



Indian and Northern
Affairs Canada

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Management Practices Review of the Policy and Strategic Direction Sector

Report
September 2009

A vertical decorative bar on the right side of the page, divided into three horizontal sections. The top section is a solid dark red. The middle section features a stylized red maple leaf on a white background. The bottom section is a solid orange-gold color with the word "Canada" in white serif font.

Canada



Review Objectives

- The Management Practices Review is designed to provide review level assurance that grant and contribution, contracting, financial management and human resources management practices comply with applicable policies and authorities and are delivered consistent with the TB Management Accountability Framework.



Methodology

- On-site work was conducted during March and April, 2009 in the Policy and Strategic Direction Sector (at HQ). The review examined files from HQ as well as other sites.
- Interviews were conducted with 16 representatives including the ADM, DGs, Directors, Managers and staff from both Policy and Strategic Direction Sector and Departmental Human Resources.
- A random sample (judgmental sample in areas of higher risk) was reviewed of 40 human resource transactions (including staffing, classification, training expenditures relative to existing learning plans, overtime and leave), 5 grant and contribution files and 20 contracting transactions from the 2007/08 fiscal year.



Context

- The Policy and Strategic Direction Sector is comprised of five branches. The Sector exists to facilitate Indian and Northern Affairs Canada's mandate.
- Much of the work of the Sector is accomplished through the creation and maintenance of effective working relationships to ensure timely, relevant and well communicated products. The vision of the Sector is "providing advice, shaping policy and delivering results".



Human Resources - Background

- The total population of employees in the Policy and Strategic Direction Sector at March 31, 2008 was 204 (includes indeterminate and term employees over three months).
- The workforce is predominantly indeterminate (96.1% as of March 31, 2008) and primarily reports English as their first official language (63.2% as of March 31, 2008).*
- The majority of employees (75.4%) are in the AS (22.5%), ES (27.9%) or SI (25%) occupational groups.*

* The HR statistics presented in this report are based on the HR Dashboard – PSD for April 1, 2007 to March 31, 2008



Human Resources - Background

- While the average age of PSD employees is 38.9 years, 31 (15.2%) are eligible to retire within the next five years.*
- The Sector consists of 19.1% Aboriginal staff compared with INAC's overall complement of 29.1% (versus a Sector and Departmental target of 50%).*

* The HR statistics presented in this report are based on the HR Dashboard – PSD for April 1, 2007 to March 31, 2008



Observations – Human Resources

1. Some challenges were encountered in locating HR files for testing staffing actions and inconsistency was noted between HQ HR files and HR files drawn from Vancouver in the level of documentation and in the extent of use of checklists.
2. Of the 20 staffing actions tested, the following exceptions were noted:
 - a. In 12 HR files (from HQ), 3 job requisitions could not be located
 - b. In 2 transactions (a Determinate FT and a Casual FT) – the job requisition was approved after the employment started
 - c. In 1 transaction (a Casual FT) – the job requisition approval date was not documented, rendering it impossible to assess if employment started before or after the job requisition approval



Observations – Human Resources

- d. In 2 transactions (A Non-advertised Determinate FT and a Non-advertised Indeterminate FT) – staffing action files did not include a candidate assessment mapping the resume to the Statement of Merit Criteria as required for Non-advertised positions
- e. 1 transaction (an acting position) – no resume of the applicant was included in the file
- f. 3 transactions (an Indeterminate FT and 2 acting appointments of more than 4 months) – no evidence was on file that the staffing action was included in the HR Plan
- g. 2 transactions (an Indeterminate FT and a Determinate FT) – staffing action file did not contain sufficient and appropriate assessment of information to support the appointment decision on the candidate



Observations – Human Resources

- h. 1 transaction (an acting appointment) – original acting appointment of 5 months was extended 7 months with no justification on file. Furthermore, no notice was sent to potential candidates for the original appointment
- i. In 3 transactions (3 acting appointments) – there was no letter of offer on file
- j. In 2 transactions – the letter of offer was not signed
- k. In 8 staffing action files (6 from Vancouver and 2 from Ottawa) – no evidence that the checklist was used
- l. In 8 transactions – letter of employment was signed after employment started



Observations – Human Resources

3. Of the 5 leave transactions tested, one leave transaction was approved approximately 3 months after the vacation was taken.
4. Of the 5 overtime transactions tested, 5 did not demonstrate evidence of pre-approval, 1 was signed and dated after the overtime was worked, 3 were signed but not dated, and 1 was neither signed nor dated.
5. Of the 5 samples selected for classification actions, one classification action was approved after the effective date of the new position.



