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Date: June 3, 2010

To: Enza De Martinis, Susan Maocheia, Quynh-Ly Pham, Olga Chodan, Marie-Helene Di Lauro, Debbie Carlone, Christiane Lepage, Johanne Miller, Nathalie Girard, Luvana Di Francesco, Louise Côté, Elliott Stekewich, Louise Blondeau, Stephanie Sarik, Leila Al-Bassit, Kelly Cornford, Kathryn Peterson

Cc: Albert Caponi, Cristiane Tinmouth, Cara Piperni, Lea Archambault, Elvie Coletta, Julie Ghayad, Sonia Pietraroia

Subject: POST-PAYMENT MONITORING PROGRAM – EXPENSE REPORTS

During the past fiscal year, Controls & Compliance (C&C) launched a new monitoring program referred to as the 'POST-PAYMENT MONITORING PROGRAM / EXPENSE REPORTS' as a direct result of the Financial Service Team (FST) initiative.

The primary purpose for this new monitoring program was to assist Financial Services in assessing the effectiveness of FST Expense Report training / certification sessions offered in 2008 and 2009. The secondary purpose for the POST PAYMENT program is to ensure the University's integrated processes (local and central) have effective controls in place.

In keeping with Financial Services' goal to work more closely with the FST-enabled faculties, Controls & Compliance (C&C) met with many of you to review and discuss our findings regarding the Expense Reports sampled within your respective faculties or units. Your active involvement was essential during our set up phase as it was important to establish a channel of direct communication with you as we fine-tuned the 'reporting' aspect of our program. We now wish to share with you our mid to long-term plans regarding the POST-PAYMENT MONITORING PROGRAM.

THE TEMPLATE

Please refer to **APPENDIX 2** for a blank template of our revised report which we have renamed: **COMPLIANCE REPORT-EXPENSE REPORTS**. We have updated many of the line item descriptions in order to more clearly describe the nature of the non-compliant issues.

This template is designed to bring to your attention the number of non-compliant findings identified in the current period's sample. Cumulative dollar amounts, if any, which are deemed overpayments errors, are identified in the SUBSTANTIVE ERRORS section. *{Each summary template will be accompanied by a detailed listing which will contain the Expense Report reference # along with brief comments to allow you to perform a thorough follow up. The latter will continue to be produced for your use.}*

Please use our feedback as a training opportunity to further disseminate information about either the University's or the granting agencies' policy requirements. Our goal is to create awareness (regarding non-compliant findings) with the Faculty Financial Officers (FFOs) to help you disseminate information which is expected to result in continuous service level improvements (faster payments to claimants) and reduction of non-compliant instances with all policies. We believe each faculty's financial representative should be left with the autonomy to decide upon the appropriate course of action for the non-compliant instances identified in expense claims reviewed by C&C. A retroactive application of policy (i.e.

pursuing collection of substantive errors or obtaining improved supporting documentation) is left to each FFO's discretion. C&C will follow up within one month in order to document your ultimate decisions in cases where the substantive errors or observations identified by C&C represent items are greater than \$100.

FINDINGS & OBSERVATIONS

During the past fiscal year we brought several recurring expense eligibility themes to your attention. The university issued a memo regarding 'Use of Research Funds in accordance with Agency Guidelines' last week. I refer you to Sandra Crocker and Albert Caponi's memo issued last week and dated May 13th, 2010. We believe this memo helps address many of the comments raised by either you or your FST Managers. I am including **APPENDIX 1 "Clarification of Eligible Expenses"** (for your convenience) which refers you to the same information released in the May 13th memo.

AWARENESS / LOCAL COMMUNICATION

We ask that you help disseminate the information found within **Appendix 1** to help promote awareness and clarification to all members of your respective faculties. We will rely on you to help ensure the policies and documentation requirements for certain eligible expenses are common knowledge amongst the research community and the staff who support their activities. Please feel free to distribute **Appendix 1** within your respective area.

Financial Services expects the FST Managers to enforce all applicable policies and documentation requirements.

