



7331-1 (DGPFS)

18 November 2011

Distribution List

**NON-PUBLIC PROPERTY (NPP) FRAUD  
PREVENTION HANDBOOK AND  
QUESTIONNAIRE**

Refs: A. *The NPP Fraud Prevention Handbook* (enclosed)  
B. *The NPP Fraud Prevention Questionnaire* (enclosed)

1. *The NPP Fraud Prevention Handbook and Questionnaire* (enclosed) are issued on the authority of DGPFS as Managing Director of NPP.
2. It is intended as an initial step in communicating the existence of the NPP Fraud Prevention Strategy and is a reference for Base/Wing/Ship/Small Unit Commanders, managers, supervisors, and employees to assist in understanding, preventing, detecting fraud, waste and abuse of NPP.
3. All individuals who manage NPP activities are encouraged to read these documents to identify high risk areas for losses of resources through fraud, waste, abuse, mismanagement and to assess the adequacy of preventative measures and controls. Collectively we must protect NPP from fraud, waste and abuse.

7331-1 (DGSSPF)

Le novembre 2011

Liste de distribution

**GUIDE DE PRÉVENTION DE LA  
FRAUDE AU SEIN DES BIENS  
NON PUBLICS ET QUESTIONNAIRE**

Réf. : A. Guide de prévention de la fraude au sein des Biens non publics (ci-joint)  
B. Questionnaire de prévention de la fraude au sein des Biens non publics (ci-joint)

1. Le Guide de prévention de la fraude au sein des Biens non publics et le questionnaire (ci-joints) sont publiés avec l'autorisation du DGSSPF à titre de directeur général des BNP.
2. Il constitue une mesure initiale pour communiquer l'existence de la stratégie de prévention de la fraude au sein des BNP et servira de référence pour les commandants des bases, des escadres, des navires et des petites unités de même que les gestionnaires, les surveillants et les employés pour aider à comprendre, à prévenir et à détecter la fraude, le gaspillage et l'abus des ressources des BNP.
3. Toute personne qui gère des activités des BNP devrait lire ces documents afin d'identifier les risques élevés de pertes de ressources attribuables à la fraude, au gaspillage, à l'abus et à une mauvaise gestion et de vérifier si les mesures de prévention et de contrôle sont adéquates. La protection des BNP contre la fraude, le gaspillage et l'abus doit être un effort collectif.

1/3

4. Should you have any further questions or require clarification you may contact the Special Advisor to CFO, Sarah Myrer, ([myrer.sarah@cfpsa.com](mailto:myrer.sarah@cfpsa.com)) (613) 995-7186.

4. Si vous avez des questions, n'hésitez pas à communiquer avec Sarah Myrer, conseillère spéciale de la CSF, au 613-995-7186, ou à l'adresse [myrer.sarah@aspfc.com](mailto:myrer.sarah@aspfc.com).

Le directeur général des Biens non publics,



Brigadier-général F.G. Bigelow  
Brigadier-General  
Managing Director Non-Public Property

Enclosures: 2

Pièces jointes : 2

Distribution List

Liste de distribution

Action

Action

All Base/Wing/Unit Commanders

Tous les commandants des bases/escadres/unités

Assoc DGPFFSS

DGSSPF associé

Pres SISIP FS

Prés SF RARM

Pres CANEX

Prés CANEX

CPSP

CPSP

VP HR

VP RH

CFO

CSF

CIO

CSI

COS

CEM

BW PSP Mgrs/Pers Svcs O

Gest PSP/O Svc Pers B/Ere

D Acct

D Compt

D Fin

D Fin

SA CFO

CS CSF

SMCA

GSAC

Info

Info

CDS

CEMD

CRS

CS Ex

COS VCDS

CEM VCEMD

D Mar Pers  
DLPM/G1  
DG Air Pers  
CEFCOM Comptroller  
DG Fin Ops

D Pers Mar  
G1 D Gest PAT  
DG Pers Air  
Contrôleur COMFEC  
DG Ops Fin

## **THE NON-PUBLIC PROPERTY (NPP) FRAUD PREVENTION HANDBOOK -**

To protect Non-Public Property (NPP) from fraud, waste, and abuse, Director General Moral and Welfare Services (DGMWS) has established a prevention and detection strategy (based on the current DND/CF Fraud Prevention Handbook) to:

- a. develop an *awareness* of the nature and scope of potential fraud, waste and abuse situations within NPP;
- b. provide *guidance* to “Staff of the Non-Public Funds, Canadian Forces”, Military members and Public Servants within DND concerning actions to be taken when such situations are encountered;
- c. *communicate* risk identification methodologies and tools to allow leaders to target their efforts in high risk/high consequence areas;
- d. systematically *identify* potential fraud, waste and abuse situations of NPP; and
- e. *Investigate* those situations that are determined to warrant detailed examination and analysis.

The support of the “Staff of the Non-Public Funds”, Canadian Forces, Military members and Public Servants within DND is required to develop a consistent NPP strategy and to send a clear message that fraud, waste and abuse situations of NPP will not be tolerated.

This NPP Fraud Prevention Handbook is issued on the authority of DGMWS as Managing Director of NPP. It is intended as an initial step in communicating the existence of the NPP Fraud Prevention Strategy and is a reference for Base/Wing/Ship/Small Unit Commanders, managers, supervisors, and employees to assist in understanding, preventing, detecting fraud, waste and abuse of NPP.

## **TABLE OF CONTENTS**

### **SECTION**

### **SUBJECT MATTER**

SECTION 1 – GENERAL

SECTION 2 – FRAUD PREVENTION

SECTION 3 – TYPES OF FRAUDS AND CONTROLS

PROCUREMENT OF GOODS AND CONTRACTING FOR SERVICES

NON-PUBLIC PROPERTY (NPP)

PROTECTION OF RESALE GOODS AND ASSETS

SAFEGUARDING AND DISPOSAL OF MATERIAL

## SECTION 1 - GENERAL

### INTRODUCTION

Fraud can occur in any organization at any time when the wrong combination of *opportunity*, *pressure* and *rationalization* exists.

*Opportunities* may be presented when controls are weak, during major organizational changes or when responsibilities have not been appropriately segregated. Honest people can be tempted to cross the line when there appears to be little risk of getting caught.

*Pressures* or needs can exist when individuals experience financial difficulties. A desperate need can drive a normally honest person to take a risk of committing fraud.

*Rationalization* involves individuals resolving internal ethical dilemmas by convincing themselves that the actions being taken are not criminal or dishonest. People can rationalize that increasing workloads, unpaid overtime or pay freezes are sufficient grounds to begin paying themselves. People can also rationalize through statements such as: "Everybody's doing it"; "I'll pay it back"; or, "It's peanuts in comparison to the waste I've seen in other areas".

### AIM

The aim of this handbook is to communicate the existence of a NPP Fraud Risk Management Strategy and to inform "Staff of the Non-Public Funds, Canadian Forces", and Military members and Public Servants within CFMWS of their specific responsibilities for preventing fraud, waste and abuse.

The Handbook is also designed to assist "Staff of the Non-Public Funds, Canadian Forces", Military members, and Public Servants within NPP in developing local strategies and controls to prevent and detect fraud, waste and abuse.

### SCOPE

This handbook will provide a synopsis of types of fraud waste and abuse, warning signs (the "Red Flags"), relevant internal controls and security measures, and pertinent links and references for the following topics:

- a. Fraud prevention;
- b. Procurement of goods and contracting for services
- c. Non-Public Property (NPP);
- d. Protection of Resale Goods and Assets; and
- e. Safeguarding and disposal of assets.

### DEFINITIONS

**Fraud.** Fraud is defined as follows:

- a. Intentional deception resulting in **injury** to another. Elements of fraud are a false and material **misrepresentation** made by one who either knows it is false or is ignorant of its truth; the maker's intent that the representation be relied on by the person and in a manner reasonably contemplated upon; the person's ignorance of the falsity of the representation; the person's rightful or justified reliance; and proximate injury to the person. (Canadian Law Dictionary, pg 89, 1983.)

- b. To defraud is to deprive by deceit: it is by deceit to induce a man/woman to act to his/her injury. More tersely it may be put, that to deceive is by falsehood to induce a state of mind; to defraud is by deceit to induce a course of action (Buckley J. in *Re London & Globe Fin. Corp. Ltd.*, [1903] 1 Ch. 728 at 732-33).

#### **EXAMPLES OF FRAUD, WASTE AND ABUSE**

NPP, like any other large organization, may experience fraud and abuse. Examples include but are not limited to:

- a. Forgery or alteration of all types of documents including travel claims and all types of financial records;
- b. Forgery or alteration of cheques, bank drafts, or other negotiable financial documents;
- c. Impropriety in the handling or reporting of money or financial transactions;
- d. Disclosing confidential and proprietary financial information to persons not authorized to receive it;
- e. Use of NPP, supplies, or other assets for other than their intended purpose;
- f. Accepting or seeking anything of value from contractors, vendors, or persons providing goods or services to NPP;
- g. Destruction, removal, or inappropriate use of vehicles, equipment, buildings, and facilities;
- h. Destruction, removal, or inappropriate use of NPP records and documents; and
- i. Breach of trust, conflict of interest, bribery, and other improprieties in the contracting or procurement process.

