



Agence spatiale
canadienne Canadian Space
Agency



AUDIT OF TRAVEL, HOSPITALITY, CONFERENCE AND EVENT EXPENDITURES

AUDIT REPORT

PROJECT # 01/01 16–17

PREPARED BY THE
AUDIT AND EVALUATION DIRECTORATE

FEBRUARY 2017

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1.0 SUMMARY

1.1 AUDIT OBJECTIVE

The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event (THCE) expenditures are adequate and whether expenditures are incurred in accordance with the Treasury Board Secretariat (TBS) *Directive on THCE Expenditures*, the National Joint Council (NJC) *Travel Directive* and the *Financial Administration Act (FAA)*.

1.2 AUDIT OPINION

Overall, the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are adequate and the expenditures incurred are in accordance with the TBS *Directive on THCE Expenditures*, the National Joint Council *Travel Directive* and the *Financial Administration Act*.

1.3 STATEMENT OF ASSURANCE

As Chief Audit Executive, I am of the opinion that sufficient and appropriate audit procedures were followed and that evidence was collected to support the accuracy of the opinion provided in this report. This opinion is based on a comparison of the conditions, as they existed at the time of the audit, against pre-established audit criteria determined in consultation with management, and is applicable only to the particular entity being audited. The evidence was gathered in compliance with the Treasury Board's internal auditing policy, guidelines and standards. The procedures followed are in accordance with the professional standards of the Institute of Internal Auditors. The evidence gathered is sufficient to convince senior management of the validity of the opinion derived from the internal audit.

1.4 SUMMARY OF FINDINGS

Overall, THCE expenditures are made in accordance with the FAA, TBS and NJC directives on THCE expenditures and CSA procedures. They are authorized and certified by individuals with delegated authority, in keeping with identified limits and allowances, and supported by the proper documentation. In addition, they are disclosed in accordance with the requirements.

However, of the 45 transactions of travel, hospitality, conferences and events examined, we identified some shortcomings that require special attention:

- The reasons provided in the travel authorizations to justify not using virtual presence solutions as alternatives to travel, as required under the *Directive on THCE Expenditures*, are not always appropriate (seven trips).
- Meal allowances are sometimes claimed and reimbursed even though meals are included in the cost of accommodation, airfare or train fare (three trips).
- For some events, authorization was not granted by individuals who have the appropriate level of delegation (two events).

The findings of the audit lead us to make recommendations with respect to travelers, managers and financial clerks' awareness about the importance of adequately documenting travel files. We also recommend that management clarify internal guidelines and procedures for activities that are

considered events to ensure that they are authorized by individuals with the appropriate level of delegation.

Management has drawn up an action plan in response to these recommendations.

Signature of the Chief Audit Executive

Audit Team Members

Dany Fortin
Louis Martel
Johanna Gailer
Fatima Raveen

2.0 AUDIT REPORT

2.1 BACKGROUND

TBS issued a *Directive on THCE Expenditures* to guide this type of activity. This Directive came into effect on January 1, 2011, replacing the 1993 *Hospitality Policy*. The purpose of the Directive is to ensure that THCE expenditures are managed with prudence and probity and represent the most economic and efficient use of public funds, given the nature of the activity in relation to the achievement of a department’s core mandate. In addition, senior management’s travel and hospitality expenditures are required to be disclosed on the organization’s website.

Below are the CSA’s travel, hospitality and conference expenditures for 2015-2016:

CSA’S TRAVEL, HOSPITALITY AND CONFERENCE EXPENDITURES FOR 2015-2016	NUMBER OF TRANSACTIONS	DOLLAR VALUE (IN THOUSANDS OF DOLLARS)
Travel	2,355	\$3,625
<ul style="list-style-type: none"> Public servants (CSA = 2,222; other departments = 13*) 	2,235	\$2,472
<ul style="list-style-type: none"> Non-public servants (50) and contractors (70*) 	120	\$1,153
Hospitality	93	\$21
Conferences	34	\$35

* Several trips are included in each transaction

2.2 AUDIT OBJECTIVE, SCOPE AND APPROACH

OBJECTIVE

This audit project is part of the 2016-2017 Risk-Based Audit Plan (RBAP) approved by the Audit Committee. It is in response to a recommendation of the Internal Audit Sector of the Office of the Comptroller General (OCG) to the effect that all departments should audit expenditures of this type on a regular basis. The most recent audit of the CSA’s travel, hospitality and conference expenditures dates back to 2007-2008. In 2007-2008, the CSA incurred a total of \$6,128,295 in travel expenditures (excluding travel expenditures incurred by contractors), \$109,402 in hospitality expenditures, and \$197,733 in conference expenditures. In addition, existing processes and practices changed following the coming into effect of the new *Directive on Travel, Hospitality, Conference and Event Expenditures* and the implementation of the Hogg Robinson Group (HRG) Shared Travel Services Portal.

