>Account verification was done by someone with the delegated authority to do so, was accomplished on a timely basis and verified the correctness of the payment requested in eight of the 12 applicable contract files reviewed. For the seven other contract files reviewed, no invoices had been received at the time of the examination or invoices were out of scope.</p> <ul style="list-style-type: none"> • For two files reviewed, account verification was performed by an individual without the proper delegated authority. • For two files reviewed, account verification was not administered on a timely basis. <p><u>National Joint Council Travel Directive</u></p> <p>The performance of account verification was done by someone with the delegated authority to do so, was accomplished on a timely basis and verified the correctness of the payment requested for all 52 files reviewed.</p>	

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
			<p><u>Directive on Financial Management of Pay Administration</u></p> <p>Account verification was done by someone with the delegated authority to do so, was accomplished on a timely basis and verifies the correctness of the payment requested for nine of the ten applicable transactions reviewed:</p> <ul style="list-style-type: none"> • For one acting file, the account verification was performed after the start of the acting period. 	
<p>8) CanNor should ensure that proof of execution and cost are retained, and if missing, justification for purchase is clearly documented on file.</p>	<p>High</p>	<p>In March-April 2011, the process supporting FAA section 32 (commitments) and section 34 (payment for the performance of work, supply of goods or the rendering of services) was reviewed by CanNor Finance and corrective action was implemented by ensuring proper delegations and paper trails to support section 32 and 34.</p> <p>This will be reflected in the documented internal control processes that will be adopted by March 2012.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>Proof of execution and cost was retained, and if missing, justification for the expense was clearly documented on file for all 107 applicable files reviewed.</p>	<p>LEVEL 5 (Full implementation)</p>
<p>9) CanNor should ensure that CFO approval, whether case by case or by approving general limits, is sought prior to distributing acquisition cards to individuals.</p>	<p>High</p>	<p>Requests for acquisition cards are now sent to Finance for CFO sign-off. All acquisition cards will be closely scrutinized for spending limits.</p>	<p>ASSESSMENT: Validated through document review during the examination phase of the 2012 Follow-Up Audit.</p> <p>A Procedures Manual has been developed by CanNor, which includes the application and issuance of acquisition cards. The manual requires the approval by the CFO</p>	<p>LEVEL 5 (Full implementation)</p>

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
			<p>prior to sending a request for an acquisition card to BMO Mastercard.</p> <p>CanNor has not issued any new acquisition cards within the scope of the follow-up audit; therefore the OCG was unable to test the implementation of the new procedures.</p>	
<p>10) CanNor should obtain written acknowledgement of responsibilities and obligations from acquisition card holders prior to issuing an acquisition card and keep documentation on file.</p>	<p>High</p>	<p>CanNor Finance has implemented the same acknowledgement form used by AANDC. All acquisition card holders are required to read and sign the form that presents their responsibilities and obligations. New card holders are required to sign such a form before receiving their card.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>Written acknowledgement of responsibilities and obligations was obtained from acquisition card holders and documentation was kept on file for all six acquisition card accounts reviewed.</p>	<p>LEVEL 5 (Full implementation)</p>
<p>11) CanNor should ensure that acquisition cards are used solely for authorized government business related to purchases of goods, services and pre-approved hospitality expenses.</p>	<p>High</p>	<p>Card holders have been informed and reminded of the specific use of the card.</p> <p>Transactions using an acquisition card will be reviewed on a regular basis in both the regions and Ottawa to ensure appropriate use of the cards.</p> <p>This will be reflected in the documented internal control processes that will be adopted by March 2012.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>Acquisition cards were used solely for authorized government business related to purchases of goods, services and pre-approved hospitality expenses for all 33 acquisition card files reviewed.</p>	<p>LEVEL 5 (Full implementation)</p>
<p>12) CanNor should develop business processes and keep documentation to ensure that:</p>	<p>High</p>	<p>For 2010-2011, CanNor had an MOU with AANDC for corporate services. This includes material management services for procurement/contracts/assets.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>a) The bid selection method and</p>	<p>LEVEL 4 (Substantial implementation)</p>