#### **IMPACT OF FRAUD AND MISAPPROPRIATION**

DGMWS is responsible for administering Non-Public Property (NPP) on behalf of the Chief of Defence Staff (CDS) and for delivering selected public morale and welfare programs, services, and activities to eligible members on behalf of the Chief of Military Personnel (CMP). Any fraud will impact our service delivery at Bases/Unit/Wings and could result in a loss of public trust. Widespread fraud and misappropriation also will destroy the reputation of and trust in the managing staff of NPP.

## **SECTION 2 – FRAUD PREVENTION**

### **ASSESSING THE RISK OF FRAUD**

The following conditions indicate a high risk of fraud in an organization:

- a. Internal controls and/or security measures are absent, weak, or loosely enforced;
- b. Employees are hired without proper Reliability Checks to confirm honesty and integrity;
- c. An employee has an insoluble personal problem, usually financial in nature, brought about by family medical needs, alcoholism, drug abuse, excessive gambling, or expensive tastes. (It must not be presumed; however that an employee is a high risk because of their family medical needs or needs resulting from a disability or because of the needs or conduct of a family member).;
- d. Compliance Assurance resources are inadequate; and
- e. Security resources are inadequate.

Some basic indicators of potential fraud/misappropriation include:

- a. Adjusting journal entries without proper authorization and supporting details;
- b. Expenditures that lack supporting documents;
- c. False and improper entries in accounting books and records;
- d. Unauthorized payments and/or unauthorized use of NPP assets;
- e. Destruction, counterfeiting, and forgery of documents that support payments; and
- f. Overstated or understated account balances.

Each fraud includes the following:

- a. One or more fraud perpetrator;
- b. A motive for committing the fraud – personal or organizational benefit;
- c. A means for committing the fraud – use of deception to convert money or material from their intended purpose to an unauthorized one;
- d. An opportunity to commit the fraud;
- e. An opportunity to profit from the fraud – either for the individual or the organization; and
- f. A belief by the fraud perpetrator(s) that they will not be caught.



## **INTERNAL CONTROL – Self Assessment of Risk**

**Internal Control.** Effective internal control is crucial to the prevention and detection of fraud and misappropriation. Internal control comprises those elements of an organization (including its resources, systems, processes, culture, structure, and tasks) that, taken together, support people in the achievement of the organization's objectives. Managers at all levels are responsible for the establishment, maintenance, and restoration of effective internal control within their organization or sphere of responsibility. Attached you will find a self-administered risk assessment questionnaire to be used by managers in their area of responsibility. For current managers, this questionnaire should be completed annually. For new managers, this questionnaire should be completed shortly after commencement of position.

## **REFERENCES**

A-FN-105-001/AG-001 [Chapter 5 – Principles of Internal Controls](#)

[Staff of the NPF, Canadian Forces Ethical Principles Policy](#)

Canadian Institute of Chartered Accountants Publication *Control and Governance - Number 1: Guidance on Control* November 1995

## SECTION 3 – TYPES OF FRAUDS AND CONTROLS

### PROCUREMENT OF GOODS AND CONTRACTING FOR SERVICES

#### TYPES OF FRAUD

Types of fraud applicable to goods procurement and contracting for services are listed in Table 3-1 below.

**Table 3-1 Procurement and Contracting Frauds and Red Flags**

<b>Type of Fraud</b>	<b>Example</b>	<b>Red Flags</b>
<b>Fictitious Invoices</b> - Any invoice not reflective of a legitimate sale and purchase.	<ul style="list-style-type: none"> <li>- Non-existent supplier</li> <li>- Payment for goods not received</li> <li>- Duplicate payment for goods purchased</li> </ul>	<ul style="list-style-type: none"> <li>- Invoices from strange/unknown vendors</li> <li>- Invoices with Post Office Box addresses only (i.e. no verifiable street address, no telephone numbers, etc.)</li> <li>- Invoices for types of goods not received or used by the unit</li> <li>- Multiple cases of duplicate invoices</li> </ul>
<b>Excess Purchase of Goods</b> - Any purchase of goods exceeding legitimate requirements and/or exceeding financial spending authority limits	<ul style="list-style-type: none"> <li>- Purchase of excess supplies/ inventory. Excess is diverted to military member, DND employee or NPF employee and converted to personal gain.</li> <li>- Purchase of non-existent goods. Payment is split between Member/ Employee and vendor.</li> <li>- Invoice splitting. A large purchase exceeding authorized financial spending authority limits is split into several smaller purchases. Each smaller purchase is within authorized spending limits and is invoiced and paid for separately, <b>Bypassing</b> the spending limits.</li> </ul>	<ul style="list-style-type: none"> <li>- Discrepancies between quantity of inventory/supplies on hand and quantities shown on invoices</li> <li>- Shortages or overages of supplies/inventory</li> <li>- Discrepancies between quantities of inventory/supplies ordered and quantities shown on invoices</li> <li>- Multiple purchases of the same commodity or similar items within a short time period, the total cost of which exceeds authorized financial spending limits</li> <li>- Acquisition card purchases not authorized by the card holder</li> </ul>
<b>Overbilling</b> - Any payment exceeding the value of goods purchased.	<ul style="list-style-type: none"> <li>- Vendor and/or Member/Employee submits artificially inflated invoices for payment. Overpayment is diverted or paid to Member/ Employee or an accomplice.</li> <li>- Member/Employee alters legitimate invoices requesting additional (fictitious) amounts payable to another person. Payment is diverted or paid to Member/Employee or an accomplice.</li> </ul>	<ul style="list-style-type: none"> <li>- Invoices with non-competitive prices (i.e. prices for commodities higher than normal prices in the marketplace)</li> <li>- Recent/short notice/no notice significant increases in prices above a vendor's traditional prices</li> <li>- Ink amendments or other signs of alteration to printed invoices</li> </ul>
<b>Cheques Payable to Members/ Employees</b> - Any payment for goods made to Members/Employees or vendor companies controlled by them.	<ul style="list-style-type: none"> <li>- Members/Employees intercept and alter legitimate invoices, or submit fictitious invoices, so that payments are made to the Members/Employees or companies controlled by them.</li> </ul>	<ul style="list-style-type: none"> <li>- Vendor invoices bearing the address or telephone number of Members/Employees or their relatives</li> <li>- Vendor invoices with company names that are identical to names of Members/Employees</li> <li>- Vendor invoices with P.O. Box addresses only</li> <li>- Cancelled cheques endorsed with the signature/initials of Members/Employees</li> <li>- Cheques are prepared and authorized by a single Member/Employee</li> </ul>

**Table 3–1 (cont’d) Procurement and Contracting Frauds and Red Flags**

Type of Fraud	Examples	Red Flags
<p><b>Bid-Rigging, Kickbacks, and Secret Commissions</b> - Manipulation of the contract bidding process for personal gain. Receipt of bribes, gifts, and secret commissions in return for awarding a procurement contract.</p>	<p>- Member/Employee rigs bids or uses insider knowledge/influence to ensure award of a procurement contract to a vendor controlled by themselves or an accomplice.</p> <p>- Member/Employee receives bribes, kickbacks, gratuities, gifts, other considerations, etc. in return for awarding or influencing the award of a contract to a specific vendor.</p>	<p>- Lack of competitive bids</p> <p>- Timing and patterns of bids</p> <p>- Patterns of selecting new vendors</p> <p>- Undue amount of contracts awarded to and procurement from one or more specific vendors</p> <p>- Sole source contracts</p> <p>- Non-competitive pricing</p> <p>- Significant price changes or changed orders (especially after a contract is awarded)</p> <p>- Unhappy/disgruntled purchasing agents</p> <p>- Purchasing agents living beyond their financial means</p> <p>- Complaints from other vendors</p> <p>- Vendors with P.O. Box addresses only</p>
<p><b>Conflicts of Interest</b> - A Member/Employee has an undisclosed economic interest in a procurement transaction</p>	<p>- A Member/Employee secretly owns a business that supplies goods to NPP.</p>	<p>- Member/Employee owns a business that supplies NPP.</p> <p>- Other vendor complaints</p>
<p><b>Product Substitution</b> - A vendor supplies substandard goods and submits an invoice for goods of higher quality/type.</p>	<p>- Vendor deliberately supplies poor quality, defective, or spoiled goods, or goods that do not meet procurement specifications, and bills for goods of the proper quality/type.</p>	<p>- Discrepancies between types of items ordered and items received</p> <p>- Excessive damage or poor condition of items received</p>
<p><b>Short Shipping</b> - A vendor supplies less goods than were ordered while billing for the original order quantity.</p>	<p>- Vendor deliberately supplies less goods while billing for the full quantity.</p>	<p>- Discrepancies between quantities on purchase orders, bill of lading, invoices, receipts, and quantities of items received</p>

The following may also indicate fraudulent activity by personnel in charge of contracting/procurement:

- a. **Sole Source or Few Suppliers.** The outlet deals with only one or a few suppliers who rarely change. Most orders go to one or two suppliers.
- b. **Concentrated Purchasing Authority.** Final purchasing decisions are made by one person, with no independent verification.
- c. **Living Beyond One's Means.** The lifestyle of the person with purchasing authority is clearly more affluent than their salary would allow.
- d. **Purchasing Records.** Purchasing files are not easily accessible or understandable.
- e. **Complex Purchase Orders.** Large orders are not covered by a single purchase order, but are broken up into confusing elements, including changes and add-ons.
- f. **Lack of Receiving Reports.** There are no verified receiving reports.
- g. **Vendor Complaints.** Vendors complain that they cannot get any of the outlet's business -- it is normal that 20% to 25% of local vendors should change annually.
- h. **Refusal of Promotion/Transfer.** Employee who refuses a promotion or transfer that would move them to another job.

