

Treasury Board and Finance—Travel, Meal and Hospitality Expenses of the Premier, Ministers, Associate Ministers and Their Staff

INTRODUCTION

Public servants may incur expenses for travel, meals and hospitality related to government business, and can claim expense reimbursements and certain allowances. They have to follow government policies on these types of expenses,¹ and policies on procurement and credit cards.

Following our audit of the expenses of the then Premier and Office of Premier,² we established an annual rotational audit of departments' systems for verifying that these expenses of the premier, ministers, associate ministers and their staff comply with policies.

AUDIT OBJECTIVES AND SCOPE

The audit objectives were to assess whether departments have effective systems to:

- verify that the travel, meal and hospitality expenses of the premier, ministers, associate ministers and their staff comply with policies³
- support the new Treasury Board Committee process to oversee these expenses for the premier, ministers and associate ministers

We follow a rotational approach, so that we audit each department once every three years. This year, we audited the systems at the following departments:

- Advanced Education
- Culture and Tourism
- Education
- Energy
- Executive Council
- Health
- Service Alberta

The Department of Treasury Board and Finance has responsibility for government expense policies, so we report our overall audit results to that department. Where our audits identify that individual departments can improve their processes, we direct specific recommendations to those individual departments—in this case, the Department of Advanced Education.

¹ <http://www.finance.alberta.ca/business/planning-accountability/accountability/expenses-policies.html>.

² *Report of the Auditor General of Alberta—August 2014*, no. 1, page 19.

³ Travel, Meal and Hospitality Expenses Policy, Procurement Card Policy and Credit Card Policy.

We examined a sample of travel, meal and hospitality expenses from November 18, 2015 to September 26, 2016. Our work included reviewing documents and interviewing staff. We did not examine remuneration, employment and termination benefits or other office expenses, such as office supplies.

We conducted our field work between September and December 2016, and substantially completed our audit on March 14, 2017.

We developed the criteria for this audit based on departments’ responsibilities and applicable expense policies.




WHY THIS IS IMPORTANT TO ALBERTANS















Albertans do not expect public servants to subsidize their public service by personally paying for legitimate government business expenses. They do, however, expect public servants to spend taxpayers’ dollars responsibly and prudently when conducting government business and not reward themselves at the public’s expense.

CONCLUSION

The table summarizes our conclusions on departments’ systems and good practices. Advanced Education has systems in place, but these systems need improvement to verify that expenses comply with policies. The recommendation and findings section below describes the weaknesses and recommendation to Advanced Education. We did not identify weaknesses which required recommendations in other departments we examined.

Legend:

-  Significant improvements are needed
-  Improvements are needed, but not to the same extent as red items
-  We have not identified any significant weaknesses in the systems

Department	Systems to verify that expenses are in compliance with directives and policies	Systems to publicly disclose expenses and to support the new Treasury Board Committee oversight process	Good practices (described below)
Advanced Education			
Culture and Tourism			1
Education			1
Energy			1, 2
Executive Council			
Health			
Service Alberta			

GOOD PRACTICE—DOCUMENTED EXPLANATION OF EXPENSES

Several departments clearly describe and enter the business purpose of incurred expenses in the expense systems. This information is then printed on the claim form, which the expenditure officer approves.

GOOD PRACTICE—MONITORING AND REPORTING COMPLIANCE

The Department of Energy's finance area tests transactions to identify any deviations from internal controls or policies, takes corrective actions where needed and considers whether any process changes are required. The department's finance area tracks the results of its reviews and reports these results quarterly to senior management. They also use the results to update training material they present periodically to staff.

ADVANCED EDUCATION—RECOMMENDATION AND FINDINGS

Improve review of expenses

CONTEXT

Individuals claiming expenses are required to certify that they incurred expenses to support government business, and that the expenses were a reasonable use of public resources and complied with policies. They provide supporting documents and explanations for expenses. The individuals or support staff enter relevant information in the financial systems, code transactions to appropriate accounts and attribute expenses to individuals who are subject to the public disclosure directive. An expenditure officer then reviews and approves the payments.

CRITERIA: THE STANDARDS OF PERFORMANCE AND CONTROL

The department should have effective processes to verify that travel, meal and hospitality expenses comply with policies, are accurately coded in the financial systems, and include sufficient supporting documents with business rationales.

OUR AUDIT FINDINGS

KEY FINDING

The department's expense claim review processes did not identify several deviations from policy.

Staff in the minister's office and in the department's financial operations area review expense claims and procurement card forms for compliance with policies, adequate supporting documents and accurate processing.

However, these reviews did not correct the fact that transactions had:

- **insufficient documentation of business rationale**—the policy requires that claimants properly explain and document claims, and approvers must document their rationale when they use discretion to approve expenses. The claimant did not always clearly document the business rationale for expenses. We had to request additional information to understand the nature of the expenses. For example, there were several meal expenses without adequate business rationale documented, and contrary to policy a fuel purchase had been made on a procurement card.
- **no pre-approval for out-of-province travel**—the department was unable to provide us with the required pre-approvals for two out-of-province trips for the previous minister.
- **incorrect coding of expenses**—we found errors in the coding of transactions. The department paid for caucus-related costs when it should have allocated these costs to the Legislative Assembly Office. Further, an expense that should have been publicly disclosed was not, because it had been attributed to the wrong individual.

RECOMMENDATION 4: IMPROVE REVIEW OF TRAVEL, MEAL AND HOSPITALITY EXPENSES

We recommend that the Department of Advanced Education improve its review processes for travel, meal and hospitality expenses.

CONSEQUENCES OF NOT TAKING ACTION

If the department does not properly review expenses and seek clarification where needed, errors and non-compliance with policies could go undetected.