2001-717

Follow-up Review of Sponsorship Files

Final Report

2002-03-04

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1   Introduction

1.1   Authority for the Project

This review was included in the Public Works and Government Services Canada (PWGSC) Management Action Plan developed in response to the August 2000 Final Report for project 2000-723 - the directed Audit of the Management of Sponsorships at the Communications Coordination Services Branch (now Communication Canada). This review was the lone item in that Management Action Plan for which the Audit and Review Branch (now the Audit and Ethics Branch) was identified as the Office of Primary Interest. Completion of this review concludes the involvement of the Audit and Ethics Branch in the action items identified in that Management Action Plan.

1.2   Objectives, Scope and Methodology

The objective of this follow-up review was to assess the adequacy of documentation on sponsorship files approved between May 31, 2001 and September 1, 2001.

This review focused on verifying the existence of documentation which must be retained on Communication Canada (CC) sponsorship files approved during the period reviewed as evidence of the management of these sponsorships from the time they were approved to the point when all activities relating to their management have been completed.

Following preparation of a Terms of Reference (ToR), the review began with a project initiation meeting which was attended by the review team, the Director of the Sponsorship Program, and the Communication and Strategic Planning Officer (C&SPO) responsible for managing sponsorship files. During this initiation meeting, the project's ToR, the general approach to be used by the review team, and the project schedule were presented, discussed and agreed to.

A formal interview was conducted with the C&SPO and the Chief, Special Projects (C-SP) to identify the sponsorship management process and the mandatory documentation which must be retained on each sponsorship file. This process was subsequently documented by the review team and confirmed by the C&SPO. This process and its documentation requirements then became the criteria against which sponsorship files were subsequently reviewed.

Communication Canada provided documents indicating a total population of 323 sponsorship files that were approved between May 31, 2001 and September 1, 2001. Of these, a sample of 120 files were selected by the project team and reviewed against the established review criteria. This sample of 120 files:

- represented 37% of the population of 323 approved sponsorships
- represented 87% of the total value of the population of 323 approved sponsorships
- included 100% of sponsorships worth more than $100,000

- included 62% of sponsorships worth between $25,000 and $100,000
- included 12% of sponsorships worth less than $25,000
- included all sponsorships for which extra money was granted (e.g. production budgets)
- included all files where the approved sponsorship amount exceeded the amount requested
- included sponsorships managed by each of the nine (9) available Communication Agencies.

As files were reviewed, the review team recorded the application of the review criteria and the existence of mandatory documents on each file. As needed, the C&SPO and the C-SP were consulted to answer questions arising from these file reviews.

Following completion of the file reviews, a Summary of Findings was prepared and provided to the C&SPO and the C-SP for comment. At a subsequent debriefing, this Summary of Findings was provided to and discussed with the Assistant Executive Director of Public Programs and Services at CC, the Director General of Community Relations at CC, and the Director of the Sponsorship Program at CC.

1.3   Background - Communication Canada

Communication Canada was created September 1, 2001 when the communication activities provided by the former Communications Coordination Service Branch of PWGSC and those of the former Canada Information Office were combined.

Communication Canada's mandate is to improve communications between the Government of Canada (GoC) and Canadians. CC's Sponsorship Program is designed to increase awareness of the GoC among Canadians and to increase federal presence and visibility in communities across Canada. This increased presence and visibility is made possible through various kinds of communication tools including use of the Canada wordmark at events and through organizations which have high credibility with Canadian citizens in areas such as sports and culture.

1.4   Overview - Sponsorship Management

Communication Canada uses a multi-step process for managing all sponsorships. When a sponsorship is approved, CC enters into contractual relationships with its Agency of Record (AoR) and one of its nine Communications Agencies (CA). The AoR is a private sector organization which acts as an intermediary for financial control purposes between CC and the CAs and sponsorship recipients. The nine CAs, also private sector entities, manage sponsorships on behalf of the GoC, including providing professional advice to the sponsorship recipients on planning and achieving the desired visibility for the GoC.

Under this management process, a number of key documents must be retained on the sponsorship files including a Sponsorship Proposal, a Sponsorship Approval Letter, a Visibility Plan, an event Post Mortem Report, formal Estimates for the production of additional promotional materials, all contract documents, and fully supported invoices from the AoR and the CAs. The full list of these required documents formed the criteria against which each sponsorship file was reviewed.

2   Findings, Conclusions and Recommendations

2.1   Findings

Based on the application of the review criteria to the selected sample of 120 sponsorship files approved during the period under review, the review team found that:

- Of the 120 sampled files, 48 were *fully completed* files while 72 were *in progress* files. The review team classified sponsorship files as *fully completed* if the sponsored events had taken place, all required documents had been received and filed, and all moneys had been paid to the appropriate parties. The review team classified files as *in progress* if some aspects of the sponsorship management process had been completed (e.g. the sponsorship had been approved) while others remained outstanding (e.g. not all documents had yet been received/filed, or not all payments had yet been paid out).

- Of the 120 sampled files, 115 files contained all required documents *given the specific file's degree of maturity within the sponsorship management process*. Of these 115 files, 46 were *fully completed* files while 69 were *in progress* files. The 46 *fully completed* files contained all documents required under the cradle-to-grave sponsorship management process. Similarly, the 69 *in progress* files contained all documents required under the sponsorship management process *given the specific file's degree of maturity within the sponsorship management process*. Consequently, these 115 files were considered to be *Files Containing All Required Documents*.

- Of the remaining 5 files, 3 were *in progress* files which lacked required documents *given the specific file's degree of maturity within the sponsorship management process*. In each of these 3 cases, the review team holds the opinion that the missing documents should have been found on the files. Consequently, these 3 *in progress* files were classified as *Files Lacking Required Documents*.

- The final 2 files were *fully completed* files which did not contain all required documents. However, in each of these last 2 cases, the explanations provided by CC for not having the required documents on file were accepted as plausible under the circumstances. Although unable to classify these as *Files Containing All Required Documents*, the review team accepts the plausibility of these explanations and will therefore classify these last 2 files as *Anomaly Files - Explanation Accepted*.

2.2   Conclusion

Based on the findings noted above, the Audit and Ethics Branch has concluded that for the period reviewed, Communication Canada has, with very few exceptions, ensured that all mandatory documents required per the CC sponsorship management process exist and have been appropriately included in approved sponsorship files.

2.3   Recommendations

There are no recommendations resulting from this Follow-up Review of Sponsorship Files.