



Audit at a Glance

Audit of expenditure management and controls

A sound and effective system for managing spending is central to the government's ability to carry out its fiscal responsibilities, fund its programs, control spending and report financial and performance information to Parliament and the public. A system that works well promotes efficient, responsive and accountable government. Expenditure management and the proper exercise of controls are an important aspect in ensuring that ECCC spends public funds with prudence and probity, and receives proper value for the money spent.

What the audit examined

The objectives of this audit were to determine whether:

- ECCC's expenditure management framework is effective
- ECCC's expenditures are in compliance with the central agency and departmental policies and directives pertaining to accounts payable transactions

The audit covered the period from April 1, 2016, to March 31, 2017. It focused on governance, risk management and internal controls, namely roles and responsibilities, training, monitoring and oversight, segregation of duties and compliance with relevant policy requirements. Given their unique nature, complexities and risks, payroll, salary advances and transfer payments were excluded from the audit.

The audit criteria (see [Appendix A](#)) were developed using TB and departmental policies and directives, with a particular focus on the TB [Policy on Financial Management](#) and the TBS [Directive on Delegation of Spending and Financial Authorities](#).

What the audit found

Based on the audit findings, ECCC has an adequate management control framework in place to support expenditure management and compliance with applicable central agency and departmental policies for the period under review. Specifically, the audit found that:

- Roles and responsibilities are defined, documented and communicated.
- Training is offered and delivered on a regular basis to allow employees to meet their training obligations and carry out their duties.
- There is a process in place to verify that specimen signature records are adequately maintained and reviewed regularly.
- Tools are generally in place to assist employees in performing account verification.
- There exists a proper segregation of duties.

- Quality assurance reviews are systematically conducted on a quarterly basis and results are communicated to senior management for information and decision making.

Recommendation and management response

One recommendation has been developed to address the need for management to take necessary measures to reduce the critical error rates in the low-risk and medium-risk categories to within the maximum tolerable error rate.

Recommendation 1: The Assistant Deputy Minister, Corporate Services and Finance Branch, should take the necessary measures to reduce the critical error rates in the low-risk and medium-risk categories to within the maximum tolerable error rate.

Management response: Management agrees with the recommendation. Critical errors rates in the low and medium-risk category have already significantly decreased since FY 2016 to 2017. Corporate Services and Finance Branch (CSFB) will continue to monitor transactions in order to take the necessary measures to support ECCC delegated managers in reducing these critical errors rates within the maximum tolerable error rate.

These measures include CSFB's quarterly awareness program started in the third quarter of FY 2016 to 2017. Through this program, all detected errors (for high, medium and low-risk transactions) are the basis for a reporting to administrative staff, delegated managers that had two errors or more during the reporting period, and, since May 2018, branch heads, financial management advisors and finance senior management (directors, Deputy Chief Financial Officer and Chief Financial Officer).