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# AUDIT OF OVERSEAS EVENTS

Audit and Evaluation Division

Canada 

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## 1.0 Background

To pay tribute to all those who served Canada in its military efforts, the Commemoration Division of Veterans Affairs Canada (VAC) organizes commemorative events in Canada and overseas as one element of its Canada Remembers Program. These events are led and organized by VAC with assistance from the Department of National Defence. There are a number of Memoranda of Understanding and/or Letters of Agreement with other government organizations, including the Royal Canadian Mounted Police, Canadian Heritage, Parks Canada, Global Affairs Canada and other levels of government and non-governmental organizations, both in Canada and abroad. The delegation which attends the events can consist of the Minister of Veterans Affairs, Veterans, caregivers, parliamentarians, media representatives, youth representatives and VAC employees.

In 2017, in addition to in-Canada events, VAC delivered commemorative events overseas to mark three major military milestones: the centennial of the Battle of Vimy Ridge in April (France), the 75<sup>th</sup> anniversary of the Dieppe Raid in August (France) and the centennial of the Battle of Passchendaele in November (Belgium). Given that overseas events had not been previously audited and that resources were allocated for the 2017 events with the understanding that an audit would be conducted, the present audit was included in VAC's 2017-2018 Risk-Based Audit and Evaluation Plan approved by the Deputy Minister.

Commemorating three major military milestones within a relatively short period, between April and November, required considerable advance planning. For example, the Commemoration Division, which is responsible for all of VAC's commemorative initiatives, developed and proposed business cases starting in 2012. The business cases outlined high level proposals for the commemorative approach to be taken, resources required, how the events would be planned and delivered, roles and responsibilities, objectives of the events, desired results, and risks.

All commemorative initiatives normally fall under the responsibility of the Commemoration Division but task forces have been used in the past for larger events. Due to the scale of the 2017 overseas events, a decision was made in 2016 to create the Overseas Commemorative Events 2017 Task Force (Task Force) to specifically undertake the planning and delivery of the 2017 overseas events. This allowed the Commemoration Division to focus on delivering the domestic events marking the three major milestones, in addition to managing all other commemorative initiatives. Note: To give a sense of the scale of the 2017 overseas events, the budgets were \$10,125,000, \$1,250,000 and \$1,000,000 for Vimy, Dieppe and Passchendaele respectively, for a total of \$12,375,000.

During the period starting in 2016, the Commemoration Division and the Task Force, which both reported to the Assistant Deputy Minister, Strategic Policy and Commemoration, worked together to facilitate the transition between the 2012-2015 planning undertaken by the Commemoration Division and the delivery of the 2017

overseas events by the Task Force. This collaboration was also required to ensure that the domestic and overseas events were delivered in a complementary fashion.

Furthermore, some experienced Commemoration Division staff were assigned to the Task Force and some aspects of overseas activities, such as youth engagement, were carried out by the Commemoration Division. The Task Force also recruited other departmental staff with skills and experience in event planning, communications, logistics, transportation, accommodations, security and procurement. SOMOS Consulting Group, through a procurement process led by Public Services and Procurement Canada, was awarded a contract on April 18, 2016, to help support the delivery of overseas events.

In 2018, the Task Force was disbanded. Once again, the Commemoration Division took full responsibility for all commemorative initiatives, including overseas events.

## **2.0 About the Audit**

### **2.1 Audit Scope and Objectives**

The audit examined the management control framework in place for overseas events. This included processes for planning, executing, and reporting of the three overseas events delivered in 2017. Commemoration Division and Task Force documentation was reviewed to test compliance with processes. The audit team also examined event approvals to verify compliance to Treasury Board (TB) policies and directives for the 2017 overseas events. The audit excluded the letters of agreement and memoranda of understanding with other parties. Access to overtime records proved to be a scope restriction.

The objectives of this audit were as follows:

1. assess the adequacy of the management control framework of overseas events;
2. assess compliance with TB policies and directives; and
3. assess compliance with VAC business processes related to planning and delivery of overseas events.

