



Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Audit of Entity-Level Controls in the Northwest Territories Region

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ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
AISB	Assessment and Investigation Services Branch
ARDG	Associate Regional Director General
COSO	Committee of Sponsoring Organizations of the Treadway Commission
HR	Human Resources
IPGHD	Isolated Posts and Government Housing Directive
NT	Northwest Territories
RDG	Regional Director General

EXECUTIVE SUMMARY

Background

The control environment provides an atmosphere in which people conduct their activities and carry out their control responsibilities. The control environment sets the tone of an organization by influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure to the manner in which the principal business activities are conducted and objectives established. Control environment factors include the integrity, values and ethics, and competence of the organization's people; management's philosophy and operating style; the way management assigns authority and responsibility; the way management organizes and develops its people; and the attention and direction provided by senior management.

The control environment comprises the conditions under which an organization's accounting and internal controls are designed and implemented. It includes the governance and management functions and the attitudes, awareness, and actions of those charged with governing and managing the entity's internal controls and their importance in the entity.

During 2010-2011, the Assessment and Investigation Services Branch (AISB) of the Audit and Evaluation Sector conducted a review of charge card transactions in the Northwest Territories (NT) Region. Specifically, the review covered the use of departmental charge cards (both acquisition cards and travel cards) that were issued to certain employees of Aboriginal Affairs and Northern Development Canada (AANDC) working in the NT Region. The AISB review was initiated to determine whether the findings from an internal investigation completed by the NT Region were supported. Among other recommendations from AISB's review, it was recommended that certain entity-level management controls be strengthened within the NT Region.

As a follow-up on the recommendations from the AISB review, an Audit of Entity-Level Controls in the Northwest Territories Region was conducted to validate whether recommended improvements to the management control framework have been implemented and whether they are functioning as intended.

Audit Objective and Scope

The objective of this audit was to provide assurance over the adequacy and effectiveness of entity-level controls in the Northwest Territories (NT) Region.

The audit scope covered the period from April 1, 2011 to March 31, 2012 and included a site visit to the NT Regional Office in Yellowknife from March 21-23, 2012.

Consistent with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model, the audit scope included an examination of the control environment and control activities in the areas of values and ethics, people, governance and strategic direction,

stewardship, and risk management. Specific areas examined included adherence to policies, directives and guidelines concerning oversight on the use and management of departmental charge cards, as well as employee travel and the application of the National Joint Council *Isolated Posts and Government Housing Directive* (IPGHD). In particular, the audit followed up on the improvements to management controls arising from recommendations from recent audits and reviews that included an assessment of the NT Region's activities as part of their scope of work.

Observed Strengths

Throughout the audit fieldwork, the audit team observed examples of how controls are properly designed and are being applied effectively by regional management. This resulted in several positive findings as follows:

- Since the previous occurrences of departmental acquisition and travel charge card abuse, changes have been implemented with respect to use and management of departmental acquisition cards. The Region has defined procedures to support key areas of responsibility and authority and has implemented a new control to enforce a monthly zero-balance for all acquisition cards;
- With respect to the IPGHD, regional Human Resources and Finance staff have been in contact with Headquarters policy experts to discuss policy interpretation issues, and regional management and staff are aware of their duty to consult with the NT Human Resource and Leadership Directorate and/or the Financial Services Directorate when applying the IPGHD; and,
- The Region is taking action to address and determine possible causes of human resource and governance findings raised in recent audits and reviews.

Statement of Assurance

In my professional judgment as Chief Audit and Evaluation Executive, sufficient and appropriate audit procedures have been performed and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on observations and analyses of the situations as they existed at the time against the audit criteria. The conclusions are only applicable to the Audit of Entity-Level Controls in the NT Region. The evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing*.

Conclusion

Generally, management practices associated with the entity-level controls examined were found to be adequate; however, some areas for improvement were noted to strengthen management practices in the following areas: workplace well-being, strategic and operational priority setting, documenting rationale for decisions taken, and risk-based monitoring processes for travel and acquisition card transactions and IPGHD entitlements.

Recommendations

The audit team identified areas where management practices and processes associated with the entity-level controls could be improved, resulting in five recommendations.

The Audit and Evaluation Sector recommends that:

1. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should use the results of the Public Sector Employee Survey (PSES) to gather information on possible morale issues in the Northwest Territories Region and to establish a benchmark from which to develop an action plan in response.
2. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should review the roles and responsibilities of the Northwest Territories Executive Office to improve the distribution of strategic and operational leadership roles.
3. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should work with the Northwest Territories Regional Office to develop an approach to strategic priority setting and resource allocation that includes discussion and challenge amongst regional management of proposed priorities and associated budget implications.
4. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should seek clarification from the *Regional Federal Council* on their interpretation of the *Isolated Posts and Government Housing Directive* (IPGHD), and work with the Northwest Territories Regional Office and the Headquarters' Human Resources and Workplace Services Branch to resolve current IPGHD application issues. Guidance regarding the IPGHD should be distributed to staff in the Region, and decisions and supporting rationale should be documented in human resource files.
5. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should work with the Northwest Territories Regional Office and the Headquarters' Human Resources and Workplace Services Branch to define automated monitoring system controls for the monitoring of IPGHD entitlements.