We also refer to a memo you received dated March 17th, 2010 (issued by Sandra Crocker and Albert Caponi) regarding "Misuse of Research Funds" as a result of recent events at the University of Calgary.

OUR FUTURE APPROACH

FFO Meetings with C&C

We have re-assessed the current face to face communication method of sharing our findings with you. We believe direct communication was essential during the set up phase, however, as we have now established a functional model, and acknowledging your busy schedules, a change in approach is warranted. Our current approach now entails sending you our periodic findings via e-mail and meetings will be arranged upon special request only – by either you or Controls & Compliance.

Expense Reports & PCard Monitoring Findings – Executive Reporting

During the new fiscal year 2010/2011, our findings will be summarized for your Dean and Director of Administration (if applicable) on an annual basis. This will ensure accountability levels are properly understood by all parties and transparency with respect to significant findings and the ultimate actions taken by the FFOs. The information will be kept at an executive level and is intended to inform your faculty management about overall trends and risks his / her faculty may be exposed to upon any future internal or external audit(s).

I would like to take an opportunity to thank you those of you who worked with my team in helping us refine the reporting aspect of this important monitoring program.

If you have any questions or concerns with any of the above, please do not hesitate to contact me.

CLARIFICATION OF ELIGIBLE EXPENSES:

APPENDIX 1

Understanding Tri-Council Policies and McGill's Reimbursement Policy

	ISSUE:	REQUIREMENTS OF GRANTING AGENCIES: <i>{Granting agency policies supersede University Policies and as a result all supporting documentation as outlined by the agencies must be complied with.}</i>
Supporting documentation lacking	1. Non-compliance with <u>Boarding passes</u> requirement	<i>Airline boarding passes, in addition to the airfare receipt and proof of payment, must be attached to the expense report.</i>
Supporting Documentation lacking	2. Non compliance with <u>conference prospectuses</u>	<i>The conference prospectus (official documentation indicating dates and information about the event) must be attached to the expense report.</i>
Disclosure of affiliation not provided	3. Non compliance with <u>disclosure of affiliation</u> with the Principal Investigator (PI)	<i>The affiliation of the claimant to the grant (if not the Principal Investigator) must be disclosed on the expense report.</i>
Description Field underutilized	4. Non-compliance with granting agency requirement to submit only one expense report per trip.	<p><i>Each trip requires a single and complete expense report with sufficient descriptions to be understood by all internal and external parties.</i></p> <p>Tip - To ensure expense reports are reimbursed upon initial submission, brief comments are required if not claiming certain “expected and associated” travel expenses. For example, if not claiming lodging while on a trip because alternative arrangements were made, simply ensure the claimants state “no lodging claimed”.</p> <p>It is not required to explain the reason(s) for such exclusions.</p>

CLARIFICATION OF ELIGIBLE EXPENSES:

APPENDIX 1

Understanding Tri-Council Policies and McGill’s Reimbursement Policy

	ISSUE:	REQUIREMENTS OF GRANTING AGENCIES:
Evidence of Proof of Payment	5. Certain supporting documentation lack evidence of payment. On the other hand, some claimants are providing excessive information to prove payment.	<p><i>{Granting agency policies supersede University Policies and as a result all supporting documentation as outlined by the agencies must be complied with.}</i></p> <p><i>If an original receipt does not carry evidence such as ‘Paid’ or a zero balance, a proof of payment is required such as a credit card chit (or as a last resort, a credit card statement).</i></p> <p>Tip - Credit card statements are not required as “proof of payment” if the invoice clearly states “Paid” or indicates a zero balance. “Express Checkout” option available at hotels do not necessarily denote “Paid” or indicate a zero balance, hence proof of payment method would be required.</p>
Ineligibility of meal expenses (during conferences)	6. Claiming meals when already included as part of the conference cost/registration fee.	<p><i>Meal per diems or receipts cannot be claimed when the meal is included in the conference registration. Exceptional reasons must be briefly documented on your claim.</i></p> <p>Tip –</p> <p>PER DIEMS charged in above situation, will continue to be questioned as there may be a perception of double payment.</p>
Ineligibility of Stationary and Office Supplies	7. Non-compliance when claimant does not document why cost incurred was a direct cost of research.	<p><i>Grant funds cannot be used to pay for general expenses such as costs associated with office supplies and accessories normally provided by the University.</i></p> <p>Tip – Expenses not an obvious direct cost of research must be adequately described to avoid disallowance.</p>