SCOPE

The audit covered THCE expenditures incurred over fiscal year 2015-2016, as well as the proactive disclosure of travel and hospitality expenditures for the first two quarters of 2016-2017.



A 45-transaction sample was selected and reviewed. The following is a breakdown of the sample:

- 30 travel expense reports selected based on the following criteria:
 - distribution among the various branches of the CSA;
 - dollar value of the expenditures (the highest values were selected);
 - type of travel (a number of international trips were selected); and
 - type of traveller (21 public servants and non-public servants, 8 contractors and a Memorandum of Understanding with another department).
- 5 hospitality expenditures;
- 5 conference expenditures;
- 5 event expenditures.

APPROACH

The audit criteria were determined based on the requirements set out in the acts, regulations and policies. The criteria and sub-criteria are listed in Appendix A. The audit involved various processes, including interviews and a review of documents.

It should be noted that the audit objective and criteria were discussed with the audit entity.

2.3 FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

Expected results:

Criteria 1, 2, 3 and 4

In order to determine whether THCE expenditures comply with the *FAA* and the applicable directives on THCE expenditures, we expected to find the following:

- Travel authorization, hospitality, conference and event requests were pre-approved by an individual with delegated authority (at least at the Director General level or level 1 equivalent).
- The most economical travel solution has been selected or is supported by a justification where required.
- Expenditures claimed are consistent with pre-authorized expenditures.
- Expenditures are eligible in accordance with the *Directive on THCE Expenditures*.
- Expenditures claimed are substantiated by the proper supporting documentation.
- Payment requests are certified by an individual with delegated financial authority (section 34 of the *FAA*).
- Payment approvals are certified by an individual with delegated financial authority (section 33 of the *FAA*).

Criterion 5

- Senior management's travel expenditures are disclosed on the CSA's website in a timely manner.
- Senior management's hospitality expenditures are disclosed on the CSA's website in a timely manner.
- Total annual travel, hospitality and conference expenditures are disclosed on the CSA's website.



2.3.1 Travel expenditures

<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
<p>FINDINGS</p>	<p>Criterion 1</p>	<p>Travel expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the applicable directives on THCE expenditures.</p>
	<p>Condition</p>	<p>Conclusion about the criterion</p> <p>A review of 30 trips showed that, overall, the monitoring and control mechanisms in place are effective and ensure compliance with the <i>FAA</i> and the applicable directives on THCE expenditures. However, some shortcomings were identified.</p> <p><i>Compliance with the FAA and the applicable directives on THCE expenditures</i></p> <p>Travel authorizations</p> <p>According to the <i>Directive on THCE Expenditures</i>, a travel authorization for expenditure initiation must be completed by the traveller and approved by a delegated authority before each trip. This travel authorization must indicate the purpose and the estimated costs of the trip. The CSA, like a number of other federal government departments, uses HRG’s Shared Travel Services Portal to manage travel for public servants and non-public servants. For contractors whose travel costs are reimbursed by the CSA, travel is generally provided for under their contracts and subsequently subject to individual travel authorizations in the form of email exchanges with the CSA.</p> <p>We found that:</p> <p>Public servants and non-public servants (22 trips reviewed):</p> <ul style="list-style-type: none"> • For 20 trips, travel authorizations were completed and pre-approved by individuals with the delegated authority required under section 32 of the <i>FAA</i>. • For two trips, travel authorizations were completed after the travel took place. One case involved regular and routine travel as part of the employee’s duties. However, the trip exceeded the approved limit on the employee’s annual travel authority. The other case involved a non-public servant whose agreement provided for this type of travel. Nevertheless, a specific travel authorization must be completed prior to each trip.