- i. **Purchaser Work Habits.** Employees who arrive at work early and leave late, and never take leave or vacations.
- j. **Purchasing Costs.** Cost of goods have risen faster than the current inflation rate.

### **INTERNAL CONTROLS**

Key controls (it may be impossible to implement all internal controls) for preventing fraud in goods procurement and services contracting include:

- a. Fraud awareness;
- b. Effective tendering and budgeting;
- c. Good knowledge of vendors and contractors who supply goods and services to the unit;
- d. Proper documentation - serial numbered purchase orders, receipts, and cheques;
- e. Proper approval procedures for procurement and contracting transactions, including detailed background information on vendors and contractors;
- f. Segregation of duties - procurement/contracting, requisition/purchase order, financial commitment, payment authorization, accounts payable invoice processing, cheque preparation, and receiving of goods must be performed by different personnel;
- g. Compliance with policy on conflicts of interest and acceptance of gifts from prospective/actual vendors;
- h. Reconciliation of purchase orders/requisitions, invoices, cheques/payments, bills of lading, and receipts;
- i. Purchasing agents and contracting personnel must not be responsible for disposal of obsolete or surplus inventory, scrap, or fixed assets;
- j. Prompt reporting of discrepancies, irregularities, and suspected violations to the proper authorities for investigation; and
- k. Timely investigation of discrepancies, irregularities, and suspected violations by appropriate authorities.

### **FINANCIAL AUTHORITY**

For specific information on the financial authority limits for goods and services procurement, including emergency financial limits, see the '[CDS Delegation of Authorities for Financial Administration of NPP](#) Matrix

## **POLICIES AND PROCEDURES – RELEVANT LINKS**

Policies and procedures applicable to procurement and contracting for services can be found at the following link:

A-FN-105-001/AG-001, Policy and Procedures for Non Public Property (NPP) accounting, [Chapter 18, Cash and Other Receipts](#)

[NPP Contracting Policy](#) available on the cfmws.ca website - Finance Division

## **NON-PUBLIC PROPERTY (NPP)**

### **GENERAL**

The sector of NPP is extensive and includes such varied entities as:

- a. Unit messes, kit shops, unit funds, and other institutes;
- b. Unit clubs and recreational organizations;
- c. CANEX retail operations; and
- d. SISIP Retail Financial Services.

All NPP entities, regardless of type, provide goods and/or services to authorized patrons. NPP entities are vulnerable, in general, to the same types of frauds experienced by private sector wholesale and retail businesses.

### **TYPES OF FRAUD**

Types of fraud applicable to NPP, messes, and institutes are listed at Table 3-2 below.

**Table 3-2 NPP, Messes, and Institutes Frauds and Red Flags**

<b>Type of Fraud</b>	<b>Examples</b>	<b>Red Flags</b>
<b>Goods Procurement and Contracting for Services Frauds (Acquisition and Payment Cycle)</b> - Any type of fraudulent activity related to purchasing goods or services. See Table 3-1 for details	<ul style="list-style-type: none"> <li>- Fictitious Invoices</li> <li>- Excess Purchase of Goods and/or Services</li> <li>- Overbilling</li> <li>- Cheques Payable to Employees</li> <li>- Bid-Rigging, Kickbacks, and Secret Commissions</li> <li>- Conflicts of Interest</li> <li>- Product Substitution</li> <li>- Short Shipping</li> </ul>	See Table 3-1.
<b>Compensation and Benefits Frauds (Payroll and Personnel Cycle)</b> - Any type of fraudulent activity related to compensation and/or benefits paid to NPF employees.	<u>Payroll Fraud</u> <ul style="list-style-type: none"> <li>- Ghost Employees</li> <li>- Overpayment of Wages</li> <li>- Withholding Tax Schemes</li> <li>- Benefits Schemes</li> </ul>	<ul style="list-style-type: none"> <li>- Poor central control - failure to have procedures in place to monitor/identify and investigate anomalies</li> <li>- Paycheques for more than one employee are deposited to the same bank account</li> <li>- Paycheques for more than one employee are mailed to a single address</li> <li>- Paycheques for one employee endorsed with another employee's signature/initials</li> <li>- A single Social Insurance Number is shared by more than one employee (Accero will not allow this to occur)</li> <li>- Employees without income tax or other payroll deductions</li> <li>- Delinquent payroll tax notices from Revenue Canada</li> <li>- Discrepancies between member/employee rank/classification and pay rate</li> <li>- Single employee working overtime in a unit/section</li> <li>- Overtime during Statutory Holidays and other periods in which work normally is not authorized</li> <li>- Excessive overtime</li> <li>- Missing, altered, incomplete, or inaccurate overtime records</li> </ul>
<b>Other Personal Expenses Frauds</b>	<u>Personal Expense Fraud</u> <ul style="list-style-type: none"> <li>- Fictitious Expenses</li> <li>- Altered Expenses</li> <li>- Unallowable Expenses</li> </ul>	<ul style="list-style-type: none"> <li>- Ink amendments and whiteout on documents</li> <li>- Duplicate or multiple claims for the same expense</li> <li>- Unreasonable mileage distances claimed</li> <li>- Unreasonable amounts for reimbursement claimed</li> <li>- Unreasonable or questionable items claimed</li> <li>- Reluctance, refusal, or inability to justify/explain items and amounts claimed</li> <li>- Unallowable items claimed</li> </ul>

		- Receipts and Government Travel Card (AMEX) slips for questionable, unallowable, or unexplained items
--	--	--

**Table 3-2 (cont'd) NPP, Messes, and Institutes Frauds and Red Flags**

Type of Fraud	Examples	Red Flags
<p><b>Sales and Collection Cycle Frauds</b> - Any type of fraudulent activity related to the sale of goods and services.</p>	<p><u>Theft of Cash (Front-End Fraud)</u>  - Unrecorded Sales/Sales Taxes  - Under Ringing Sales on Cash Register  - Lapping  - Theft of Funds from Voided Sales and Returns  <u>Theft of Inventory and Other Assets</u>  - Ordering/Shipping Goods to Employee's Residence  - Ordering Goods for Personal Use  <u>Kickbacks to Customers</u>  - Underbilling for Merchandise and Splitting the Difference with the Customer  - Writing Off Receivables Owed to NPP Entity for a Fee  <u>Improper Barter</u> - Non-monetary exchange of goods or services with another NPP entity or a commercial entity without proper authorization/documentation, and/or at a financial loss</p>	<ul style="list-style-type: none"> <li>- Customer Complaints</li> <li>- Vendor Complaints</li> <li>- Missing Invoices, Receipts, Cash Register Tapes, or Other Documents</li> <li>- Non-Payment by Customers</li> <li>- Shipments to Customers with the Same Address as Employees</li> <li>- Missing Inventory</li> <li>- Unexplained Shortages of Cash on Hand</li> <li><u>Statistical Analysis</u> <ul style="list-style-type: none"> <li>- Prices Charged by Product by Customer</li> <li>- Credit Granting Approval vs. Actual Sales to Customers</li> <li>- Customer Balances vs. Sales</li> <li>- Customer Balances vs. Length of Time Doing Business With the Customer</li> <li>- Receivable Write-Offs</li> <li>- Credit Memos by Customers</li> <li>- Time Between Order and Delivery</li> <li>- Discounts By Customer in Descending Volume of Purchase</li> </ul> </li> </ul>
<p><b>Inventory and Warehousing Cycle Frauds</b> - Any type of fraudulent activity related to the purchase and warehousing of goods/merchandise for manufacture and resale.</p>	<ul style="list-style-type: none"> <li>- Ordering Unneeded Inventory</li> <li>- Appropriating Inventory for Personal Use</li> <li>- Theft of Inventory and Scrap Proceeds</li> <li>- Charging Embezzlements to Inventory</li> </ul>	<ul style="list-style-type: none"> <li>- Excessive Inventory Shrinkage</li> <li>- Discrepancies in Purchase Orders, Receiving Records, Inventory Records, Raw Material Requisitions, Shipping Documents, and Other Records</li> <li>- Disposals Followed by Reorders</li> <li>- Shipments to Employees' Residence Addresses</li> <li>- Excessive Purchases by Item or Vendor</li> <li>- Unduly Low Inventory for Specific Item Types</li> <li>- Excessive Costs Per Inventory Item Over Time</li> <li>- Excessive Direct Labour/Materials Per Inventory Item</li> <li>- Excessive Overhead Per Inventory Item</li> <li>- Patterns of Shortage by Inventory Item</li> </ul>
<p><b>Capital Acquisition and Repayment Cycle Frauds</b> - Any type of fraudulent activity related to borrowing money in the name of the NPP entity and accounting for the NPP entity's debts.</p>	<ul style="list-style-type: none"> <li>- Borrowing for Personal Use</li> <li>- Theft of Interest Payments</li> <li>- Theft of Loan Proceeds</li> </ul>	<ul style="list-style-type: none"> <li>- Creditor Complaints - Late/Missing Loan Payments</li> <li>- Missing Blank Cheques or Negotiables</li> <li>- Loan Payments Mailed to Employees' Addresses or Post Office Boxes</li> <li>- Missing/Altered Receipts, Bank Statements, Cancelled Cheques, or Other Records</li> </ul>
<p><b>Cash Misappropriation</b> - Any type of fraudulent activity related to the NPP entity's cash account:  a. petty cash; and  b. demand deposits:  (1) NPP chequing accounts,  (2) NPP savings or interest-bearing accounts, and  (3) NPP certificates of deposit or all other liquid investments that easily</p>	<p><u>Theft of Petty Cash</u>  - Forging or Preparing Fictitious Vouchers for Reimbursement from Petty Cash  - "Borrowing" from Cash Floats or Cash on Hand  <u>Theft of Bank Deposits</u>  - Theft of Receipts (Funds) Prepared for Bank Deposit  - Theft of Blank or Signed Cheques</p>	<ul style="list-style-type: none"> <li>- Late and/or infrequent bank deposits</li> <li>- Shortages or Missing Cash on Hand</li> <li>- Missing/Altered Cash Register Tapes, Receipts, Bank Statements, Cancelled Cheques, or Other Records</li> </ul>

