



Audit & Ethics Branch (AEB)

Follow-up Review of Advertising 2000/01 through 2002/03 November 2003



Public Works and
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Context:

- Sept 2001 - realignment of GoC advertising responsibilities
 - Communication Canada - responsible for GoC advertising coordination
 - PWGSC- responsible for GoC advertising procurement
 - All OGDs - responsible for identifying/managing their advertising requirements
- May 2002 - OAG launched government-wide audit of sponsorship, advertising & POR
- Aug 2002 - PM-requested Review of Advertising Activities launched
 - TBS-led, guided by interdepartmental ADM committee
 - PWGSC key participant
- Jan-Apr 2003 - changes to advertising practices - new GoC policy/guidelines
- March-Apr 2003 - AEB review of advertising files (1997/98 - 1999/00) noted several important deficiencies (requested by former DM)
- Apr 2003 - ARC requested this Follow-up Review of Advertising to extend review coverage from 2000/01 to 2002/03



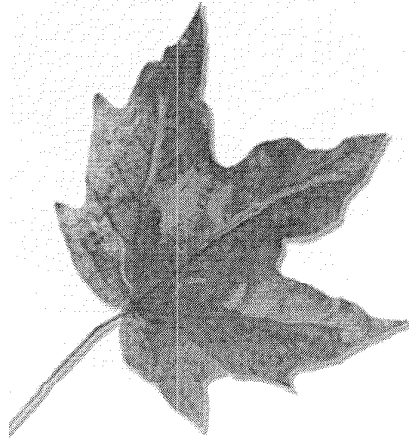


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Review Scope and Objectives:

- Identify and document any noteworthy changes to the key features (policies, processes, systems and controls) of the management control framework (MCF) used by PWGSC to manage advertising during the 2000/01 through 2002/03 period. As a result of the 2001 realignment of advertising responsibilities, MCF improvements were expected.
- Identify, through application of review tests to a sample of advertising files, any issues of significance or material risks to PWGSC stemming from the review of advertising files.





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Review Methodology:

- Review Criteria
 - ▶ MCF changes (as determined and documented during this review)
 - ▶ FAA and TBS/Departmental policies in place at the time
 - ▶ Acceptable contract management practices (contract administration)
 - ▶ Acceptable file management practices (required documentation)
 - ▶ Evidence available and situation as it existed at the time
- Review Procedures
 - ▶ Population - two data sources were needed to estimate population
 - ▶ Review tests - applied to selected sample of advertising files
- Oversight - Sponsorship Executive Steering Committee (SESC)
- Coordination - separate PWGSC/CC advertising reviews undertaken



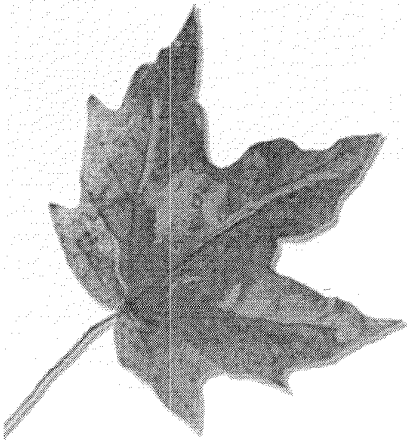


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Review Findings:

- Progress noted in:
 - ▶ the availability and quality of advertising information (data)
- Continued lack of adequate:
 - ▶ file management (5% of sampled files not found)
 - ▶ definition of advertising requirements & deliverables (statement of work)
 - ▶ justification for selection of suppliers
 - ▶ invoice support required to confirm Spending Authority (FAA s34)
- PWGSC Advertising Policy (DP 048) not revised to reflect the realignment of advertising responsibilities in September 2001 and TBS policy revisions
- Annual Advertising Plans not linked to advertising activities





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Conclusions:

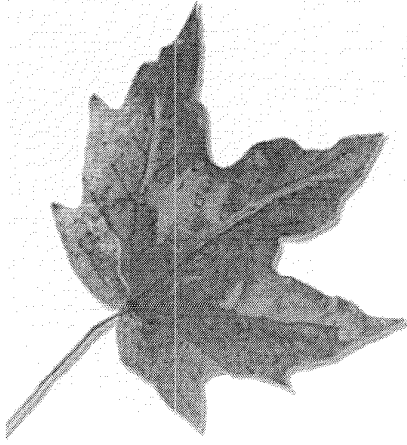
- Despite noting some progress in the availability and quality of advertising information, PWGSC's ability to fully demonstrate due diligence in the management of past advertising activities is still at risk. The MCF over advertising lacked sufficient controls throughout this review period (2000-2003) to ensure all PWGSC advertising activities were effectively managed.



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Other Observations:

- As part of the changes to GoC advertising practices, PWGSC is responsible for the integrity of the procurement process. It is not clear with respect to contract administration what PWGSC versus OGD roles and responsibilities are in the following areas:
 - clearly specifying advertising requirements and contract deliverables
 - ensuring appropriate subcontracting practices are followed
 - verifying contractor performance prior to invoice payment
 - managing the AoR agreement, including auditing the AoR





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Recommendations:

- Acknowledging that the changes to the GoC's advertising practices will impact PWGSC and may necessitate further internal changes, PWGSC's advertising MCF should be improved in the following key areas:
 - ▶ Although some progress was noted with information management practices and systems, these practices and systems have not yet fully matured and should therefore be improved to ensure PWGSC has more reliable management and operation level advertising information.
 - ▶ PWGSC's advertising policy and related internal processes and procedures should be updated to reflect the September 2001 realignment of advertising responsibilities and revised TBS policies.
 - ▶ Given shared advertising accountabilities exist, PWGSC should seek to clarify and make more transparent its advertising roles and responsibilities versus those of OGDs.
 - ▶ To better position government officials to exercise due diligence under s.34 of the FAA, PWGSC should (to the extent it is responsible) improve the processes used to clarify advertising contract requirements/deliverables as well as the processes to ensure advertising invoices are adequately supported by appropriate documentation. Further, PWGSC should ensure managers understand their responsibilities under the FAA and exercise due diligence in discharging these responsibilities.

