

Western Economic Diversification Canada
 Audit Report (04 July 2006)
 Audit of the Financial Management of Grants and Contributions
 Management Action Plan (06 July 2006)

Finding Number	Recommendation	Management Action Plan	Estimated Completion Date
B.1	Discuss with other regions or headquarters the proper method for recording PAYE's to avoid the discrepancy in the system in the future. For the infrastructure program, since the use of two separate systems is unavoidable at this point, ensure awareness of these possible timing differences.	The department will ensure that regions document where file information and system information differ. This documentation will be recorded both in the financial system and on the file. A communication message will be sent out to all regions.	31-Jul-06
B.2	<u>Short term:</u> Ensure that these spreadsheets are available to others in the organization on shared network drives. They can be protected to ensure no unauthorized manipulation. <u>Long term:</u> Improve system reports to provide the required information directly from the system.	The department will undertake a review of processes to ensure that where applicable share file access is available to staff. The department will undertake a review of existing reports to ensure that where appropriate, report development will be undertaken to ensure consistency.	Fall 2006
B.3	Develop single recipient list managed centrally. To develop and implement a standard recipient coding system at the department level.	The department will review the current process and consider the centralization of creation of new suppliers within the financial system.	31-Jul-06
B.4	<u>Short term:</u> Ensure that these spreadsheets are available to others in the organization on shared network drives. They can be protected to ensure no unauthorized manipulation. <u>Long term:</u> Improve system reports to provide the required information directly from the system.	The department will undertake a review of processes to ensure that where applicable share file access is available to staff. The department will undertake a review of existing reports to ensure that where appropriate, report development will be undertaken to ensure consistency.	Fall 2006
B.5	<u>Short term:</u> Ensure that these spreadsheets are available to others in the organization on shared network drives. They can be protected to ensure no unauthorized manipulation. <u>Long term:</u> Improve system reports to provide the required information directly from the system.	The department will undertake a review of processes to ensure that where applicable share file access is available to staff. The department will undertake a review of existing reports to ensure that where appropriate, report development will be undertaken to ensure consistency.	Fall 2006
C.1	Project proposals should be reviewed and recommended for the due diligence process by a committee of managers. The larger Grants and Contributions Committee chaired by the ADM would then review the projects only after the due diligence reports including the financial and risk assessments are completed and all facts are known.	Review the project due diligence and approval processes for the department with the DGs.	Fall 2006
C.2	Ensure the due diligence includes some assessment of recipient viability and states any issues which may have arisen in previous audit reports.	Reinforce through project officer/manager training. Reinforce through regional management/HQ challenge process.	Complete
D.1	The department should use standard clauses in all cases. Consideration should be given to developing a separate, shorter standard for conference support or similar projects.	Reinforce through project officer/manager training. Reinforce through regional management review process and follow up audits. Consider using grants where appropriate..	Fall 2006
D.2	Ensure that it is understood that no good or service can be received by the federal government as a result of a contribution or grant. Provide training on the Transfer Payments Policy.	Reinforce through project officer/manager training. Reinforce through regional management/HQ challenge process.	

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H.1	Review the delegations and immediately prepare a new document for the new incoming Minister to sign.	Develop a formalized review process of delegations and prepare a new document for the new incoming Minister to sign.	Complete
H.2	Should the official delegation document be at too high a level, a revised delegation document signed by the Minister as stipulated in the FAA can legally delegate authority to the appropriate levels. An additional delegation document such as the 1998, if considered necessary for administrative purposes, can be more restrictive than the official delegation document above but it cannot be more permissive. The perceived benefit would also be improvement in project/program governance and management.	The department will review the existing delegation matrix and the operational signing authorities	Fall 2006
H.3	Once the official delegation document is revised as recommended above, provide training to all staff whether or not they have delegated authorities.	Reinforce through financial officer/project officer/manager training.	Winter 2006/07
H.4	Once the official delegation document is revised as recommended above, provide training to all staff whether or not they have delegated authorities.	Should we delete this one. This is in response to H4 which is part of H3 and could be consolidated.	
H.5	Ensure that the "area of authority" on the revised delegation document reflects the correct area of authority.	The department will be updating the matrix to clarify the area of authority.	
H.7	Each finance office should regularly do a review to satisfy its requirements under S. 33.		
I.2	Communication of the limit to all working on G & Cs. Ensure that the system can provide recipient history at the time proposals are being reviewed. Check the standing of recipients to ensure that they have not or are not close to exceeding the limit.	Development of a quarterly reporting system that will confirm expenditures and alert Management to recipient that are close to \$35M Maximum.	Fall 2006
L.1	Advances should be the exception not the rule. The negative connotations regarding lapsing resources need to be eliminated. Recommend close monitoring of advances particularly at year-end and a requirement for senior management approval of those advances in writing. Compliance with the Transfer Payments Policy.	The department will reinforce its departmental policy that advances are treated as the exception to the rule. Training and communication on the use and treatment of advances will be completed.	Complete
L.2	Increase use of holdbacks. Provide advances only when it is clear that it is absolutely necessary in order for the project to proceed as stated in the Transfer Payments Policy.	The department will reinforce its departmental policy on the treatment of advances.	Complete
N.1	Develop a policy and establish guidelines for the use of holdbacks.	Develop a policy and establish guidelines for the use of holdbacks.	Fall 2006
O.2	Regions should share best practices for clearing PAYEs. Particularly for those PAYE's outstanding over a year, send letters with deadlines for reporting to the recipients. If still no reporting is received, delete the payable. Follow up diligently on those PAYEs less than a year. More diligently review any possible PAYEs to be set up for 2005-06.	The department will develop and implement a more systemic and proactive approach to ensure file documentation is current outstanding PAYE's and that they are cleared in a timely manner.	
P.2	Ensure that the recipient understands the agreement terms and conditions and report earlier rather than later any changes requiring amendments. Provide a clear termination date in the agreements. All dates within the agreement are contractually binding terms and both parties should be fully aware of this.	Reinforce through project officer/manager training. Reinforce through regional management review process. Review the need to use a termination date in agreements.	Fall 2006
Q.2	Program the system to generate warnings or reports of upcoming report due dates.	The department will review G/X reporting capability in producing automated reports for monitoring due dates on financial reporting.	Fall 2006
R.3	Determine how the other regions are coding these recoveries. Discontinuation of the practice of crediting to the vote recoveries of previous year expenditures.	The department will confirm regional practices and advise regions in writing.	
S.2	Develop a procedure for reviewing financial statements and provide training to those who are required to analyse them. Need to determine if this is a widespread issue.	Develop and provide financial analysis training based on staff input.	Spring 2007
U.1	A clause in the terms and conditions of the agreement that audits and claims for payment may be shared with other funding agencies particularly other federal departments.	Insert a clause into agreements that audits and claims for payment may be shared with other funding agencies particularly other federal departments.	Fall 2006