can be converted to cash.		
---------------------------	--	--

NPP related frauds also may be classified by the type of concealment on-book frauds and off-book frauds. An on-book fraud is one that principally occurs within the NPP entity and where an audit trail (possibly obscure) exists to aid in detection. Examples include fictitious vendors and ghost employees. On-book frauds normally are detected at the point of payment. An off-book fraud is one which occurs outside the accounting environment, and where no audit trail is likely to exist. Examples include bribery and kickbacks. Off-book frauds are detected in an indirect manner (e.g. complaints by other vendors, lifestyle of employee receiving bribes, etc.).

## **INTERNAL CONTROLS**

Internal controls applicable to the detection and prevention of NPP fraud are as follows:

- a. **Elements of Internal Control.** Every NPP activity functions under conditions peculiar to its field of endeavour and with particular requirements. There is no ready-made pre-packaged internal control system which meets the needs of all concerns. Management must select the internal controls necessary by comparing the costs to the organization relative to the benefits expected from implementing control. The basic elements essential to satisfactory control are:
  - (1) Organization Plan - a logical organizational plan which clearly identifies lines of authority and delegation of responsibility, and which segregates incompatible functions;
  - (2) Accounting Structure - an adequate accounting structure (including budgetary techniques, a chart of accounts, procedural manuals and instructions, which reflect the flow of transactions);
  - (3) Transaction Records - transactions should be recorded promptly and accurately;
  - (4) Competent Personnel - competent personnel with integrity should be hired and properly trained;
  - (5) Authorized Transactions - actions are taken only by individuals acting within their authority;
  - (6) Control of Access to Assets - access to assets should be limited to authorized individuals;
  - (7) Independent Verification of Accounting Records - accounting records should be compared to assets on a regular basis. This comparison should be done by individuals other than those having custody of records and assets; and
  - (8) Management Review - management should review the organization's financial operations, financial position, and internal control at regular and frequent intervals.
- b. **Adequate Segregation of Duties.** Management should segregate the following duties to prevent intentional and unintentional errors:
  - (1) General. Custody, authorization, and record keeping functions must be separated:
    - (a) Separation of the custody of assets from accounting,



- (b) Separation of the authorization of transactions from the custody of related assets,
  - (c) Separation of duties within the accounting function, and
  - (d) Separation of operational responsibility from record-keeping responsibility.
- (2) Acquisition and Payment Cycle. See the NPP Contracting Policy.
  - (3) Payroll and Personnel Cycle. Separate accounting for work from cheque processing. Separate cheque processing from cheque distribution. Separate employee hiring/firing from timekeeping. Separate claims processing from claims approval. Separate claims processing and claims approval from claims payment.
  - (4) Sales and Collection Cycle. Separate sales, record keeping, and cash handling. Separate purchasing from disposal of obsolete inventory, scrap, or fixed assets.
  - (5) Inventory and Warehousing Cycle. Separate inventory purchasing/disbursement approval from the purchasing and warehousing functions. Separate receipt of inventory from custody of inventory. Separate independent verification of inventory from the purchasing and warehousing functions.
  - (6) Capital Acquisition and Repayment Cycle. Separate authorization to borrow from the cash handling and accounting functions.
  - (7) Cash. Separate payment authorization from the record keeping and cash handling functions.
- c. **Prevention of Errors in Journals and Records**. To prevent errors in journals and records, the organization must ensure the following:
- (1) Recorded transactions are valid,
  - (2) Transactions are properly authorized,
  - (1) All existing transactions are recorded (no omissions),
  - (5) Transactions are properly valued (i.e. the correct financial value is recorded for the transaction),
  - (6) Transactions are properly classified (i.e. recorded in the correct accounts),
  - (7) Transactions are recorded at the proper time, and
  - (8) Transactions are properly included in subsidiary records and correctly summarized.
- d. **Point of Sale (POS)/Cash Registers**. POS/Cash registers are not, in themselves, controls. It is only by exercising supervisory prerogatives and using the various features of these machines, that management exercises control. To evaluate internal control over cash register transactions, the following questions should be answered:

- (1) Is there a POS/cash register in use?
- (2) Is each sale recorded at the time of the transaction?
- (3) Is a sales receipt given to the customer?
- (4) Is there a master tape that records all transactions?
- (5) Is the master tape retained and examined periodically by supervisory or management personnel?
- (6) Does the cash register provide "X" and "Z" readings?
- (7) Do the "Z" reading tapes indicate consecutive reading numbers?
- (8) Are "Z" readings taken by supervisory staff not employed on cash register duties?
- (9) Are the reading keys secured and accessible only to designated supervisory staff?
- (10) Do representatives of management periodically carry out independent readings?
- (11) Are the "Z" reading consecutive reading numbers verified by the NPP accounting staff?

Each "No" answer to the above questions indicates a weakening of internal control. Management should take appropriate corrective action to minimize such weaknesses.

- e. **Serially Numbered Forms.** The use of serially numbered documents is a common method of internal control, by providing an accountable record for transactions. Cheques, tickets, invoice, purchase orders, and many other documents can be controlled in this manner. Certain documents, such as cheques and purchase orders, require strict accountability for every number in the series with a regular inspection of the documents used. Other types of documents, such as admission tickets, can be controlled by verifying unused holdings and computing the total value of those issued/sold between verifications. Detailed procedures for control of serially numbered documents are given at A-FN-105-001/AG-001 (Policy and Procedures for Non-Public Funds Accounting), [Chapter 6](#). Accountable documents include:

- (1) Form CF 601, Purchase Order and Receipt,
- (2) Form CF 602, NPF Receipt,
- (3) Form CF 603, Merchandise Requisition,
- (4) Form CF 614, Merchandise Stocktaking Report,
- (5) Form CF 1023, Inventory Record,
- (6) Form DND 1221, NPF Invoice,
- (7) Form CF 1333, Request for Credit,
- (8) Form CF 1343, Retail Price Change,
- (9) Form DND 1353, CANEX Purchase Order,
- (10) Blank cheques,
- (11) Gift Certificates; and
- (12) Tickets.

- f. **Proper Approvals.** Approval from the appropriate authorized individual should be obtained and recorded for critical functions listed below:

- (1) Sales and Collection Cycle. Authorization for credit granting, write-offs, and shipment of goods.
  - (2) Acquisition and Payment Cycle. Authorization for purchasing of goods and services, and disposing of obsolete inventory, scrap, or fixed assets.
  - (3) Payroll and Personnel Cycle. Authorization for hours worked and wage rates, hiring and terminations, overtime, medical benefits, and travel/relocation expenses/benefits.
  - (4) Inventory and Warehousing Cycle. Authorization for inventory purchase, inventory disbursement, disposal of obsolete inventory, scrap, or fixed assets.
  - (5) Capital Acquisition and Repayment. Authorization to borrow.
  - (6) Cash. Authorization to withdraw funds from bank accounts.
  - (7) Barter. Appropriate authorization for non-monetary exchange of goods and services. For more details on Sponsorship and Donations, refer to A-FN-105-001/AG-001 [Chapter 29](#).
- g. **Documentation**. Accurate, timely, and complete records must be kept for all transactions. This includes the initiation, authorization, and completion of each transaction. Records are kept within the NPP entity, by the local Non-Public Property Accounting Manager, and with outside entities (e.g. banks and other financial institutions, customers, vendors/suppliers, Provincial/Municipal licensing authorities, etc.). Time Sheets and Payroll Verification Reports (PVR) are financial records that must be maintained at the local NPP entity outlet. Records must be maintained for the previous six years plus the current year.
- h. **Independent Verification**. Bank reconciliations, comparisons of inventory to accounting records, audits, and other verification activities should be performed frequently by personnel independent of the function/activity under review and by management.