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
<p>a) bid selection method and evaluation criteria are clearly outlined in the bid solicitation document before the request for proposal is issued;</p> <p>b) there is justification for non-competitive procurement contracts;</p> <p>c) the evaluation of proposals and contractor selection are conducted in accordance with the pre-established criteria as stated in the request for proposal and in an open, fair and transparent manner;</p> <p>d) a copy of the signed, written contract is on file;</p> <p>e) contracts are issued before goods or services are received;</p> <p>f) contract amendments are signed before the original contracts expire; and</p> <p>g) contracts with a value over \$10,000 are proactively disclosed.</p>		<p>AANDC provides material management services to CanNor according to Treasury Board (TB) policies and legislation. In addition, AANDC has an internal policy suite related to procurement policies found on their website “Perspectives”. AANDC has developed business processes that CanNor implements for procurement, contracting and asset management.</p> <p>CanNor will work with AANCD to clarify the roles and responsibilities for procurement and contracting to ensure that all appropriate documents supporting the procurement process and associated policies and procedures are signed by authorized managers and filed with all required paperwork. Managers will closely scrutinize the process to ensure that appropriate actions are taken and documented according to TB policies and AANDC’s internal policies.</p> <p>CanNor will ensure that all contracts over \$10,000 continue to be proactively disclosed on their website.</p>	<p>evaluation criteria were clearly outlined in the bid solicitation document before the request for proposal was issued for all four applicable competitive contracts reviewed.</p> <p>b) There was justification on file for ten of 14 applicable non-competitive contracts reviewed. One file had multiple findings.</p> <ul style="list-style-type: none"> • For one file reviewed, there was no statement of work on file; • For three files reviewed, justification for sole sourcing was not on file; • For three files reviewed, supporting documentation for best value analysis was not on file; and • For one file, there was no documentation on file indicating contractor was a former public servant and former public servant services were not justified. <p>c) The evaluation of proposals and contractor selection was conducted in accordance with the pre-established criteria as stated in the request for proposal and in an open, fair and transparent manner for all four applicable competitive contracts reviewed.</p> <p>d) A copy of the signed, written contract was on file for all 19 contracts</p>	

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
			<p>reviewed.</p> <p>e) Contracts were issued before goods or services are received for all 19 contracts reviewed.</p> <p>f) Contract amendments were signed before the original contract expired for the one applicable contract reviewed.</p> <p>g) Contracts with a value over \$10,000 were proactively disclosed for all three applicable contracts reviewed.</p>	
<p>13) CanNor should ensure that contracting officers are aware of contracting rules so that contract splitting does not occur.</p>	<p>High</p>	<p>The Agency relies on AANDC for procurement and contracting services</p> <p>CanNor staff will work with AANDC to scrutinize all practices and processes related to contracts to ensure that contract splitting does not occur.</p>	<p>ASSESSMENT: Validated through document review and transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>During the file review, no evidence of contract splitting was found for all 19 contracts reviewed.</p> <p>Procurement processes were developed by the organisation along with a “Guide to Completing the Procurement and Contracting Check List” to be used with the newly developed checklists for low-dollar value purchases, sole source contracts, competitive contracts, as well as a more general procurement and contracting check list.</p> <p>Finally, the signed Memorandum of Understanding between AANDC and</p>	<p>LEVEL 5</p> <p>(Full implementation)</p>

2011 Audit of the Canadian Northern Economic Development Agency				
Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions (as of March 2012)	OCG assessment	Status of Management Action Plans
			CanNor includes the provision of procurement and contracting services.	
14) CanNor should document and keep on file the purpose of business travel so that it is fully justifiable.	High	<p>An approved Travel Authorization Form is required prior to any travel being initiated. The form includes the purpose of the travel.</p> <p>A copy / original of the form is kept in the employee's travel file and the original / copy is presented with the travel claim.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>The purpose for business travel was documented and kept on file for 50 of 52 travel files reviewed.</p> <ul style="list-style-type: none"> For two files reviewed, the reason for government business travel was not documented. 	LEVEL 5 (Full implementation)
<p>15) CanNor should develop business processes and keep documentation to ensure that:</p> <p>a) post-authorized travel has documented justification on file;</p> <p>b) government suppliers are used when available and justify on file use of other suppliers when not available;</p> <p>c) employees are reimbursed for meals and incidental expenses when on official travel status, and should do so in a manner consistent with</p>	High	<p>Completed Travel Authorization forms are required prior to all travel.</p> <p>The use of the automated Travel Expense Management Tool will be evaluated.</p> <p>Employees have been informed that government suppliers are to be used. If not, justifications are required.</p> <p>Employees traveling are required and/or advised to get a travel card and use it while on travel status.</p> <p>Travel by the Deputy Head is being disclosed on a quarterly basis.</p> <p>The above requirements will be reflected in the documented internal control processes that will be adopted</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>a) Not applicable. No instances of post-authorized travel with justification were observed on file.</p> <p>b) Not applicable. The sub-criterion related to this element in the recommendation is no longer assessed within audits performed by the OCG.</p> <p>c) Meals and incidental allocations were reimbursed in accordance with specified rates for 51 of 52 travel files reviewed.</p> <p>d) Flight arrangements respected the appropriate limits for 46 of 46 applicable travel files reviewed.</p>	LEVEL 5 (Full implementation)