The audit criteria are provided in Appendix A.

### **2.2 Methodology**

The examination phase of the audit was conducted between September 2017 and May 2018. Direct observation of the delivery of overseas events commemorating the centennial of the Battle of Passchendaele also supported the Evaluation of Public Recognition and Awareness.

The audit findings and conclusions contained in this report are based on sufficient and appropriate audit evidence gathered in accordance with procedures that meet the Institute of Internal Auditors' International Standards for the Professional Practice of

Internal Auditing as supported by the results of the quality assurance and improvement program. The opinions expressed in this report are based on conditions as they existed at the time of the audit and apply only to the entity examined.

<b>Methodology</b>	<b>Purpose</b>
File review of invoices, and event docket	To assess compliance with business processes and TB policies and directives
On-the-ground observation of the Battle of Passchendaele overseas event	To assess the business processes, risk management and planning that supported the delivery of the event
Documentation review	To assess compliance with business processes and TB policies and directives
Data analysis of financial expenditures related to overseas events	To assess the adequacy of the management control framework
Interviews with VAC staff in Canada (i.e. Charlottetown, Ottawa) and France	To assess compliance with business processes and TB policies and directives, and to assess the adequacy of the management control framework

### **3.0 Audit Results**

#### **3.1 Management Control Framework**

A management control framework is made up of key management controls that are reasonably expected to be in place in any department or agency to enable the achievement of objectives. Management controls are practices and procedures established to create business value and minimize risk. They include policies, procedures, business processes, roles and responsibilities, objectives and/or performance measures, monitoring and reporting.

An effective system of internal control is integral to an organization’s ability to manage risks and to achieve objectives related to operational effectiveness, reliable reporting and compliance. Controls contribute to the proactive and intelligent management of risk, which, if left unmanaged, can prevent key performance objectives in these areas from being achieved. When the organization’s system of internal control is effective, losses are minimized and performance is optimized.

It is important to note that the organization’s control framework does not guarantee that risks will be prevented, detected and managed, nor that the organization will achieve its goals. It does, however, greatly increase the likelihood that organizational objectives will be achieved.<sup>1</sup> Management controls also support compliance with applicable legislation, policies, and guidelines.

<sup>1</sup> Internal Audit Sector of the Office of the Comptroller General: Core Management Controls, A Guide for Internal Auditors (2007).

### **3.1.1 Planning**

At the outset of the audit, the audit team expected to find that roles and responsibilities, key deliverables, resources, and timelines were clearly defined in an integrated framework supporting overall planning and delivery.

Roles and responsibilities were clearly defined as observed by the audit team during the delivery of the Passchendaele event and as documented in project charters, implementation directives and operations team documents. In addition, VAC staff involved in delivering the 2017 events indicated that roles and responsibilities were understood.

Early in the planning phase, the Vimy event had a documented project plan that included clearly defined roles, responsibilities, resources, timelines, risk management and communications plan. Documentary review and interviews did not indicate that the project plan was referenced or updated as planning progressed. The audit team did not receive documentary evidence of a project plan for the Dieppe and Passchendaele events; although other types of planning documents existed, they were not as fulsome as a project plan. A project management approach helps to minimize risk and identify problems early on, ensures good communication among team members and ensures project goals are achieved as efficiently and effectively as possible.

### **3.1.2 Risk Management**

As part of any successful event planning process, hazards should be identified and risks assessed and controlled to minimize the potential for injury or harm to persons or property, or jeopardize the achievement of event objectives.

A review of key documents confirmed that risks associated with physical and personal health, safety and security of participants were adequately identified and assessed for the three events. These risks are high priority but there are other risks associated with event planning activities that occur during the months leading up to an event. While such risks may have been addressed by staff throughout the planning and delivery of events, the audit team did not find evidence of a risk management process according to which risks were being identified, monitored and reported on.

