

AUDIT OF THE EXPENSES RELATING TO THE CANADIAN COAST GUARD AUXILIARY ANNUAL MEETING

Background

- The Canadian Coast Guard Auxiliary Incorporated (CCGA) is a volunteer organization that assists Fisheries and Oceans Canada (DFO) in the provision of search and rescue in the waters of Newfoundland and Labrador.
- The CCGA held its seventh annual general meeting, search and rescue competitions and award ceremonies in L'Anse au Loup, Labrador, from September 23 to 25, 2005. Each year, the Canadian Coast Guard (CCG) participates in the annual meeting and related events by providing logistical and administrative support, such as the operation of fast rescue craft, training, and skill demonstrations. CCG personnel also act as judges and scorekeepers during the competitions.
- The Deputy Minister mandated the Audit and Evaluation Directorate to conduct an audit of the travel expenses incurred and the air transportation costs paid by the Department.
- The audit scope included the examination of all travel authorities, travel claims, and documents related to the chartering of an aircraft. Interviews with regional senior managers and other personnel were conducted. The audit work was completed in January 2006.

Assurance Statement

- Sufficient and appropriate audit work has been performed and evidence gathered to support the accuracy of the audit findings and conclusions contained in this audit report.

Audit Findings

Authority to Travel and Travel Claims

- We observed that:
 - The majority of Travel Authority and Advance forms were approved by authorized officers after the event.
 - Travel Expense Claims were approved by authorized officers and verified by Finance and Administration, who carry out the verification of all travel and

hospitality claims. Travellers were reimbursed only for authorized expenses and supported by proper documentation. Any errors or omissions found during the verification were corrected before the claims were submitted for payment. In many cases, travellers were notified of revisions made to their claims.

- There was no evidence to suggest that members of the CCGA were reimbursed for meals or accommodation expenses by the Department either on an individual or group basis. In addition, there was no evidence on the Travel Expense Claims indicating that additional costs were reimbursed to employees due to the presence of guests. It should be noted that the spouses of DFO employees were guests of the CCGA.

Transportation Costs

- Most of the DFO employees travelled by charter to L'Anse au Loup. The chartered aircraft also accommodated CCGA members, guests and one Transport Canada official. A few members of the departmental staff travelled by land.
- There was no contract prepared and approved for the chartering of the aircraft. We were informed that a misunderstanding between two units and an urgent workload contributed to this situation. Based on the information gathered, this is an isolated occurrence and the personnel involved in this file have since participated in the mandatory training provided by Finance and Administration.
- The Department spent \$16,943 (not including tax) to transport departmental staff, spouses of DFO employees, members of the CCGA and a Transport Canada official. The CCGA and the other department were billed \$6,118.52 and \$470.66 respectively in November and December 2005 to recover the transportation costs.
- The use of a chartered aircraft was more suitable based on a combination of trip duration, cost and practicality. The cost of charter was cheaper than transportation by land.
- The analysis of other means of transportation, such as the use of rental vehicles, private vehicles or commercial air transportation shows that it would have been cheaper to rent vehicles than charter. However, the use of private vehicles would have been the highest cost of all means of transportation followed by the rental of vehicles when salary cost is taken into account.
- Our interviews indicated that it was common practice for the CCGA to invite spouses of DFO employees and for the Department to provide transportation for them. *Financial Policy No. 406* defines hospitality function types and the Hospitality

Approval Authority required for each type. One type of hospitality defined in the *Policy* includes “*Extraordinary hospitality expenses for spouse or other accompanying person officially attending a function... such as travel costs, theatre tickets, or tours.*” The Minister or the Deputy Minister have the financial authority to approve this type of hospitality. In this case, we observed that the authority had not been sought.

Overall Conclusions

- Travel expenses for employees were adequately supported and claimed in compliance with applicable policies. However, the majority of Travel Authority and Advance forms were approved after travel to the meeting had taken place. Hospitality expenses extended to guests had not been properly authorized. There was no evidence suggesting that the Department incurred or reimbursed expenses to the CCGA members and guests for the events that took place in L’Anse au Loup.
- We concluded that the chartered aircraft did not exceed the cost of transportation by land. However, no contract was prepared for the aircraft charter. In addition, proper approval was not sought for extending transportation to spouses.