Compliance Report / Expense Reports
Faculty of _____ - FST CODE
Period: Month Reviewed

APPENDIX 2

Non-Compliance - McGill Expense Reimbursement Policy				
Review Code	Policy/Guideline Section	Review Issue categories	# of instances	\$ value
M1	P3.3	Original Receipt not provided. {Memo to accompany this expenditure was not provided}		
M2	G4.1	No evidence of proof of payment		
M3	G4.3	Authorizing Signature missing OR Copy of signature was used		
M4	P3.5 and G4.5.3	Wrong method of payment used. Non-Travel expenses > \$2500 require purchase order		
M5	G4.5.8	Liquor Permit missing - McGill campus events serving alcohol require evidence of permit with ER		
M6	G4.4.6 Expense Type 8	Entertainment expenses - participant names not disclosed		
M7	G4.3.1	Visitor signature form missing		
M8	G4.1	ER claim submitted late. {only extreme cases will be noted here}		
M9		Personal Affiliation of claimant to the FFM was not disclosed		
M10	G4.2.1	Non-Resident Flag was not selected when processing claim		
M11	G4.1	Purpose Description Insufficient		
M99		Other		
Total: Non-Compliance McGill Expense Reimbursement Policy			0	\$0

Non-Compliance - Granting Agency Guidelines				
Review Code	Name of Agency	Review Issue categories	# of instances	\$ value
GA1	G4.4.6 Expense Type 7 & 8	Meals-missing explicit sign off from claimant regarding the non consumption of alcoholic beverages		
GA2	Specific to each Granting Agency	Detailed restaurant bill not included		
GA3		Purpose Description Insufficient - Event Details Missing		
GA4		Ineligible expense as per Granting Agency		
GA5		Visitor Expense Reports - one up signature missing		
GA6		Boarding Pass not included		
GA7		Proof of participation missing (i.e. Conference Program/Prospectus)		
GA8		Affiliation of claimant to Grantee not disclosed		
GA99		Other		
Total: Non-Compliance Granting Agency Guidelines			0	\$0

Substantive Errors				
Review Code	Policy/Guideline Section	Description of Errors identified: {Reimbursement required or explanation from FFO}	# of instances	\$ value
SUB01	G4.1	Missing receipt - no supporting documentation provided		
SUB02	G4.4.6 Expense Type 1 & 8	Overclaimed Meal Per Diem OR Kilometer/Mileage rate		
SUB03	G4.4.6 Expense Type 8	Meals included in Registration and claimed PER DIEM without documentation		
SUB04	G4.4.6 Expense Type 4	Medical Travel Insurance purchased		
SUB05	G6	Claimed in wrong currency		
SUB06		Double Claim - Item submitted twice and expense incurred twice by university		
SUB07	P5 and G4.5.6	(*)Personal Expense - Item charged is not a University related expenditure		
Total: Substantive Errors			0	\$0

Controls & Compliance Observations				
Review Code		Additional information for Faculty Financial Officer	# of instances	\$ value
CC01		Expense justification missing. Details available in supporting Schedule 1		
CC02		Incomplete ER - eg. customary travel expenses not claimed (airline, lodging, meals, registration fees)		
CC03		Missing information on receipt		
CC04		Memo provided to confirm the nature of expenditure and acknowledge the missing receipt		
CC05		Inconsistent/Inadequate/Incomplete Information Provided - Details available in supporting Schedule 1		
CC99		Other		
Total: Controls & Compliance Observations			0	\$0

(*)this includes expenses claimed for individuals other than claimant, ie spouse, child, etc.