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
<p>the allowance rates within the National Joint Council (NJC) Travel Directive;</p> <p>d) flight arrangements respect the appropriate limits;</p> <p>e) supporting documentation is on file before paying travel expenses;</p> <p>f) departmental travel cards are used when possible; and</p> <p>g) travel by the deputy head is proactively disclosed in a timely manner on the CanNor website.</p>		<p>by March 2012.</p>	<p>e) Supporting documentation was on file before paying travel expenses for all 52 travel files reviewed.</p> <p>f) Departmental travel cards were used when possible for all 48 applicable travel files reviewed.</p> <p>g) Travel expenses by the deputy head and other designated senior level employees were proactively disclosed in a timely manner on the CanNor website for all 11 applicable travel files reviewed.</p> <p>The organisation now uses the Shared Travel Services Solution, which enables expense planning, submitting and tracking of travel requests in compliance with the NJC Travel Directive, as well as expenditure initiation and funds commitment directly in the organisation's financial system.</p>	
<p>16) CanNor should ensure that requests for travel cards and card holder agreements acknowledging responsibilities and obligations are kept on file.</p>	<p>Medium</p>	<p>Requests for travel cards and agreements signed by card holders are now being filed appropriately. New card holders must sign an agreement form before receiving their card.</p> <p>This will be reflected in the documented internal control processes that will be adopted by March 2012.</p>	<p>ASSESSMENT: Validated through document review and transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>CanNor issued four new individual travel cards since March 2012. Requests for travel cards and card holder agreements acknowledging responsibilities and obligations were kept on file for all four</p>	<p>LEVEL 5</p> <p>(Full implementation)</p>

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions <i>(as of March 2012)</i>	OCG assessment	Status of Management Action Plans
			<p>travel cards reviewed.</p> <p>Card holder agreements for all existing travel cards were also refreshed in February and March 2012.</p> <p>This was corroborated with the Procedures Manual developed by CanNor. This area is no longer covered by Core control Audits.</p>	
<p>17) CanNor should ensure that funds commitment for all membership and registration fees are pre-approved by the appropriate delegated authority.</p>	<p>Medium</p>	<p>As part of the process supporting FAA section 32 (commitments) reviewed by CanNor Finance, corrective action has been implemented to ensure proper authorization by delegated authority is obtained for this type of expenses.</p> <p>This will be reflected in the documented internal control processes that will be adopted by March 2012.</p>	<p>ASSESSMENT: The Directive on Membership Fees has been rescinded in March 2012. This recommendation is now obsolete since it no longer applies.</p>	<p>Obsolete</p>
<p>18) CanNor should retain written documentation to support that departure procedures have been followed to certify that all money owing to the Crown, or any other assets, and are accounted for before an employee leaves the agency.</p>	<p>Medium</p>	<p>Corrective action has been implemented. Prior to departure, all employees are required to complete a departure form and get signatures confirming all assets have been accounted for and no money is owed to the Crown. The completed form is kept/filed with CanNor Human Resources (HR) departure files in Iqaluit.</p> <p>This will be reflected in the documented internal control processes that will be adopted by March 2012.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>Written documentation to support that departure procedures were followed was retained on file for all seven applicable pay administration files reviewed.</p> <p>CanNor developed new departure procedures to be followed by all employees, which were implemented by the HR group. Once the departure form is filled out, a copy is kept on file by the HR group and the original one is sent to AANDC's pay offices</p>	<p>LEVEL 5</p> <p>(Full implementation)</p>

