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Summary - Hockey Canada Recipient Audit Report from the period of 2018-2019 to 2021-2022

At the request of the Minister of Sport and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec, Pascale St-Onge, a recipient audit was conducted to ensure Canadian Heritage funding issued to Hockey Canada has not been used to pay for legal settlements or related legal fees. The recipient audit was conducted by the firm Samson & Associés on behalf of the Government of Canada.

Hockey Canada (the Recipient) is the national governing body for hockey in Canada and works in conjunction with the 13 member branches.

Hockey Canada oversees the management of programs in Canada, from entry-level to high performance teams and competitions, including world championships and the Olympic and Paralympic Winter Games. Hockey Canada is also Canada's voice within the International Ice Hockey Federation. Hockey Canada has offices in Calgary, Ottawa and Toronto.

The Government of Canada, through the Sport Support Program and the Hosting Program under the Sport Canada Branch, provides financial support to Hockey Canada in the realization of its activities.

The following is a summary of the recipient audit report provided to Canadian Heritage by the firm Samson & Associés.

Objective of the Recipient Audit

The objective of the recipient audit was to:

- Provide assurance on the Recipient's compliance with the terms and conditions of the Contribution Agreements; and
- Ensure legal settlements and related legal fees expenditures were not paid using Canadian Heritage funding.

This objective was achieved through a review of the expenditures reported to Canadian Heritage, the governance structure of Hockey Canada, their internal controls and policies to manage the funds received from the Department as well as a review of the policies and processes in place to manage Harassment and Abuse, Dispute Resolution and Anti-Doping requirements and other policy requirements.

Scope

The scope of the audit included the activities covered by the Contribution Agreements between the Department of Canadian Heritage and Hockey Canada between 2018-2019 to 2021-2022 under the Sport Support Program and the Hosting Program.

Audit Conclusions

The audit team confirmed that:

1. Funds disbursed to the Recipient have been used for the intended purposes. It should be noted that no instances were identified where public funding, issued by Canadian Heritage was used to pay for legal settlements or related legal fees;
2. The audit identified a surplus of \$766,000 in fiscal year 2020-2021;

3. The Recipient had an adequate internal control framework and a budgeting process in place to ensure appropriate management of the financial activities of the projects and programming. Some improvements were suggested, such as aligning the financial coding to the contribution agreements funded categories, reviewing the salaries recorded and documenting financial processes;
4. A governance structure is in place to manage the funds issued from Canadian Heritage; and
5. Policies are in place, as set out in the Contribution Agreements.

Recommendations

The audit team identified areas where management practices and processes could be improved. The audit team recommended that Hockey Canada:

1. Consider adding sub project codes in the accounting structure to facilitate the reporting of expenses against the eligible cost categories in the Contribution Agreements and to comply with reporting requirements. Also, that the reported amounts per cost category be reconciled to the actual detailed transaction listings prior to their submission to Canadian Heritage;
2. Ensure that the amount deducted for salaries exceeding the thresholds in the National Sport Organization Application Guidelines be reviewed by a staff member that has access to the overall payroll register information before sending the final financial report to Canadian Heritage;
3. Establish proper cut-off procedures and that these are adhered to when reporting to Canadian Heritage to ensure the accuracy and completeness of the reported amounts;

4. Ensure that all expenses included in the eligible costs categories meet the eligibility criteria of the *Application Guidelines – National Sport Organization* and the terms and conditions of the Contribution Agreements;
5. Ensure that the reported amounts are supported by a detailed transaction listing to ensure an accurate and complete presentation of the amounts incurred;
6. Ensure that reporting requirements are met by the Hosting Committees and that reported amounts be supported by a detailed transaction listing to ensure the accuracy and completeness of reported amounts;
7. Ensure that Board minutes are reviewed by the Board members and approved at the following meeting to ensure that topics discussed and decisions taken are recorded in a timely fashion, and are made available upon request, as applicable;
8. Include additional information in its Contract Policy to ensure that clear guidance is provided to employees when purchasing goods and services on behalf of Hockey Canada such as, without limitation, tendering procedures, bid evaluation procedures and contract awarding procedures. It should also include a sole source justification requirement within their procurement policy when significant purchases are made using sole sourcing;
9. Document all travel directives and policies in one document per targeted audience and ensure it includes the appropriate limitations as permitted by the federal government's Travel Directive for the eligible expenses reported to Canadian Heritage;
10. Report the actual in-kind expenses incurred during the fiscal year and report the same amount as in-kind revenues for the same period; and
11. Develop clear policies and procedures to monitor the in-kind goods and services relating to the Contribution Agreements. The policy

should specify the methodology for the valuation, information that should be kept to assess the value and the requirement of having separate accounts for in-kind revenues and expenditures, to allow for accurate reporting of in-kind goods and services received.

Hockey Canada's Response

Hockey Canada is in general agreement with the recommendations and will work to implement such recommendations.

Program's Management Response

The program is satisfied with the audit conclusions and recommendations. The program will monitor how Hockey Canada implements the recommendations.

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