<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
		<ul style="list-style-type: none"> According to the <i>Directive on THCE Expenditures</i>, for each trip, the employee must provide a justification explaining why virtual presence is not a possible alternative to travel. However, in seven of the cases reviewed, the reason selected was “Cost saving for alternatives is marginal or nil”, although most of these cases involved international travel. We are of the opinion that the reasons provided were not appropriate in these situations. Valid reasons should have been provided, for example, by indicating that on-site presence was required. It appears that the requirement to provide a justification in this regard is not clearly understood by travellers and managers. However, because all trips were approved by an individual with the appropriate delegated authority, risks to the organization are limited. <p>Contractors (eight trips reviewed):</p> <ul style="list-style-type: none"> For six trips, travel authorizations were completed by the traveller and pre-approved by individuals with delegated authority. For two trips, the travel had been provided for in the contracts; however, individual travel authorizations were approved by a person with delegated financial authority after the travel took place. Both cases involved trips taken at the request of CSA project managers. <p>Eligibility of travel expenditures</p> <p>Expenditures claimed in expense reports must comply with the NJC <i>Travel Directive</i> with respect to meals and incidentals, kilometric rates and authorized maximums for accommodation. In addition, there are specific parameters governing the use of transportation for travel. Furthermore, the <i>Directive on THCE Expenditures</i> states that the most economical solution must be selected based on the nature of the trip, when booking transportation and accommodation.</p> <p>Following our review of the 30 trips, we found very few cases of non-compliance with the directives in terms of the eligibility of claimed travel expenditures. These results demonstrate that the travel expenditure monitoring and control system in place at the CSA is effective. The identified cases of non-compliance are as follows:</p> <ul style="list-style-type: none"> For three trips, meal allowances were claimed even though meals were included in the cost of accommodation, airfare or train fare. No specific justifications were on file. The



<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
		<p>existing account verification control process did not bring these irregularities to light. These irregularities may have resulted from the travellers' misinterpretation of allowance entitlements in these situations. The impact is limited because meal overpayments are of low materiality.</p> <ul style="list-style-type: none"> • One trip involved business class air travel by a non-public servant. For non-public servants, business class airfare is not reimbursed beyond the maximum amount allowed for a full-fare economy class ticket. The trip was completed as part of an interdepartmental agreement under which an individual has been supporting a specific project in an expert capacity for a few years now. The CSA had not been informed that the traveller had recently changed status from employee to contractor. As stipulated in the agreement, an external third party subsequently reimbursed the CSA for the travel costs. <p>Through our review of the files, we were able to determine, in an accurate manner, that expenditures relating to meals, incidentals, land transportation and accommodation complied with the requirements of the directives. However, it is difficult to determine whether travellers selected the most economical flight options, as the options available at the time the trips were planned cannot be verified after the fact. Nevertheless, apart from the non-compliant expenditures indicated above, we did not identify any situations suggesting that the most economical solutions were not selected or justified for the trips reviewed.</p> <p>Certification of expenditures in accordance with sections 33 and 34 of the FAA</p> <p>The TBS <i>Directive on Account Verification</i> stipulates that employees responsible for confirming and certifying travel expenditure payments in accordance with section 34 of the <i>FAA</i> must ensure that payment recipients are entitled to or eligible for reimbursement of their travel costs. They must also ensure that the documentation supporting the claim is complete, i.e., that the claim is supported by the proper documentation. The Directive states that financial officers with the authority to reimburse travel costs under section 33 of the <i>FAA</i> must ensure that there is auditable evidence demonstrating that the account verification has taken place and has been certified pursuant to section 34 of the <i>FAA</i>.</p> <p>We found that, for all trips:</p>

<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
		<ul style="list-style-type: none"> • Travel expense reports are certified by an individual with the delegated financial authority required under section 34 of the <i>FAA</i>; • Travel expense reports are certified by an individual with the delegated financial authority required under section 33 of the <i>FAA</i>; • Expenditures claimed in the expense reports are supported by the proper documentation. <p>However, the following shortcomings were observed:</p> <ul style="list-style-type: none"> • When travel costs are paid to another department following the signing of a Memorandum of Understanding, invoices are issued and payments are made automatically in the form of accounting entries. As with all other expenditures, certification under section 34 of the <i>FAA</i> is required for each payment. However, for the Memorandum of Understanding reviewed as part of this audit, certification under section 34 was carried out for all travel expenditures at year-end only. Since a number of invoices were received and paid over the course of the year, certification should have been carried out upon receipt and payment of these invoices, and not at year-end. As this was an interdepartmental agreement and all associated work and travel were provided for in the agreement, the risks to the CSA are low. • For four of the trips reviewed, claimed expenditures were higher than the pre-authorized expenditures. In three of the four cases, these discrepancies were due to the fact that the cost of air transportation increased between the time the trip was planned and the time it was approved. In order to monitor these situations, an internal procedure at the CSA provides that the financial clerk must obtain the traveller’s justification and submit the expense report to the level of delegated financial authority that had pre-authorized the travel. The CSA’s cost discrepancy tolerance levels applicable to this procedure are 43% for flights and 10% for accommodation. However, in the cases outlined above, there were no notes on file regarding justifications obtained from the traveller or analyses conducted by the financial clerk. Although these travel expenditures were approved by the appropriate level of authority, we are of the opinion that cost discrepancy control documentation could be improved

