

Chapter 4: audits and compliance and assurance reviews

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1. The purpose of this chapter is to provide direction and guidance to organizations and entities in dealing with the audit of Non-Public Property (NPP). This includes internal audit, external audit, and compliance and assurance reviews.
2. For all types of audits and or reviews being performed by Assistant Deputy Minister (Review Services) (ADM (RS)), External Audit, Compliance and Assurance, or government audits, any request for documentation shall be provided promptly to allow them to perform their duties.

TYPES OF AUDIT AND COMPLIANCE AND ASSURANCE REVIEWS

INTERNAL AUDITS

3. As per Section 41 (2) of the *National Defence Act*, "Non-public property accounts shall be audited as the Minister may from time to time direct". ADM (RS) is the DND/CF Chief Audit Executive and performs the internal audit function. In an NPP capacity, the ADM (RS) is responsible for the audit and evaluation of NPP programs, activities and financial statements.

EXTERNAL AUDITS

4. As NPP activities are subject to certain provincial and federal regulations (e.g. PST, GST/HST) government authorities may visit bases to ensure compliance with applicable governmental regulations.
5. The NPP Board has mandated a number of external audits be performed annually. These include: CANEX, CFCF, CFMWS, SISIP Financial, Support Our Troops, the Non-Public Funds (NPF) employee Pension Plan, the NPF Employee Group Insurance Plan, and specific trust funds financial statements. The purpose of the audits is to provide reasonable assurance that the Financial Statements are fairly presented in accordance with generally accepted accounting principles. The CANEX audit process involves a visit to certain bases and the submission of specific information by the others.
6. ADM (RS) is responsible for obtaining and authorizing/managing any contracted external auditing services obtained by the DND/CF.

COMPLIANCE AND ASSURANCE REVIEWS

CFMWS

7. The Finance Division, on behalf of CFMWS, delivers the Compliance and Assurance Review function. The purpose of the compliance review function is to advise senior management within CFMWS and Base/Wing Commanders on inconsistencies of current practices with established NPP policies, or where practices fail to provide the necessary controls for the safeguarding of assets. Functions within the compliance and assurance review are as follows:

- a. Provide CFMWS senior management and Base/Wing Commanders with recommendations and solutions with respect to activities reviewed;
- b. Initiate, publish and distribute management reports based on the compliance reviews;
- c. Ensure programs and services delivered are relevant to enhancing operational and financial performance;
- d. Ensure the consistency in application of internal controls of all NPP operations;
- e. Provide financial and management technical expertise to investigations;
- f. Review, evaluate and provide recommendations for improvements and maintenance of NPP policies and programs pertaining to the compliance section;
- g. Review of activities to assess if they are performed in accordance with specified policies, procedures, regulations and legislation; and
- h. The review of entities and organizations to assess whether these are operated and managed IAW the legislation and governance framework.

CAF/DND

8. Environmental Chiefs of Staff and Group Principals have the authority to establish their own internal review function, which could include compliance of NPP activities. Commensurate with this authority, subordinate commanders and, where appropriate, their equivalents are responsible for coordinating compliance and assurance activities within their respective organizations, for evaluating the effectiveness of their groups, and for providing their compliance and assurance staff with functional assistance and professional development. At unit level, the unit commander is responsible for the compliance and assurance function, in accordance with policies and directives issued by the applicable senior authorities.