### **SECURITY MEASURES**

Internal control requires that access to assets be limited only to authorized personnel. This is achieved through the use of appropriate physical, procedural, and other types of security measures. Key security requirements can be found in [Chapter 6](#) and [Chapter 7](#) of the A-FN-105-001/AG-001, Policy and Procedures for Non Public Property (NPP) accounting, and Chapter 8 of the National Defence Security Policy (A-SJ-100-001/AS-000)

### **POLICIES AND PROCEDURES – RELEVANT LINKS**

[A-FN-105-001/AG-001](#), Policy and Procedures for Non Public Property (NPP) accounting

## **PROTECTION OF RESALE GOODS AND ASSETS**

### **TYPES OF FRAUD**

The types of fraud that could be found within NPP are typical of those found in the inventory and warehousing function of any large organization. Supply related frauds involve the diversion of material from its intended purpose. Some examples include:

- a. Ordering unneeded inventory or exceeding authorized entitlement quantities;
- b. Appropriating inventory for personal use or to sell for profit;
- c. Theft of inventory and scrap proceeds; and
- d. Appropriation of surplus inventory and scrap to sell for profit.

### **RED FLAGS**

Some Red Flags that indicate supply-related fraud include:

- a. Excessive inventory shrinkage;
- b. Discrepancies between demands/orders, receiving records, inventory records, shipping records, issue records, and actual inventory on hand;
- c. Discrepancies between current and previous reports and items on hand during supply verifications, stocktaking counts, and reconciliations of serialized items;
- d. Disposals of specific items (scrap or surplus) followed by orders/demands for the same items;
- e. Shipments to employees' residence addresses;
- f. Excessive orders/demands by item;
- g. Excessive issues of items to units/individuals;
- h. Issues of items to units/individuals without proper entitlement;
- i. Unduly low inventory holdings for specific item types; and
- j. Excessive write-off of inventory or write-off by persons lacking proper authority.

### **INTERNAL CONTROLS**

Key internal controls applicable to supply and material are summarized below:

- a. **Stocktaking and Verification.** Detailed procedures for stocktaking and verification are given in [Chapter 26](#) of A-FN-105-001/AG-001.
- b. **Investigation of Stocktaking/Verification Discrepancies.**
- c. **Write-Off Control.** Detailed procedures for reporting and approving write-off of material are provided within the A-FN-105-001/AG-001 [Chapter 28](#) and contact your local NPP accounting office for procedures.
- d. **Inventory and Special Material Control.**

- e. **Segregation of Duties.** Custody, entitlement/issue authorization, and record keeping functions must be separated. Separate inventory purchasing/ordering approval from the purchasing/ordering and warehouse functions. Separate receipt of inventory from custody of inventory. Separate independent verification of inventory from the purchasing/ordering and warehousing functions. Separate purchasing/ordering from write-off approval and from disposal of surplus/scrap inventory.
  
- f. **Prevention of Errors in Records.** To prevent errors in records, the organization must ensure the following:
  - (1) Recorded transactions are valid,
  - (2) Transactions are properly authorized,
  - (3) All existing transactions are recorded (no omissions),
  - (4) Transactions are properly valued (i.e. the correct quantity of item is recorded for the transaction),
  - (5) Transactions are properly classified (i.e. recorded in the correct accounts),
  - (6) Transactions are recorded at the proper time, and
  - (7) Transactions are properly included in subsidiary records and correctly summarized.
  
- g. **Proper Approvals.** Approval from the appropriate authorized individual should be obtained and recorded for material authorization (new/amended entitlements), inventory purchasing/ordering, inventory disbursement, disposal of obsolete inventory, scrap, or fixed assets.
  - (1) **Documentation.** Accurate, timely, and complete records must be kept for all transactions. This includes the initiation, authorization, and completion of each transaction

## **SECURITY MEASURES**

Internal control requires that access to assets be limited only to authorized personnel. This prevents theft, pilferage, and other forms of illegal diversion of inventory. This is achieved through the use of appropriate physical, procedural, and other types of security measures. Key security requirements for supply and material can be found at [A-FN-105-001/AG-001](#), Policy and Procedures for Non Public Property (NPP) accounting

## **MATERIAL WRITE-OFF**

Authorization for material write-off can be found in the '[CDS Delegation of Authorities for Financial Administration of NPP](#)' Matrix on cfmws.ca.

Contact your local NPP accounting office for more details on write-off.

## **SAFEGUARDING AND DISPOSAL OF MATERIAL**

### **TYPES OF FRAUD**

**Table 3-3 Material Disposal Frauds and Red Flags**

<b>Types of Fraud</b>	<b>Red Flags</b>
Unrecorded/unauthorized transactions	<ul style="list-style-type: none"><li>- Discrepancies between fixed asset records and material on hand.</li><li>- Shortages/losses of specific items</li><li>- Frequent demands/re-orders of specific items</li><li>- Material held which is not recorded as on charge to the holder</li><li>- Holdings of NPP material</li><li>- History of frequent loss/shortage of specific items</li></ul>
Unauthorized sale of material (for the profit of individuals or the organization)	<ul style="list-style-type: none"><li>- Discrepancies between holding records and material on hand</li><li>- Shortages of specific items</li><li>- Frequent demands/re-orders of specific items</li><li>- Unit personnel with unexplained wealth or who live beyond their means</li></ul>
Unauthorized disposal of material (e.g. improper conversion to scrap)	<ul style="list-style-type: none"><li>- Frequent shortages of specific items followed by re-orders</li><li>- Large quantities of CF/DND/NPP material being sold in the local community without proper authorization.</li><li>- Shipments of material to employees' residence addresses</li></ul>
Theft of disposal proceeds: (1) Theft of scrap or other material awaiting disposal; (2) Theft of sales proceeds for disposed material.	<ul style="list-style-type: none"><li>- Shortages in funds received from purchasers of disposed material</li><li>- Missing payments from purchasers of disposed material</li><li>- Discrepancies between the realized gain/loss on the sale of fixed assets and the amount reported on the entity financial statements.</li></ul>

### **INTERNAL CONTROLS**

Internal controls for detecting and preventing material disposal frauds are the same as those generally applicable to supply and material. Segregation of duties is critical. Different personnel should handle the following duties:

- a. ordering inventory;
- b. issuing/disbursing inventory;
- c. converting inventory to scrap/surplus; and
- d. receiving proceeds from disposal of scrap/surplus.

If any one person has the ability to order and issue inventory, then that person has the ability to order excess inventory, which then can be converted for personal use. If any one person has the authority to convert inventory to scrap/surplus, dispose of the scrap/surplus, and collect the proceeds of scrap/surplus disposal, that person can divert (i.e. steal) the proceeds, or steal "scrap/surplus" inventory for personal use or to sell for profit.

### **SECURITY MEASURES**

All inventory (including surplus and scrap) should be kept in secure storage. Access should be limited to authorized personnel only. Appropriate personnel and procedural measures should be implemented.

# **NON-PUBLIC PROPERTY (NPP) FRAUD PREVENTION QUESTIONNAIRE**

## **Guidance Documentation for the Non-Public Property Fraud Control Plan**

### **RISK CHECK**


**A Self-Assessment Questionnaire to assist Non-Public Property Accounting Managers, Business Managers/Directors and Supervisors to identify high risk areas for losses of resources through fraud, waste, abuse, mismanagement and to assess the adequacy of prevention measures and controls.**

#### **FRAUD RISK SELF ASSESSMENT QUESTIONNAIRE**

In the context of Fraud Risk Management, the term resources is not confined merely to funds or money in the delegated

14 November 2011

sense, but is used in the broadest sense including all Non-Public Property (NPP). It includes personnel, time, information, assets and intellectual property.

This Fraud Prevention questionnaire has been designed as a self help assessment tool to guide Non-Public Property Accounting Managers (NPPAM) and operational managers in recognizing potential risk of loss to resources delegated to them and to assess the adequacy of existing controls. An alert symbol  appears against responses indicating a possibly inadequate level of control. Sometimes you will be asked to elaborate on a particular answer and a box has been provided for that purpose.

As per A-PS-110-001/AG-002, *The National Defence Act* (NDA) provides that NPP shall be used for the benefit of CF members, former members, their dependants, or for any other purpose approved by CDS. Section 39 (3) of the Act also provides that, except as authorized by the CDS, “no gift, sale or other alienation or attempted alienation of non-public property” is effectual to pass the property therein.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property* (NPP).

Most operational managers and NPPAM will be responsible for only a **small** proportion of the resource categories covered by this questionnaire. Answer only those questions in sub-sections related to categories which **you** manage or control, and this way you won't be daunted by the questionnaire.

## CONTENTS

### Section A – Expenditure Transactions

- A1 - Salaries
- A2 - O&M, travel, etc
- A3 - Non-Public Property (NPP) Monies including Petty Cash
- A4 - Non-Public Property (NPP) Corporate Credit Card
- A5 - Purchase Orders/Manual Commitment

### Section B - Assets

- B1 - Control of Assets
- B2 - Disposal of Assets
- B3 - Information (including storage on computer facilities)
  
- C1 - Purchasing of Fixed Assets and other Goods and/or Services
  
- D1 - Payment Card Industry (PCI) Compliance



## SECTION A - EXPENDITURE TRANSACTIONS

### A1 Salaries

★ Alert symbol should draw your attention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*.

A.1 Are you involved in the payment or authorization of salaries (including the input of data upon which salaries are based)?

Yes  Please go to next question

No  Go to A.2

A.1.1 What was the total value of gross salaries paid for the last pay period?

Up to \$50,000

\$50,001-\$100,000

\$100,001-\$200,000

Over \$200,000

Data unavailable

A.1.2 How many people were paid in the last pay period?

Up to 50

51 - 100

101 - 200

Over 200

Data unavailable

A.1.3 Are there predictable periods of abnormally high workload in the processing or approval functions?