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		to properly inform the person approving the expenditures. The current internal procedure, however, does not state that the financial clerk must record the justification in the travel report submitted for approval.
RECOMMENDATIONS	<p>1. Remind travellers, managers and financial clerks of the importance of the following:</p> <ul style="list-style-type: none"> • A specific travel authorization must be completed for each trip before the travel takes place, whether for public servants, non-public servants or contractors. • The reason justifying non-use of virtual presence solutions as alternatives to travel must be indicated properly on all travel authorizations. • Meals are not to be claimed when they are included in the cost of accommodation or transportation unless a specific justification, accompanied by a receipt for the replacement meal, is provided. • When discrepancies are noted between authorized costs and costs claimed for travel, justifications must be included in the expense report submitted to the manager for approval. 	
RESPONSIBILITY IDENTIFIED	Organization	Finance Directorate
	Function	Manager, Accounting and Financial Policy and Systems
MANAGEMENT RESPONSE	We agree with the recommendation.	
MANAGEMENT ACTION PLAN	Details of the action plan	Deadline
	An email will be sent to travellers and managers to inform them of their responsibilities. A meeting will be held with clerks to remind them of their account verification responsibilities.	March 31, 2017

2.3.2 Hospitality expenditures

<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
<p>FINDINGS</p>	<p>Criterion 2</p>	<p>Hospitality expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.</p>
	<p>Condition</p>	<p>Conclusion about the criterion</p> <p>After reviewing five hospitality files, we found that the hospitality expenditure monitoring and control mechanisms in place are appropriate and ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.</p> <p>Compliance with the <i>FAA</i> and the directives on THCE expenditures</p> <p>We found that:</p> <p>Authorization of hospitality expenditures</p> <ul style="list-style-type: none"> • In four cases reviewed, hospitality forms were approved by an individual with the delegated authority required under section 32 of the <i>FAA</i> before incurring hospitality expenditures. • In one case reviewed, the hospitality form (section 32) was authorized after the contract was signed with the supplier. However, the form was authorized before the hospitality activity took place. <p>Eligibility of hospitality expenditures</p> <ul style="list-style-type: none"> • In all cases reviewed, claimed hospitality expenditures were eligible in accordance with the <i>Directive on THCE Expenditures</i>. <p>Certification of expenditures</p> <ul style="list-style-type: none"> • Hospitality expenditures incurred are consistent with pre-authorized hospitality expenditure authorization requests in all cases reviewed. • Hospitality expenditures incurred are supported by the proper documentation in all cases reviewed. • Hospitality expenditures incurred are certified by an individual with the delegated financial authority required under section 34 of the <i>FAA</i> in all cases reviewed. • Payments for hospitality expenditures incurred are certified by an individual with the delegated financial authority



Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .	
		required under section 33 of the <i>FAA</i> for all cases reviewed.
RECOMMENDATION	N/A	
RESPONSIBILITY IDENTIFIED	Organization	N/A
	Function	N/A
MANAGEMENT RESPONSE	N/A	
MANAGEMENT ACTION PLAN	Details of the action plan	Deadline
	N/A	N/A

2.3.3 Conference expenditures

Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .	
FINDINGS	Criterion 3	Conference expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.
	Condition	<p>Conclusion about the criterion</p> <p>After auditing five conference files, we found that, overall, the monitoring and control mechanisms in place ensure compliance with the <i>FAA</i> and the <i>Directive on THCE Expenditures</i>. However, our review of the files helped identify a few minor shortcomings.</p> <p>Compliance with the <i>FAA</i> and the directives on THCE expenditures</p> <p>At the CSA, a computer-based tool is used to control and authorize conference attendance requests and anticipated costs: the Conferences, Learning and Events (CLE) System.</p> <p>We found that:</p> <p>Authorization of conference expenditures</p> <ul style="list-style-type: none"> For each conference expenditure reviewed, attendance requests were pre-authorized in the CLE System.