As part of risk management, lessons learned should be documented and include details related to the issue, steps taken to resolve and what corrective actions could be put in place to reduce the risk of recurrence. This information should be recorded in a timely manner to support the planning of future events. In 2017, there was a compressed period of time to record lessons learned given the limited transition time between events. The audit team reviewed the summary report prepared following each of the overseas events. Each summary report outlined successes and challenges. Two of the three summary reports would have benefited from more detail regarding the factors contributing to challenges encountered or a recommendation on corrective actions to

reduce the risk of recurrence. One of the three summary reports was not prepared in time to inform the subsequent event. A wrap-up report was shared with the audit team during the drafting of the audit report. The report examined overarching areas and themes related to the three 2017 overseas events and identified potential improvements and recommendations to aid in the execution of future events. Leveraging lessons learned from previous events supports continuous improvement and reduces the risk of recurrence of similar issues in the future.

### 3.1.3 Monitoring and Reporting

Effective planning and risk management are supported by sound monitoring and reporting tools and processes. Monitoring is the process of systematically tracking key indicators to assess progress made in achieving goals and objectives. Monitoring related to planning and delivery of events would take information from project plans and periodically assess the progress achieved against these benchmarks and account for changes to the scope, scale or budget of the event. This ongoing monitoring would assist with decision-making and risk management during the life-cycle of the project. At the end of a project, analysis of this information would indicate if resources (time, money, staff/partners) were utilized effectively and these results would then inform future planning.

The audit found that there was monthly financial monitoring and reporting of year-to-date expenditures and outstanding commitments. There was also evidence of performance indicators (e.g. number of participants in person and online through VAC's social media channels) used to monitor and report against desired outcomes. In addition, there was evidence of weekly meetings with strategic partners to track progress on planning efforts and resolve issues. These activities point to reporting and monitoring against strategic outcomes; however, the events would also have benefited from operational indicators to support monitoring related to resources used during the planning and delivery of events. For example, indicators could have been developed for expenditures related to salary, overtime and transportation. Reporting against operational indicators would increase the Department's ability to assess whether resources are used effectively. Also, information derived from indicators could be leveraged toward the planning and delivery of future events.

## 3.2 Compliance with Applicable Policies and Directives

According to the *TB (Treasury Board) Directive on Delegation of Spending and Financial Authorities*, expenditure initiation approval is required prior to making an obligation that will result in the eventual expenditure of funds. At the time of the audit, VAC's interpretation was that authorizations for overseas events were governed by the *TB Directive on Travel, Hospitality, Conference and Event Expenditures*, and according to this *Directive*, the Minister must provide expenditure initiation approval for events when total departmental costs exceed \$50,000<sup>2</sup>.

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<sup>2</sup> Prior to June 1, 2017, the limit was \$25,000.



To assess if event authorizations were properly prepared and approved by the right authority, within the authorized limits and on a timely basis, the audit team completed a file review of the three event authorizations and a judgemental sample of associated expenditures. The audit team found that, although authorizations were provided by the right authority and within the authorized limits as per the *TB Directive on Travel, Hospitality, Conference and Event Expenditures*, they were not timely. For each event, there was evidence of commitment authority (FAA, section 32) and certification authority (FAA, section 34) prior to the expenditure initiation authority.

During the reporting phase of the audit, Finance Division assessed VAC's delegated authorities and how VAC obtains authorizations for overseas events. Finance Division concluded that VAC's earlier interpretation of the *TB Directive on Travel, Hospitality, Conference and Event Expenditures* was not appropriate, and that commemoration activities of the kind audited here should not fall within the definition of an "event" under the *TB Directive on Travel, Hospitality, Conference and Event Expenditures*. Rather, they should more appropriately be considered a part of VAC's regular program activities, and therefore subject to the usual suite of delegated spending and financial authorities that apply in the Department.

### 3.3 Compliance with Business Processes

Documented business processes serve as a means for the direction of actions and/or activities into a defined and consistent process which creates structure, supports timely decision-making and promotes compliance with policies.