Observations – Human Resources

6. Of 5 employees selected, no learning plan was completed for one employee within the 3 month period required by Policy.



Observations – Other

1. All 5 Responsibility Center Managers selected for testing had a valid financial delegated authority.
2. Based on the 2 performance agreements sampled, personal performance objectives are aligned with the Sector's objectives.



Grants & Contributions - Background

- The PSD Sector has a small number of Grant & Contribution agreements. The total expenditure for the Sector for 2007-2008 was \$17,292,192.
- The largest agreements (3 grant agreements totalling \$2,070,000 and one contribution agreement of \$12,524,168) in 2007/08 are with the Assembly of First Nations, totalling \$14,594,168.



Observations – Grants and Contributions

- In the detailed review of four (4) G&C files, there was one instance where Section 34 was signed but not dated and one instance where Section 34 was signed but wrongly dated (January 16, 2007 instead of January 16, 2008) on the individual payment batches.



Observations - Contracting

1. In all 5 of the sole source contracts tested there was no justification on file for sole source contracting and contract work had commenced prior to signing of the contract.
2. In 1 of the transactions – there was no requisition form on file stating RCM approval (Section 32).



Observations - Contracting

3. Of the 10 competitive contracts tested (over \$25,000), the following did not comply fully with contracting policies:
 - a. In 6 transactions – contract work had commenced prior to signing of the contract.
 - b. In 4 transactions – there was no justification on file for contract amendments.
 - c. In 2 transactions – no requisition form indicating RCM approval (Section 32) was on file.
 - d. In 5 transactions - a requisition form stating RCM approval (Section 32) was on file but had not been signed.



Observations – Acquisition Cards

1. For 5 acquisition cards tested to confirm whether due diligence was exercised in the management of acquisition card expenditures, there was no evidence on file that monthly card statements have been reconciled to cardholder purchase log or register.
2. In all 5 cards sampled, the cardholder signed their own credit card statement.
3. For 2 of the 5 cards sampled, the card had been used by someone other than the cardholder.



Observations – General Management

- Strengths:
 - G&C files are well organized and managed.
 - The Resource Planning Directorate provides very good support to the Sector. The audit team received positive feedback from all branches.



Observations – General Management

- Based on interviews with PSD management, the following areas were identified for improvement:
 - While risk management takes various forms, there is currently no integrated and comprehensive approach to risk management across the sector.
 - Performance indicators focus primarily on outputs rather than strategic outcomes.
 - It was noted that outstanding leave requests in PeopleSoft are automatically approved by the system at the end of the year.
 - The annual performance forms have a completion rate of 73.7% for the Sector vs 83.9% for INAC.



Recommendations

We recommend the following in the area of HR:

- Departmental Human Resources and Sector RCMs should continue to work together to ensure complete, accurate and up to date HR files are in place and maintained (see observation 1 under Human Resources – page 7) such as:
 - Signed job requisition kept with the Staffing actions file;
 - Consistent use of checklists for all staffing files;
 - Documentation of all discussions/decisions within HR files; and
 - Maintenance of HR files by staffing action to ensure completeness of documentation.

- Learning plans should be completed for new employees within 3 months of their start date and to ensure appropriate monitoring of training against committed plans, RCMs and senior managers should be provided with status reports on a regular basis (see observation 6 under Human Resources – page 11).



Recommendations

- HR focus should continue to be placed on succession planning specifically in the areas of Human Resources and Funding Services to ensure a smooth transition and transfer of corporate memory when key players retire from the organization (see Human Resources – Background page 6).
- Each DG should focus on defining and measuring/reporting on performance indicators related to and aligned with INAC's strategic outcomes (see Observations – General Management page 19).



Recommendations

We recommend the following in the area of contracts:

- Ensure the contract is signed prior to the work commencing (see observation 1 on page 15 and observation 3a. on page 16)
- Ensure that a signed copy of the requisition and contract are included in the contract file (see observation 2 on page 15 and observation 3c and d on page 16)
- Ensure there is a justification for each contract amendment (see observation 3b page 16)
- Ensure justification for sole source contracts is adequately documented (see observation 1 page 15)



Recommendations

We recommend the following in the area of acquisition cards:

- Supervisory review of monthly statements with invoices done by someone other than the cardholder (see observation 2 on page 17)
Per discussion with the manager, management has decided on a going forward basis that the manager will review the monthly statements to ensure segregation of duties.
- The card should be used only by cardholder (see observation 3 on page 17)