<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
		<p>Eligibility of conference expenditures</p> <ul style="list-style-type: none"> • For four conferences reviewed, all conference fees incurred and claimed were eligible in accordance with the <i>Directive on THCE Expenditures</i>; • For one conference expenditure reviewed, we identified a non-eligible amount of \$116. The account verification control process in place did not bring this irregularity to light. <p>Certification of expenditures</p> <ul style="list-style-type: none"> • For all conference expenditures reviewed, conference fee payment requests are certified by an individual with the delegated financial authority required under section 34 of the <i>FAA</i>; • For all conference expenditures reviewed, conference fee payments are certified by an individual with the delegated financial authority required under section 33 of the <i>FAA</i>; • For three conference expenditures reviewed, conference fee payment requests are supported by the proper documentation. <p>However,</p> <ul style="list-style-type: none"> • For two conference expenditures reviewed, invoices supporting the conference fees were not included in the files. However, proof of payment of expenses by the participants requesting reimbursement were available. One of these invoices includes the \$116 amount referred to in the previous section. The absence of invoices makes it difficult for the person certifying the expenditures (section 34) or the clerk verifying the account to be sure of the eligibility of the expenditures claimed. <p>The account verification control process in place provides for the review of supporting documentation for all payments. We are of the opinion that the existing process ensures compliance with the <i>FAA</i> and the directives on THCE expenditures.</p>
<p>RECOMMENDATIONS</p>	<p>2. Remind participants, managers and financial clerks of the importance of the following:</p> <ul style="list-style-type: none"> • Conference expenditure reimbursements must be supported by invoices, 	



Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .	
	even when the participant has provided proof of disbursement of the amount requested.	
RESPONSIBILITY IDENTIFIED	Organization	Finance Directorate
	Function	Manager, Accounting and Financial Policy and Systems
MANAGEMENT RESPONSE	We agree with the recommendation.	
MANAGEMENT ACTION PLAN	Details of the action plan	Deadline
	A meeting will be held with clerks to clarify the supporting documentation procedure to be followed.	March 31, 2017

2.3.4 Event expenditures

Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .	
FINDINGS	Criterion 4	Event expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.
	Condition	<p>Conclusion about the criterion</p> <p>Our review of five event expenditures and 40 other travel, hospitality and conference expenditures during this audit showed that, overall, the existing event expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.</p> <p>However, some shortcomings requiring management’s attention were identified through the audit.</p> <p>Compliance with the <i>FAA</i> and the directives on THCE expenditures</p> <p>According to the <i>Directive on THCE Expenditures</i>, events include business meetings, departmental or corporate management meetings, conferences as well as any other formal gathering of public servants or non-public servants invited to participate in these activities. Events do not include meetings or activities whose sole</p>



<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
		<p>purpose is the direct delivery of the Department’s core mandate. Events typically represent or support business activities and governance.</p> <p>The <i>Directive on THCE Expenditures</i> requires an event to be authorized by the minister if the total cost of the event is greater than \$25,000, or by the deputy head if the total cost is \$5,000 or greater, but less than or equal to \$25,000.</p> <p>In order to monitor application of the Directive at the CSA, events must be recorded in the CLE System. All participants obtain authorization of their participation in the event, as well as all anticipated event costs. The system calculates all activity costs and automatically sends the request for authorization to the appropriate level of authority.</p> <p>Authorization of events</p> <p>We found that:</p> <ul style="list-style-type: none"> • The five event expenditure files reviewed were recorded in the CLE System. For four of them, authorizations were granted in accordance with the <i>Directive on THCE Expenditures</i>. For one event, authorization was not granted by the appropriate level of authority. The costs were underestimated when recorded in the CLE System; they did not include \$1,240 in booth transportation costs. With this amount factored in, the total event costs reached \$5,576. • With respect to travel expenditures, out of the 30 cases reviewed, we identified four that met the definition of an event under the <i>Directive on THCE Expenditures</i>. Of that number, three were identified as such and recorded in the CLE System for cost control purposes. The other one, of less than \$5,000, was approved by an individual with the appropriate level of delegation as per the usual travel authorization process. • Regarding the five hospitality expenditures reviewed, we are of the opinion that three of them met the definition of an event under the <i>Directive on THCE Expenditures</i>. Cost control was carried out for one of these three events. It should be noted that total expenses for each of these three events were lower than \$5,000. Hospitality expenditures were authorized by an individual with the appropriate level of delegation.

Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .	
		<ul style="list-style-type: none"> All five of the conference files reviewed were considered to be events under the <i>Directive on THCE Expenditures</i>. We found that authorizations were granted in accordance with the Directive for four of the five files reviewed. For one conference, total event costs were \$5,876 and the CLE System failed to identify the correct level of authority required for authorization. This was a technical system error. The technical issue was resolved. <p>In some cases, it appears that the definition of what constitutes an event and the underlying procedures are not understood by all managers. In addition, omitting to record an expense in the CLE System results in the system not being able to calculate all costs associated with an event and thus automatically forward the authorization request to the appropriate level of authority.</p> <p>Certification of event expenditures</p> <p>We found that:</p> <ul style="list-style-type: none"> All event participation fee reimbursements are certified by an individual with the delegated financial authority required under section 34 of the <i>FAA</i>. All event participation fee payments are certified by an individual with the delegated financial authority required under section 33 of the <i>FAA</i>. All event participation fee payment requests were supported by the proper documentation.
RECOMMENDATIONS	3. Clarify internal guidelines and procedures for activities considered to be events to ensure that they are authorized by individuals with the appropriate level of delegation.	
RESPONSIBILITY IDENTIFIED	Organization	Finance Directorate
	Function	Manager, Accounting and Financial Policy and Systems
MANAGEMENT RESPONSE	We agree with the recommendation.	
MANAGEMENT ACTION PLAN	Details of the action plan	Deadline
	Clarifications and a questions and answers guide on events will	March 31, 2017



Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .	
	be sent to employees.	

2.3.5 Disclosure of expenditures

Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .	
FINDINGS	Criterion 5	Travel, hospitality and conference expenditures are disclosed in keeping with the requirements.
	Condition	<p>Conclusion about the criterion</p> <p>Travel, hospitality and conference expenditures are disclosed in keeping with the requirements.</p> <p><i>Compliance with the Directive on THCE Expenditures and the guidance document on proactive disclosure</i></p> <p>We reviewed the information published on the CSA’s website regarding senior management’s travel and hospitality expenditures for the first two quarters of 2016-2017.</p> <p>We found that:</p> <ul style="list-style-type: none"> Senior management’s travel and hospitality expenditures are disclosed in keeping with all the requirements of the guidance document and in a timely manner. <p>In addition, under the <i>Directive on THCE Expenditures</i>, the CSA must disclose the organization’s total annual travel, hospitality and conference expenditures, including a brief description of the key discrepancies in relation to the actual expenditures of the previous fiscal year. We reviewed the information published for 2013-2014 and 2014-2015.</p> <p>We found that:</p> <ul style="list-style-type: none"> The annual travel, hospitality and conference expenditures reviewed were disclosed in a timely manner and in keeping with the requirements of the <i>Directive on THCE Expenditures</i>.

Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .	
RECOMMENDATIONS	N/A	
RESPONSIBILITY IDENTIFIED	Organization	N/A
	Function	N/A
MANAGEMENT RESPONSE	N/A	
MANAGEMENT ACTION PLAN	Details of the action plan	Deadline
	N/A	N/A

APPENDIX A – TERMS OF REFERENCE

Audit objective	The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i> , the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i> .		
Audit criteria	Audit sub-criteria	Sub-criterion met Sub-criterion partially met Sub-criterion not met	  
Criterion 1: Travel expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.	Sub-criterion 1.1: Travel authorizations are completed and approved prior to each trip.		
	Sub-criterion 1.2: Travel authorizations are approved by an individual with the delegated authority required under section 32 of the <i>FAA</i> .		
	Sub-criterion 1.3: The most economical travel solution has been selected or is supported by a justification when required.		
	Sub-criterion 1.4: Expenditures claimed in expense reports are consistent with pre-approved expenses.		
	Sub-criterion 1.5: Expenditures claimed in expense reports comply with the <i>NJC Travel Directive</i> with respect to meals and incidentals, kilometric rates and authorized maximums for accommodation.		
	Sub-criterion 1.6: Expenditures claimed in expense reports are supported by the proper documentation when required.		
	Sub-criterion 1.7: Travel expense reports are certified by an individual with the delegated financial authority required under section 34 of the <i>FAA</i> .		
	Sub-criterion 1.8: Travel expense reports are certified by an individual with the delegated financial authority required under section 33 of the <i>FAA</i> .		
Criterion 2: Hospitality expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.	Sub-criterion 2.1: Hospitality fee authorization requests are completed by an individual with the delegated authority required under section 32 of the <i>FAA</i> prior to incurring the hospitality fees.		
	Sub-criterion 2.2: Hospitality fees incurred and claimed are consistent with the pre-approved hospitality fee authorization request.		