Yes

No

A.1.4 Are additional resources allocated for processing and checking during these periods?

Yes

No  Go to A.1.6

A.1.5 What sort of additional resources are allocated for these periods?

Overtime

Additional Staff

Other

A.1.6 What was the level of staff turnover in this entity in the last financial year?

- 0% - 30%
- 31% - 60%
- 61% - 100+%

A.1.7 What was the general level of related experience of new/replacement staff in the last fiscal year?

- Low
- Medium
- High

A.1.8 Are the approval, processing and checking functions geographically co-located (i.e., in the same building, on the same Base/Wing etc.)?

- Yes
- No

A.1.9 Are the processing and approval functions separated?

- Yes
- No

A.1.10 What is the minimum number of people required to approve a salary payment or adjustment?

- 1
- 2
- 3

A.1.11 In addition to normal controls what degree of additional local management controls / Standing Operating Procedures have been put in place?

None

NUMBER	NATURE	
	Minor	Major
Few	<input type="checkbox"/>	<input type="checkbox"/>
Moderate	<input type="checkbox"/>	<input type="checkbox"/>
Many	<input type="checkbox"/>	<input type="checkbox"/>

A.1.12 What level of review is the NPP entity subject to?

Tick *EACH* applicable box

Nil Review	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
			Random	Scheduled
Supervisory Checks			<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection			<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors			<input type="checkbox"/>	<input type="checkbox"/>

A.1.13 How would you describe the processing of salary payments and authorizations?

Primarily computerised	<input type="checkbox"/>	<input checked="" type="checkbox"/>
50/50 computerised/manual	<input type="checkbox"/>	
Primarily manual	<input type="checkbox"/>	

A.1.14 Is access to salaries records (e.g., excluding original documents) controlled?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	<input checked="" type="checkbox"/>

A.1.15 How is access to salaries records controlled?

Insecure area	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Partially secure area	<input type="checkbox"/>	
Secure area	<input type="checkbox"/>	
Initial password gives full access (computer)		
Initial password gives read only access (computer)	<input type="checkbox"/>	
Manual records file register	<input type="checkbox"/>	
Supervised access to manual records	<input type="checkbox"/>	
Accountable forms kept in locked container-		
- single custodian	<input type="checkbox"/>	
- double custodian	<input type="checkbox"/>	

A.1.16 Are all instances of access to salaries records recorded?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	<input checked="" type="checkbox"/>

A.1.17 How often are records of access inspected?

	Random	Scheduled
Frequently	<input type="checkbox"/>	<input type="checkbox"/>
Infrequently	<input type="checkbox"/>	<input type="checkbox"/>

A.1.18 Have staff members performing this activity been provided with relevant training?

No

Yes  What? When?

A.1.19 Do staff involved in this activity have easy access to relevant manuals and instructions?

Yes

No

## A2 (O&M, Travel, etc)

★ Alert symbol should draw your intention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property* (NPP).

A.2 Do any of your activities involve the payment or authorization of O&M, Travel, etc.

Yes  Please go to the next question

No  Go to A.3

A.2.1 What was the total value of O&M, travel, etc paid in the last period?

Up to \$5,000

\$5,001 - \$10,000

\$10,001 - \$20,000

Over \$20,000

Data Unavailable

A.2.2 How many transactions were completed in the last monthly reconciliation?

Up to 50

51 - 100

101 - 200

Over 200

Data unavailable

A.2.3 What type of expenditures does your NPP entity process?

Travel

Moving

O&M

Combination of Above

Other

A.2.4 If allowances are processed in your NPP entity, do you require documentation before approving/processing them?

Yes

Sometimes

No  ★

A.2.5 Are there predictable periods of abnormally high workload in the processing or approval functions?

Yes

No

A.2.6 Are additional resources allocated for processing and checking during these periods?

Yes

No  Go to A.2.8

A.2.7 What sort of additional resources are allocated for these periods?

Overtime

Additional Staff

Other

A.2.8 What was the level of staff turnover in this activity in the last fiscal year?

0%- 30%

31% - 60%

61%- 100+%

A.2.9 What was the general level of work related experience of new/replacement staff in the last fiscal year?

Low

Medium

High

A.2.10 Are the approval, processing and checking functions geographically co-located (i.e., in the same building, on the same Base/Wing etc)?

Yes

No

A.2.11 Are the processing and approval functions separated?

Yes

No

A.2.12 What is the minimum number of people required to approve a payment or adjustment?

0-1

2

3+

A.2.13 In addition to normal controls what degree of additional local management controls / Standing Operating Procedures have been put in place?

None

NUMBER	NATURE	
	Minor	Major
Few	<input type="checkbox"/>	<input type="checkbox"/>
Moderate	<input type="checkbox"/>	<input type="checkbox"/>
Many	<input type="checkbox"/>	<input type="checkbox"/>

A.2.14 What level of review is the NPP entity subject to?

Tick *EACH* applicable box

Nil Review

	Random	Scheduled
Supervisory Checks	<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors	<input type="checkbox"/>	<input type="checkbox"/>

A.2.15 How would you describe the processing of O&M and travel payments and authorizations?

- Primarily computerised
- 50/50 computerised/manual
- Primarily manual

A.2.16 If O&M and travel processing is computerised, is there an inbuilt review trail in the system's software?

Yes

No

A.2.17 Is access to O&M and travel records (e.g., excluding original documents) controlled?

Yes

No

A.2.18 How is access to O&M and travel records controlled?

- Insecure area
- Partially secure area
- Secure area
- Initial password gives full access (computer)
- Initial password gives read only access (computer)
- Manual records file register
- Supervised access to manual records
- Accountable forms kept in locked container-
  - single custodian
  - double custodian

A.2.19 Are all instances of access to O&M and travel records recorded?

- Yes
- No

A.2.20 How often are records of access inspected?

- |              | Random                   | Scheduled  |
|--------------|--------------------------|--|
| Frequently   | <input type="checkbox"/> | <input type="checkbox"/>                                     |
| Infrequently | <input type="checkbox"/> | <input type="checkbox"/> <input checked="" type="checkbox"/> |

A.2.21 Have staff members performing this activity been provided with relevant training?

- Yes  What? When?

- No

A.2.22 Do staff involved in this activity have easy access to relevant manuals and instructions?

- Yes
- No



## A.3 Non-Public (NP) monies including Petty Cash

★ Alert symbol should draw your intention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property* (NPP).

A.3 Do any of your activities involve the use of Non-Public monies including Petty Cash, Standing Advances, etc?  
*Note: Non-Public Monies are all cash values including postage stamps and bus tickets.*

Yes  Go to next question

No  Go to A.4

A.3.1 Does your NPP entity deal with Standing advances?

Yes

No  Go to A.3.6

A.3.2 What was the value last month of these standing advances?

0 - \$500

\$501 - \$ 2000

\$2000+

A.3.3 How many standing advance transactions were completed last month?

0 - 50

51 - 100

101 - 200

201+

A.3.4 What level of review are standing advances subject to?

Tick *EACH* applicable box

Tick *EACH* applicable box

Nil Review  ★

	Random	Scheduled
Supervisory Checks	<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors	<input type="checkbox"/>	<input type="checkbox"/>

A.3.5 Is the reviewing/checking supervisor/manager different to the custodian?

Yes

No  ★

A.3.6 Does your area deal with Non-Public Property revenue receipt?

Yes

No  Go to 3.10

A.3.7 What was the value last month of revenue receipts of Non-Public funds?

0 - \$500

\$501 - \$2000

\$2000+

A.3.8 How many revenue receipts of Non-Public funds transactions were completed last month?

0 - 50

51 - 100

101 - 200

201+

A.3.9 What level of review are revenue receipts of Non-Public funds subject to?

Tick *EACH* applicable box

Nil Review

	Random	Scheduled
Supervisory Checks	<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors	<input type="checkbox"/>	<input type="checkbox"/>

A.3.10 Does your area deal with postage stamps, bus tickets, stamp machines, NPP event tickets, etc?

Yes

No  Go to A.3.15

A.3.11 What was the value last month of the postage stamps, bus tickets, stamp machines, NPP event tickets, etc?

0 - \$500

\$501 - \$2000

\$2000+

A.3.12 How many postage stamps, bus tickets, stamp machines, NPP event tickets, etc transactions were completed last month?

0-50

51 - 100

101 - 200

201+

A.3.13 What level of review is postage stamps, bus tickets, stamp machines, NPP event tickets, etc subject to?

Tick *EACH* applicable box

Nil Review

Supervisory Checks

Random

Scheduled

Compliance and Assurance Review/Command Inspection

Chief of Review Services (CRS) Audit and External Auditors

A.3.14 Is the reviewing/checking individual different to the custodian?

Yes

No

A.3.15 Does your area deal with petty cash?

Yes

No  Go to A.3.25

A.3.16 What was the value last month of petty cash expenditure?

Up to \$500

\$500 - \$1,000

\$1,001+

A.3.17 How many petty cash transactions were completed last month?

Up to 50

51 - 100

101 - 200

200+

A.3.18 How many people in the NPP entity can approve petty cash expenditure?

1-5

5-20

20+

A.3.19 Is the approving/issuing individual always different from the processing individual?

Yes

No

A.3.20 Is the individual raising the petty cash reimbursement always different from and subordinate to the individual approving the petty cash reimbursement?