The audit team received over 50 tools and templates (e.g. project plan, terms of reference, budget tracking, staff orientation, memoranda of agreement, technical requirements, schedule, letters, invitations) related to the planning and delivery of the events. These documents would benefit from an overarching framework or business process to guide the use of these tools and templates. Given the absence of an overarching framework or business process, the audit team was not able to assess whether the planning and delivery of events were executed consistently and as expected because it was not clear in which circumstances to use which tool and when. Without documented and formalized procedures there is increased risk of error in planning and delivering activities, particularly for new staff.

## 4.0 Recommendations

To strengthen the Department's ability to effectively manage the planning and execution of overseas commemorative events, the following are recommended:

### **Recommendation 1:**

It is recommended that the Director General, Commemoration Division, develop and implement comprehensive business processes and requirements related to the planning and delivery of overseas events including project management elements such as planning, risk assessment and management; monitoring and reporting against key deliverables. (Essential)

#### *Management Response:*

Management agrees with this recommendation. Following a review of the tools currently used for events, the Director General, Commemoration, will create and/or update and implement tools (e.g. documentation requirements and business processes) to incorporate elements related to project management such as project state planning and costing, risk identification and mitigation, as well as monitoring and reporting. In addition to this work, Commemoration Division is developing a ten year strategic plan which will guide the Department's development and implementation of commemorative initiatives over the next decade.

*Target completion date: August 2019*

### **Recommendation 2:**

It is recommended that the Assistant Deputy Minister, Strategic Policy and Commemoration, in consultation with the Chief Financial Officer, formalize and implement the delegated authorities and authorizations for overseas events. (Critical)

#### *Management Response:*

Management agrees with this recommendation. While the events forming the scope of the audit were previously deemed to fall within the definition of an event per the existing TB *Directive on Travel, Hospitality, Conference and Event Expenditures*, VAC Finance has clarified that the Department's commemorative events fall within the definition of VAC's mandated operational activities and therefore do not fall within the definition of an event under the TB *Directive on Travel, Hospitality, Conference and Event Expenditures* Directive.

Given the unique situation surrounding events included in the audit (large dollar value, additional external funding, managed by a task force), management does not anticipate a recurrence and with the assistance of Finance Division has updated processes to clarify approval requirements of non-operational events versus operational activities undertaken to deliver programs and services.

*Target completion date: April 2019*

## 5.0 Conclusion

The audit team identified opportunities to support VAC's delivery of overseas events in the areas of risk management, planning, performance monitoring and documentation. The audit team also identified non-conformance with the Department's prior interpretation of the TB *Directive on Travel, Hospitality, Conference and Event Expenditures*, which management has since concluded was inappropriate for the Overseas Commemorative Event program. Management will be revising its delegated authorities accordingly.

## Appendix A - Audit Criteria

Objective	Criteria
1. Assess the adequacy of the management control framework of overseas events	A. An approach to risk management is documented and implemented.
	B. An integrated plan is developed and implemented to support event planning and delivery.
	C. Relevant information related to overseas events is collected and analysed.
2. Assess compliance with TB policies and directives	A. Events are processed in accordance with TB policies and directives.
3. Assess compliance with established business processes	A. Business processes are followed when conducting overseas events.
	B. Employees are provided with the necessary key competencies, training, tools, resources and information to support the discharge of their responsibilities.

\* The audit team confirmed that all of the above criteria were met unless otherwise stated in this audit report.

## **Appendix B – Risk Ranking of Recommendations**

The following definitions are used to classify the ranking of recommendations and the audit opinion presented in this report.

### **Audit Recommendations**

**Critical** Relates to one or more significant weaknesses for which no adequate compensating controls exist. The weakness results in a high level of risk.

**Essential** Relates to one or more significant weaknesses for which no adequate compensating controls exist. The weakness results in a moderate level of risk.