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Recommendation	Risk Ranking of Recommendation	Management Response and Planned Actions (as of March 2012)	OCG assessment	Status of Management Action Plans
			to close the file.	
19) CanNor should take the necessary steps to ensure that all leave requests are pre-authorized by someone with the delegated authority.	Low	<p>Regular reminders regarding leave authorization process requirements are sent out to all managers and CanNor-HR will monitor every six months.</p> <p>This will be reflected in the documented internal control processes that will be adopted by March 2012.</p>	<p>ASSESSMENT: Validated through transaction testing during the examination phase of the 2012 Follow-Up Audit.</p> <p>Leave with pay was approved and administered in accordance with the applicable directive for 48 of the 54 leave transactions reviewed.</p> <ul style="list-style-type: none"> For six transactions that included vacation leave, isolated post leave, volunteer leave and personal leave, the request was approved after the leave was taken. 	LEVEL 4 (Substantial implementation)

Appendix 1: Legend for Assessment on the Status of Implementation

The categories to assess status of the management action plans are listed below.

Categories	Definition
Level 1	No progress or insignificant progress Actions such as establishing a new committee, conducting meetings, and generating informal plans should be regarded as insignificant progress.
Level 2	Planning stage If formal plans for organizational changes have been created and approved by the appropriate level of management with appropriate resources and a reasonable timetable, the organization has achieved the planning stage.
Level 3	Preparations for implementation If the organization has made preparations for implementing a recommendation by hiring or training staff or by developing or acquiring the necessary resources to implement the recommendation, regard this as having achieved preparations for implementation.
Level 4	Substantial implementation If the structures and processes are in place and integrated within at least some parts of the organization, and some achieved results have been identified, this should be seen as substantial implementation.
Level 5	Full implementation Rate the progress as full implementation if the structures and processes are fully implemented.
Obsolete	Rate the recommendation as obsolete if it no longer applies because the process or issue has become outdated as a result of having been superseded by something newer.

Appendix 2: Policies and Directives Tested

Areas Tested
<input checked="" type="checkbox"/> Directive on Account Verification
<input checked="" type="checkbox"/> Directive on Acquisition Cards
<input checked="" type="checkbox"/> Directive on Delegation of Financial Authorities for Disbursements
<input checked="" type="checkbox"/> Directive on Expenditure Initiation and Commitment Control
<input checked="" type="checkbox"/> Directive on Financial Management of Pay Administration
<input checked="" type="checkbox"/> Directive on Leave and Special Working Arrangements
<input checked="" type="checkbox"/> National Joint Council Travel Directive
<input checked="" type="checkbox"/> Contracting Policy
<input checked="" type="checkbox"/> Policy on Financial Management Governance
<input checked="" type="checkbox"/> Policy on Payables at Year-End (PAYE)

Appendix 3: Links to Applicable Legislation, Policies and Directives

Applicable Legislation, Policies, and Directives	Website Reference (links current as of April 2012)
Financial Administration Act	http://laws.justice.gc.ca/eng/F-11
Directive on Delegation of Financial Authorities for Disbursements	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=17060
Policy on Internal Control	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15258
Directive on Expenditure Initiation and Commitment Control	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=17061
Directive on Acquisition Cards	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=17059
Policy on Learning, Training and Development	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12405&section=text
Policy on Contracting	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=14494
Government Contract Regulations	http://laws.justice.gc.ca/eng/SOR-87-402
Travel Directive	http://www.njc-cnm.gc.ca/directive/index.php?did=10&lang=eng
Special Travel Authorities	http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/tbm_113/statb-eng.asp
Directive on Travel Cards and Travellers Cheques	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15783
Policy on Performance Pay Administration Policy for Certain Non-Management Category Senior Excluded Levels	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=13951
Directive on Leave and Special Working Arrangements	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15774
Collective Agreement for Program and Administrative Services	http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/coll_agre/pa/pa-eng.asp
Public Service Employment Act	http://laws.justice.gc.ca/en/P-33.01/index.html
Directive on Financial Management of Pay Administration	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15781
Term Employment Policy	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12584
Directive on Terms and Conditions of Employment	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15772
Policy on Financial Management Governance	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=14005
Policy on Government Security	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=16578
Guidelines on the Proactive Disclosure of Contracts	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=14676
Policy on Payables at Year-End (PAYE)	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12210
Directive on Terms and Conditions of Employment for Certain Excluded/Unrepresented Employees	http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15773