Yes

No

A.3.21 Is there a procedure in place for reconciling expenditure with receipt of goods?

- Yes (goods & receipts verified by other than purchasing individual)
- Yes (receipts only verified by other than purchasing individual)
- Yes (goods only verified by other than purchasing individual)
- No

A.3.22 What level of review is petty cash subject to?

Tick *EACH* applicable box

Nil Review

	Random	Scheduled
Supervisory Checks	<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors	<input type="checkbox"/>	<input type="checkbox"/>

A.3.23 At any one time, what is the average value of all Non-Public monies held by your area?

- 0 - \$200
- \$201 - \$500
- \$501 - \$1000
- \$1001 - \$5000
- \$5001+

A.3.24 How are Non-Public monies stored?

- Locked container
- Single custodian
- Double custodian
- Double lock, fire proof safe
- Single custodian
- Double custodian
- Other

A.3.25 Are you involved in opening and operating official bank accounts?

- Yes
- No  Go to A4

A.3.26 Are you involved in the transit of Non-Public monies?

Yes  What special arrangements are made?

No

A.3.27 Is a register of accountable forms maintained?

Yes

No

A.3.28 How is access to original documents and records controlled after they have been processed?

Insecure area

Partially secure area

Secure area

Initial password gives full access (computer)

Initial password gives read only access (computer)

Manual records file register

Supervised access to manual records

Accountable forms kept in locked container-

- single custodian

- double custodian

A.3.29 Are all instances of access to original documents and records recorded once they are paid?

Yes

No

A.3.30 How often are records of access inspected?

	Random	Scheduled
Frequently	<input type="checkbox"/>	<input type="checkbox"/>
Infrequently	<input type="checkbox"/>	<input checked="" type="checkbox"/>

A.3.31 Have staff members performing this activity been provided with relevant training?

Yes  What? When?

No

A.3.32 Do staff involved in this NPP entity have easy access to relevant manuals and instructions?

Yes

No

A.3.33 Are procedures in place to ensure sales/revenue are appropriately controlled (ie. Safekeeping of X and Z keys and cash/over shortage, for SMS systems are passwords secured).

Yes

No

## A4 Non-Public Property (NPP) Corporate Credit Card

★ Alert symbol should draw your attention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*.

A.4 Do any of your activities involve the use of a NPP Corporate Credit Card?

Yes  Go to next question

No  Go to A.5

A.4.1 How many cards are on issue to individuals within your NPP entity?

1

2-5

5-9

10+

A.4.2 What is the average monthly total value (over the past three statements) of transactions on each card? (e.g., total value of all transactions for the past three statements divided by three).

	No. of Cards	
Up to \$1,000	<input type="checkbox"/>	<input type="checkbox"/>
\$1,001 - \$5,000	<input type="checkbox"/>	<input type="checkbox"/>
\$5,001 - \$20,000	<input type="checkbox"/>	<input type="checkbox"/>
\$20,000 - \$100,000	<input type="checkbox"/>	<input type="checkbox"/>
\$100,000+	<input type="checkbox"/>	<input type="checkbox"/>

A.4.3 What is the monthly average number (over the past three statements) of transactions for each card?

	No. of Cards	
Up to 50	<input type="checkbox"/>	<input type="checkbox"/>
51 - 100	<input type="checkbox"/>	<input type="checkbox"/>
101+	<input type="checkbox"/>	<input type="checkbox"/>

A.4.4 What was the highest value of any single transaction for each card on the past three statements?

		No. of Cards
Up to \$500	<input type="checkbox"/>	<input type="checkbox"/>
\$501 - \$1,000	<input type="checkbox"/>	<input type="checkbox"/>
\$1,001 - \$10,000	<input type="checkbox"/>	<input type="checkbox"/>
\$10,001 - \$100,000	<input type="checkbox"/>	<input type="checkbox"/>
\$100,000+	<input type="checkbox"/>	<input type="checkbox"/>

A.4.5 What are the limits of the cards?

Up to \$100	<input type="checkbox"/>
\$101 - \$500	<input type="checkbox"/>
\$501 - \$1,000	<input type="checkbox"/>
\$1,001 - \$10,000	<input type="checkbox"/>
\$10,001 - \$100,000	<input type="checkbox"/>
\$100,000+	<input type="checkbox"/>

A.4.6 Is there a procedure in place for reconciling expenditure on cards with their statements?

Yes  Please briefly describe reconciliation procedure

No  Go to A.4.8

A.4.7 Is the person conducting the reconciliation always different from the card holder?

Yes   
No

A.4.8 Are card holders required to obtain approval for expenditure prior to making a transaction?

Yes   
No    
Sometimes (Depending on value of expenditure)  
(At what value do you require approval?)

A.4.9 What level of review has taken place on credit card usage in your NPP entity in the past year?

Tick *EACH* applicable box



Nil Review

	Random	Scheduled
Supervisory Checks	<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors	<input type="checkbox"/>	<input type="checkbox"/>

A.4.10 How is access to original documents and records controlled after they have been processed?

Insecure area

Partially secure area

Secure area

Initial password gives full access (computer)

Initial password gives read only access (computer)

Manual records file register

Supervised access to manual records

Accountable forms kept in locked container-

- single custodian
- double custodian

A.4.11 Are all instances of access to original documents and records recorded once they are paid?

Yes

No

A.4.12 How often are records of access inspected?

	Random	Scheduled
Frequently	<input type="checkbox"/>	<input type="checkbox"/>
Infrequently	<input type="checkbox"/>	<input type="checkbox"/> <input checked="" type="checkbox"/>

A.4.13 Have staff members performing this activity been provided with relevant training?

Yes  What? When?

No

A.4.14 Do staff involved in this activity have easy access to relevant manuals and instructions?

Yes

No  

## A5 Purchase Orders/Manual Commitment

★ Alert symbol should draw your attention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*.

A.5 Do any of your NPP entities involve the use of Purchase Orders (including claims processing against contracts)?

Yes  Please go to next question

No  Please go to Section B - Assets.

A.5.1 What was the value last month of this type of expenditure?

Up to \$500

\$501 - \$1,000

\$1,001 - \$5,000

\$5,001 - \$30,000

\$30,000+

A.5.2 How many transactions were completed last month?

Up to 50

51-100

101-200

Over 200

A.5.3 How many people in the NPP entity can approve this form of expenditure?

1 - 5

5 -20

20 +

A.5.4 Is the approving/issuing individual always different from the processing individual?

Yes

No  ★

A.5.5 Is the person raising the Purchase Order/making the commitment always different from the person approving the invoice?

Yes

No  ★

A.5.6 Is there a procedure in place for reconciling expenditure with receipt of goods?

Yes   
No

A.5.7 What level of review is the activity subject to?

Tick *EACH* applicable box

Nil Review

	Random	Scheduled
Supervisory Checks	<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors	<input type="checkbox"/>	<input type="checkbox"/>

A.5.8 Is access to original controlled documents after they have been processed?

Yes   
No

A.5.9 How is access to original documents and records controlled after they have been processed?

Insecure area    
Partially secure area   
Secure area   
Initial password gives full access (computer)   
Initial password gives read only access (computer)   
Manual records file register   
Supervised access to manual records   
Accountable forms kept in locked container-  
- single custodian   
- double custodian

A.5.10 Are all instances of access to original documents and records recorded once they are paid?

Yes   
No

A.5.11 How often are records of access inspected?

	Random	Scheduled
Frequently	<input type="checkbox"/>	<input type="checkbox"/>
Infrequently	<input type="checkbox"/>	<input type="checkbox"/>

A.5.12 Have staff members performing this activity been provided with relevant training?

Yes  What?

No

A.5.13 Do staff involved in this activity have easy access to relevant manuals and instructions?

Yes

No

## SECTION B - ASSETS

For the purposes of this questionnaire, "asset" includes all capital equipment items (major and minor), facilities, vehicles, furnishings, inventories of stores and spare parts and administrative support equipment (such as computer hardware and peripherals, computer equipment and software (including manuals, tapes and diskettes), facsimile machines, telephones, electronic recorders, audio-visual equipment, typewriters, photocopiers, printing/reproduction equipment and training aid equipment). It includes consumable items related to the use of the above (e.g., power, fuel, maintenance / cleaning stores & stationery, printer & photocopy toner and supplies). NPP Managers should ensure that this part of the questionnaire is done for both merchandise for resale and fixed assets.

### B1 Control of Assets

★ Alert symbol should draw your attention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*.

B.1.1 Is this NPP entity responsible for the control of assets?

Yes  Please go to the next question.

No  Go to B2.

B.1.2 What is the assessed overall value of total assets for which the NPP activity entity is responsible?

< \$50,000

\$50,000 - \$200,000

\$200,000 - \$500,000

\$500,000 - \$1,000,000

>\$1,000,000

B.1.3 What percentage of assets, located within your NPP activity entity, can be considered as either valuable, portable desirable or exchangeable (i.e., for alternative or personal use outside of the CFMWS work environment)?

Up to 25%

26% - 50%

More than 50%  ★

B.1.4 Has your activity area revealed asset stocktaking deficiencies or asset control procedural deficiencies through either external review or stocktaking activities during the previous two years?

Yes  ★

No

B.1.5 How frequently is the merchandise for resale and fixed assets within your NPP activity entity subject to stocktaking?

