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Core Control Audit of the Canadian Human Rights Tribunal

April 2012

**Office of the Comptroller
General**

Canada

Objective and scope

The objective of this audit¹ was to ensure that core controls over financial management² within the Canadian Human Rights Tribunal (CHRT) result in compliance with key requirements contained in the corresponding legislation, policies, and directives. For the specific audit criteria please refer to <http://www.tbs-sct.gc.ca/report/orp/2011/ccac-cvcb-eng.asp>.

The scope of this audit included all transactions, records, and processes conducted by the CHRT from April 1, 2010 to March 31, 2011. Note that account verification and payment of payroll transactions were not assessed as these fall under the scope of Public Works and Government Services Canada through a Memorandum of Understanding with the CHRT. Further, criteria related to the Policy on Payables at Year End were not assessed due to low risk and materiality; and criteria related to the Policy on Internal Control were not assessed as full implementation of the policy is not required until Fiscal Year 2011-2012. Similarly, Performance Pay Administration was not assessed as preliminary conduct work confirmed that no performance pay was disbursed during Fiscal Year 2010-2011.

Transactions were selected from fiscal year 2010-2011 for all areas except for the Policy on Financial Management Governance, which included analysis for fiscal year 2010-2011 and fiscal year 2011-2012 up to the month of December 2011. The audit examined a sample of transactions for each of the policies and directives listed in Appendix A of this report.

Conformance with Professional Standards

This audit was conducted in accordance with the Government of Canada Standards for Internal Audit that includes the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing³.

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Why this is important

Canadians expect the federal government to be well managed and to be accountable for the prudent stewardship of public funds, the safeguarding of public assets, and the effective, efficient and economical use of public resources. They also expect reliable and transparent reporting on how the government spends public funds to achieve results for Canadians.⁴

¹ An audit is designed to provide reasonable but not absolute assurance over its findings and conclusions.

² See Appendix A for a complete list of policies and directives included in the scope of this audit.

³ The Office of the Comptroller General has not undergone an external assessment to support its conformance with this statement.

⁴ Policy Framework for Financial Management: Section 2. Context.

The Financial Administration Act designates deputy heads as accounting officers for their department or agency. As accounting officers, deputy heads are accountable for ensuring that effective systems of internal control are in place to provide compliance with applicable legislation, policies and directives; signing departmental accounts; and performing other specific duties assigned by law or regulation to the administration of their department or agency.

Audit Findings and Conclusion

Core controls over financial management within the Canadian Human Rights Tribunal resulted in compliance with the requirements contained in two of twelve policies, directives⁵ and corresponding legislation tested and in partial compliance with one directive tested. The CHRT was not in compliance with the requirements in nine of the policies and directives tested.

It was noted that roles and responsibilities within all Memoranda of Understanding and Service Level Agreements reviewed were not clearly defined and documented. Secondly, financial authorities were delegated to some individuals who had not received the mandatory training to exercise their delegated authorities. Thirdly, processes to support operations were not developed in most business areas. Lastly, documentation on file was insufficient to support the majority of contracting decisions taken as well a number of other expenses incurred.

Recommendations

The CHRT should ensure that roles and responsibilities are clarified and documented; mandatory training is provided; and that processes and procedures supporting compliance with financial management policies are developed, implemented and documented.

Management Action Plans

Management has accepted the audit findings and has developed an action plan to address the recommendations received. The Management Action Plan is available on the CHRT's website.

The results of the audit and the Management Action Plan have been discussed with the Vice-Chairperson of the CHRT and the Small Departments and Agencies Audit Committee. The Office of the Comptroller General will follow-up on the Management Action Plan until all findings are resolved.

⁵ See Appendix A for the Agencies' overall compliance in the areas tested.

Appendix A: Policies and Directives Tested

Compliance is assessed based on the key requirements of the Policies and Directives tested. Please refer to the specific audit criteria listed at: <http://www.tbs-sct.gc.ca/report/orp/2011/ccac-cvcb-eng.asp>.

Policies and Directives Tested	Compliance
Directive on Delegation of Financial Authorities for Disbursements	Not Met
Policy on Financial Management Governance	Not Met
Directive on Expenditure Initiation and Commitment Control ⁶	Not Met
Directive on Account Verification ⁷	Partially Met
Directive on Acquisition Cards	Not Met
Directive on Accountable Advances	Met with Exception
Contracting Policy	Not Met
National Joint Council Travel Directive and the Directive on Travel Cards and Travellers Cheques	Not Met
Hospitality Policy/ Directive on the Management of Expenditures on Travel, Hospitality and Conferences	Not Met
Directive on Leave and Special Working Arrangements	Not Met
Casual Employees	Met
Directive on Financial Management of Pay Administration	Not Met

Legend of Compliance Thresholds ⁸	
Met	Greater than or equal to 99% compliance.
Met with exception	Greater than or equal to 90% and less than 99% compliance.
Partially met	Greater than or equal to 80% and less than 90% compliance.
Not met	Less than 80% compliance.

⁶ Includes *Financial Administration Act*, Section 32.

⁷ Includes *Financial Administration Act*, Sections 33 and 34.

⁸ Compliance thresholds for the transactions tested.