<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
	<p>Sub-criterion 2.3: Claimed hospitality fees are eligible in accordance with the <i>Directive on THCE Expenditures</i>.</p>	<p>●</p>
	<p>Sub-criterion 2.4: Hospitality fees incurred and claimed are supported by the proper documentation.</p>	<p>●</p>
	<p>Sub-criterion 2.5: Supporting documentation for hospitality fees incurred and claimed is certified by an individual with the delegated financial authority required under section 34 of the <i>FAA</i>.</p>	<p>●</p>
	<p>Sub-criterion 2.6: Payments for hospitality fees incurred and claimed are certified by an individual with the delegated financial authority required under section 33 of the <i>FAA</i>.</p>	<p>●</p>
<p>Criterion 3: Conference expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.</p>	<p>Sub-criterion 3.1: Conference attendance requests are pre-authorized in the Conferences, Learning and Events (CLE) System.</p>	<p>●</p>
	<p>Sub-criterion 3.2: Conference fees incurred and claimed are eligible in accordance with the <i>Directive on THCE Expenditures</i>.</p>	<p>●</p>
	<p>Sub-criterion 3.3: Conference fee payment requests are supported by the proper documentation.</p>	<p>●</p>
	<p>Sub-criterion 3.4: Conference fee payment requests are certified by an individual with the delegated financial authority required under section 34 of the <i>FAA</i>.</p>	<p>●</p>
	<p>Sub-criterion 3.5: Conference fee payment requests are certified by an individual with the delegated financial authority required under section 33 of the <i>FAA</i>.</p>	<p>●</p>
	<p>Sub-criterion 3.6: Conference expenditures claimed are consistent with the pre-approved expenditures.</p>	<p>●</p>
<p>Criterion 4: Event expenditure monitoring and control mechanisms ensure compliance with the <i>FAA</i> and the directives on THCE expenditures.</p>	<p>Sub-criterion 4.1: Event participation requests are recorded in the CLE System.</p>	<p>●</p>
	<p>Sub-criterion 4.2: Event participation fees are approved in accordance with the appropriate delegation of authority.</p>	<p>●</p>
	<p>Sub-criterion 4.3: Event participation fee payment requests are supported by the proper documentation.</p>	<p>●</p>

<p>Audit objective</p>	<p>The objective of the audit project was to determine whether the monitoring and control mechanisms in place for travel, hospitality, conference and event expenditures are appropriate and whether expenditures are incurred in accordance with the TBS <i>Directive on THCE Expenditures</i>, the National Joint Council <i>Travel Directive</i> and the <i>Financial Administration Act</i>.</p>	
	<p>Sub-criterion 4.4: Event participation fee reimbursement requests are certified by an individual with the delegated financial authority required under section 34 of the <i>FAA</i>.</p>	<p>●</p>
	<p>Sub-criterion 4.5: Event participation fee payments are certified by an individual with the delegated financial authority required under section 33 of the <i>FAA</i>.</p>	<p>●</p>
	<p>Sub-criterion 4.6: Event expenditures claimed are consistent with the pre-approved expenditures.</p>	<p>●</p>
<p>Criterion 5: Travel, hospitality and conference expenditures are disclosed in keeping with the requirements.</p>	<p>Sub-criterion 5.1: Senior management’s travel expenditures are disclosed on the CSA’s website in a timely manner.</p>	<p>●</p>
	<p>Sub-criterion 5.2: Senior management’s hospitality expenditures are disclosed on the CSA’s website in a timely manner.</p>	<p>●</p>
	<p>Sub-criterion 5.3: Total annual travel, hospitality and conference expenditures are disclosed on the CSA’s website.</p>	<p>●</p>