Monthly

Quarterly

Bi-annually

Annually

Biennially

Less Frequently

How long since last stocktaking?

B.1.6 How is the inventory verifications performed?

Personnel external to the activity  Go to B.1.8

Activity staff

Combination of the above

B.1.7 Are internal stocktaking activities performed by the same persons who have custodian responsibilities?

Always

Sometimes

Never

B.1.8 What percentage of assets held by the activity area required authorization from an external (or higher) authority prior to acquisition?

Up to 20%

21 - 50%

More than 50%

B.1.9 What is the physical security classification of the work activity area containing the assets?

Secure

Partially Secure

Not In a secure location

B.1.10 Does your area maintain an assets register?

Yes

No

Held by Other Area

B.1.11 Are individuals removing or relocating assets from the workplace required to sign for such action?

- Yes
- No

B.1.12 Is authorization required to remove assets from the normal workplace location?

- Yes
- Supervisor/Manager or Higher
- DA or inventory holder
- Other  Who?

- No

B.1.13 Is authorization required to allow use of assets outside of normal working hours and outside of the normal workspace?

- Yes
- Supervisor/Manager or Higher
- DA or inventory holder
- Other  Who?

- No

B.1.14 How is physical access to the asset location controlled?

- Supervised and Recorded Access
- Recorded Computer Keycard
- Unsupervised Secure Area Access
- Unrestricted Area



B.1.15 What is the degree of consumable items (e.g. office supplies, etc)?

AVERAGE ITEM VALUE	TURNOVER RATE (per annum)		
	<100%	100%-200%	>200%
Over \$100	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$51 - \$100	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Up to \$50	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B.1.16 How often are your stocktaking records audited?

- More Frequently than Quarterly
- Quarterly
- Biannually
- Annually
- Less Frequently than Above   How often?

B.1.17 Have staff members performing this activity been provided with relevant training?

Yes  What?

No

B.1.18 Do staff involved in this activity have easy access to relevant manuals and instructions?

Yes

No

## B2 Disposal of Assets

★ Alert symbol should draw your attention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*.

B.2.1 Has this entity disposed of assets during the last two fiscal years?

Yes  Please go to the next question

No  Go to B3

B.2.2 What was the highest value of any one asset disposed of during the last two fiscal years?

Up to \$5,000

\$5,001 - \$50,000

\$50,000 - \$100,000

\$100,001 - \$500,000

More than \$500,000

B.2.3 What percentage of past disposal action within the activity area was initiated and processed within the NPP entity?

Up to 25%

25 - 75%

More than 75%

B.2.4 Has any past disposal action for your area been initiated and processed outside the NPP entity?

Yes

No

B.2.5 Are there any local disposal directives within your NPP entity?

Yes

No  Go to B.2.7

B.2.6 Is disposal action only conducted in accordance with the disposal policy within A-FN-105-001/AG-001 chapter 27 (inventory shrinkage/breakage and short/over) or chapter 28 (fixed assets)?

Yes

No  ★

B.2.7 Is the individual appointed for disposal different from the person responsible for the physical custody of the assets?

Yes

No  ★

B.2.8 Is disposal recorded in accordance with A-FN-105-001/AG-001 chapter 27/28?

Yes   
No

B.2.9 Are these disposal records verified by an independent source?

Yes   
No  Go to B.2.12

B.2.10 Who conducts the review?

Entity Staff    
Entity Staff & Personnel External to the Entity   
Personnel External to the Entity

B.2.11 How often are the records audited?

Tick *EACH* applicable box

Nil Review

	Random	Scheduled
Supervisory Checks	<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors	<input type="checkbox"/>	<input type="checkbox"/>

B.2.12 What level of authorization is required for asset disposal?

Asset Manager/Inventory holder   
Manager external to Entity   
Base/Wing/Unit Commander

B.2.13 Have staff members performing this activity been provided with relevant training?

No    
Yes  What?

B.2.14 Do staff involved in this activity have easy access to relevant manuals and instructions?

Yes   
No

## B3 Information (including storage on computer facilities)

★ Alert symbol should draw your attention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*.

B.3.1 Does this area involve the keeping of commercially sensitive/intellectual property/proprietary information/classified/valuable records?

Yes  Please go to the next question

No  Go to C1

B.3.2 Who controls the physical security of information records?

Processing Staff

Supervisory Staff

Management

Not controlled

B.3.3 Is access to records restricted to a need to know basis?

Yes

No  ★

B.3.4 How is access to records controlled?

Insecure area  ★

Partially secure area

Secure area

Initial password gives full access (computer)

Initial password gives read only access (computer)

Manual records file register

Supervised access to manual records

Accountable forms kept in locked container

B.3.5 What recording system is used?

Manual Filing System

Computer System

Combination of the Above

B.3.6 In the last 12 months has your area been required to produce an Initial Loss or Compromise Report for classified information?

Yes

No

B.3.7 Is the area involved in the transmission of classified/sensitive data/documents/materials?

Yes

No

B.3.8 Are procedures in place governing the use and security of computer telecommunications links, modems & electronic mail?

Yes

No

B.3.9 Is classified/sensitive information stored on computers in the area?

Yes

No

B.3.10 Is there a designated Systems Security Officer in the area?

Yes

No

B.3.11 How is access to the computers in the area controlled?

Initial password gives full access?

Initial password gives read only access?

2+ passwords

Other

B.3.12 Does the area handle classified/sensitive information on any removable media (e.g., disks, printer ribbons)?

Yes

No

B.3.13 How is classified removable media stored?

- Secure area
- Secure container
- Other

B.3.14 Is the NPP entity using standard commercial software?

Yes  What?

No

B.3.15 Is the computer system in the area accessible to non CFMWS personnel (e.g., industry, contractors)?

Yes

No

B.3.16 Is the area involved in the release of information?

- Industry
- Departmental Officers
- Other Government Agencies
- Other
- No

B.3.17 Does the NPP entity handle the disposal of information?

Yes  How is this handled?

No

B.3.18 Are individuals regularly reminded of the duty of nondisclosure (e.g., Privacy, FOI, and Access to Information Acts, National Security)?

Yes

No

B.3.19 Have staff members performing this activity been provided with relevant training?

Yes  What?

No

B.3.20 Do staff involved in this activity have easy access to relevant manuals and instructions?

Yes

No

SECTION C - ACQUISITION/PURCHASING PROCESS

C1 Purchasing of Fixed Assets and Other Goods and/or Services

★ Alert symbol should draw your attention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*.

C.1 Does this NPP entity involve the purchase of fixed assets and other goods and/or services?

Yes  Please go to the next question

No  Go to D1

C.1.1 Does this NPP entity adhere to the *Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*?

Yes

No  ★

C.1.2 What was the value of all purchases in your NPP entity last fiscal year?

Up to \$50,000

\$50,000-\$200,000

More than \$200,000

C.1.3 How many transactions were made in your entity last fiscal year?

Up to 10

10 - 100

100 +

C.1.4 What is the minimum number of people involved in the purchasing process?

1  ★

2

3+

C.1.5 Does the person/s drafting the purchase order have contact with relevant industry representatives?

Tick all applicable boxes

Yes                      Formal\*                      Informal

Frequent                                     ★

Infrequent                                   

\*Formal means higher approval for the contact has been obtained and/or a record of the contact placed on file.

No



C.1.6 Are individuals in the entity regularly reminded of the duty of disclosure relating to conflict of interest?

- Yes
- No

C.1.7 Are the acquisition and purchasing process aligned with the *NPP Contracting Policy*?

- Yes
- No

C.1.8 Is the person/s who writes the purchase order always different from the person/s who issues the request for quotations (etc) and evaluates the quotations/tenders?

- Yes
- No

C.1.9 Is there always more than one manager authorising expenditure at the various steps?

- Yes
- No

C.1.10 Are standing offers/common use contracts/period contracts investigated as a standard part of the purchase process?

- Yes
- No

C.1.11 Is the purchasing process subject to review?

Tick *EACH* applicable box

Nil Review

	Random	Scheduled
Supervisory Checks	<input type="checkbox"/>	<input type="checkbox"/>
Compliance and Assurance Review/Command Inspection	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Review Services (CRS) Audit and External Auditors	<input type="checkbox"/>	<input type="checkbox"/>

C.1.12 Do staff involved in this activity have easy access to relevant manuals and instructions?

- Yes
- No

C.1.13 Have staff members performing this activity been provided with relevant training?

- No
- Yes  What?

C.1.14 Are mechanisms in place to ensure that former employees who are engaged as consultants are in compliance with post separation employment procedures?

Yes

No

## SECTION D – PAYMENT CARD INDUSTRY (PCI) COMPLIANCE

### D1 PCI Compliance

★ Alert symbol should draw your attention to the requirement for more internal controls to mitigate risk.

Note that all authorities for commitment and contract authority, payment approval authority, and requisitioning authority must be performed as per *The Chief of the Defence Staff Delegation of Authorities for Financial Administration of Non-Public Property (NPP)*.

D.1 Is this NPP entity involved in the capturing of debit and credit card information?

Yes  Please go to the next question

No  You have completed the questionnaire

D.2 Is access to debit/credit information restricted?

Yes

No  ★

D.3 How many individuals have access to debit and credit card information?

1

2

3+  ★

D.4 Is access to debit/credit information secured at all times?

Yes

No  ★

End of questionnaire