

**AUDIT
OF THE
CONTRIBUTIONS TO THE
CATHOLIC WORLD YOUTH DAY (CWYD) 2002 COUNCIL**

SEPTEMBER 2003

Audit Division (SIV)

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EXECUTIVE SUMMARY

The Internal Audit Division (SIV) undertook a management audit of the role of the Special Task Force (RXW) vis-a-vis the two contributions to the Catholic World Youth Day (CWYD) 2002 Council as part of its review of Departmental Grants and Contributions. The objective of the audit was to determine the extent to which the contribution program was managed with sound comptrollership practices and comply with legislative and regulatory requirements.

The two contribution agreements, totalling \$2 M, were found to be in compliance with the Treasury Board and Departmental Transfer Payment Policies. The contribution files contained the relevant documentation and indicated that proper approvals had been obtained for the contribution payments. The activities of the recipient were monitored by RXW Program staff.

SCOPE, OBJECTIVES AND METHODOLOGY

1.1 Scope

1.1.1 This audit focussed on RXW's practices and controls related to the management of its contributions to the CWYD 2002 Council. The Audit Team did not audit RXW in its role as Federal Co-ordinator and chair of the Inter-governmental Co-ordinating Committee (IGCC), but rather RXW's role as it relates to managing its contribution program in accordance with Treasury Board and Departmental Transfer Payment Policies.

1.2 Objectives

1.2.1 The overall objective of the audit was to determine the extent to which the contribution program was managed with sound comptrollership practices and complied with legislative and regulatory requirements. In particular, the audit focussed on determining whether:

- Contribution agreements were prepared in accordance with DFAIT's Policy on Transfer Payments;
- Payments were in compliance with Treasury Board approved Terms and Conditions; and,
- Program officers conducted project monitoring.

1.3 Methodology

1.3.1 The audit examined the major business processes and key controls associated with the management of the contribution agreements at DFAIT. The examination phase of the audit began August 2002 and could not be finalized until August 2003 when SIV received a copy of the audited financial statements for the year ended December 31, 2002, prepared by the external auditor for the National Office.

1.3.2 A comprehensive review of all relevant program documentation was carried out and key personnel in RXW, the Area Management Office (RAM), Supplier Accounts (SMFS) and Program Analysis (SMPT) were interviewed.

OVERVIEW

2.1.1 Toronto was selected as the host city for the CWYD 2002, the largest gathering of young people in the world. It was a Holy See event, created by Pope John-Paul II in 1984.

2.1.2 The Minister of Foreign Affairs was tasked with coordinating the Government's support for CWYD 2002. The Federal Government's role was that of facilitator. The Holy See held the Cardinal of Toronto and the Canadian Conference of Catholic Bishops (CCCC) responsible for organizing the event, while the City of Toronto, the Province of Ontario and the Federal Government were committed to supporting the organizing committee.

2.1.3 Youth from 173 countries attended a series of events that took place in Toronto and across Canada from July 18 to 28, 2002. Approximately 800,000 people attended the papal mass at Downsview on Sunday, July 28, 2002. Overall, the CWYD 2002 was considered a success, exceeding all expectations in terms of the number of visiting youths from around the world.

2.1.4 The first contribution of \$1M to the CWYD 2002 Council was for operating costs of the National Office in Toronto, specifically salaries and office rent. Between July 2001 and March 2002, nine accountable advances of \$111,111 each were made to the National Office.

2.1.5 The second contribution of \$1M to the CWYD 2002 Council was for security services. One payment was made on July 31, 2002.

2.1.6 The RXW-CWYD Task Force Office in Ottawa wound-up its operations at the close of business on August 30, 2002. The Office of the Federal Coordinator in Toronto wound-up its operations on September 30, 2002.

2.1.7 SIV reviewed the event report dated September 13, 2002 prepared by the Federal Coordinator for CWYD 2002 and submitted to the Minister of Foreign Affairs and International Trade. The event report covered results achieved, activities and services offered, lessons learned and individual assessments by CWYD partners. The report concluded that the Government of Canada benefited from its association with the CWYD 2002.

OBSERVATIONS

3.1 Contribution Agreements

3.1.1 The original contribution agreement for \$1 M was reviewed by SIV with the Program Manager in relation to two specific risks: (1) the risk of failing to meet the Program objectives; and, (2) the risk of failure to manage the contribution funds with due diligence, probity and prudence. The two contributions, each \$1 M, were approved by Treasury Board Decisions ***.

3.1.2 Program Managers are satisfied that the Program objectives were met, as noted in the Department's website and the Task Force's event report.

3.1.3 The National Office has provided RXW its audited financial statements for the years ended December 31, 2001 and 2002. The audited opinions for both years stated that the financial statements, with the exception of revenue, present fairly the financial position of the CWYD Council as at December 31, 2001 and 2002. The majority of revenue for the Council was derived from donations which are not susceptible to satisfactory audit verification, typical of many non-profit organizations. Further, a note to the audited financial statements on commitments and contingencies made reference to certain legal claims of which the Council is a defendant or potential defendant and that no loss or liability has been provided for in the financial statements regarding those claims. The Council intends to defend its position regarding these legal claims. RXW has met all of the conditions of the Risk Based Audit Framework (RBAF).