1. INTRODUCTION AND CONTEXT

1.1 *Entity Level Controls*

The control environment provides an atmosphere in which people conduct their activities and carry out their control responsibilities. The control environment sets the tone of an organization by influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure to the manner in which the principal business activities are conducted and objectives established. Control environment factors include the integrity, ethical values, and competence of the organization's people; management's philosophy and operating style; the way management assigns authority and responsibility; the way management organizes and develops its people; and the attention and direction provided by senior management.

The control environment comprises the conditions under which the organization's accounting and internal controls are designed and implemented. It includes the governance and management functions and the attitudes, awareness, and actions of those charged with governing and managing the entity's internal controls and their importance in the entity.

During 2010-2011, the Assessment and Investigation Services Branch (AISB) of the Audit and Evaluation Sector conducted a review of charge card transactions in the Northwest Territories (NT) Region. Specifically, the review covered the use of departmental charge cards (both acquisition cards and travel cards) that were issued to certain employees of Aboriginal Affairs and Northern Development Canada (AANDC) working in the NT Region. The AISB review was initiated to determine whether the findings from an internal investigation completed by the NT Region were supported. Among other recommendations from AISB's review, it was recommended that certain entity-level management controls be strengthened within the NT Region.

As a follow-up on the recommendations from the AISB review, an Audit of Entity-Level Controls in the NT Region was conducted to validate whether recommended improvements to the management control framework have been implemented and whether they are functioning as intended.

1.2 *Northwest Territories Region*

AANDC has a diverse mandate in the NT Region, which includes administering programs and services, and acting as a regulatory authority on major mining and infrastructure projects. The programs and services provided by the NT regional office play an important role in the day-to-day workings of the Territory and AANDC employs people from many different fields, such as geology, finance, information technology, resource management, human resources and the environment.

In the Northwest Territories, AANDC's responsibilities are similar to that of a province and include, among other things, land, water and resource management; aboriginal and territorial relations; and, Indian and Inuit services. The Executive Office of the NT Region, comprising the

Regional Director General (RDG), the Associate Regional Director General (ARDG) and office support staff, oversees programs and services delivered in the Region. The Executive Office is led by the RDG, who reports to the Assistant Deputy Minister of the Northern Affairs Organization.

A formal process and negotiations are now underway to devolve and transfer authority from the Government of Canada (AANDC) to the Government of the Northwest Territories for public lands and resources and rights with respect to water. This will shift decision-making power over public lands and resources, including land, water, oil and gas, and minerals used and developed in the Northwest Territories, from Canada's Minister of Aboriginal Affairs and Northern Development to the Government of the Northwest Territories. Through devolution, a process which has already been implemented in the Yukon Region, the roles and responsibilities of the AANDC NT regional office and its staff are likely to change considerably.

2. AUDIT OBJECTIVE AND SCOPE

2.1 *Audit Objective*

The objective of this audit was to provide assurance over the adequacy and effectiveness of entity-level controls in the NT Region.

The audit objective was supported by detailed audit criteria developed in alignment with the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) and the Treasury Board of Canada Secretariat's *Core Management Controls*.

2.2 *Audit Scope*

The audit scope covered the period from April 1, 2011 to March 31, 2012 and included a site visit to the NT Regional Office in Yellowknife from March 21-23, 2012.

Consistent with the COSO model, the audit scope included an examination of the control environment and control activities in the areas of values and ethics, people, governance and strategic direction, stewardship, and risk management. Specific areas examined included adherence to policies, directives and/or guidelines on oversight of the use and management of departmental charge cards, travel, and the National Joint Council's *Isolated Posts and Government Housing Directive* (IGPHD). In particular, the audit followed up on the improvements to management controls arising from recommendations from recent audits and reviews which included the NT Region as part of their scope of work.

2.3 *Statement of Assurance*

In my professional judgment as Chief Audit and Evaluation Executive, sufficient and appropriate audit procedures have been performed and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on observations and analyses of the situations as they existed at the time against the audit criteria. The conclusions are only applicable to the Audit of Entity-Level Controls in the NT Region. The

evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing*.

3. APPROACH AND METHODOLOGY

The principal audit techniques used during the conduct of the audit included:

- Interviews with key management and staff personnel (22 in total);
- Review of relevant documentation and management controls related to values and ethics, the IPGHD, and AANDC travel and acquisition card policies; and,
- Evaluation of the system of internal controls, risk management and governance within the NT Region for processes within the audit scope.

The approach used to address the audit objective included the development of audit criteria against which observations and conclusions were drawn. The audit criteria developed for this audit are included in Appendix A.

4. CONCLUSION

Generally, management practices associated with the entity-level controls examined were found to be adequate; however, some areas for improvement were noted to strengthen management practices in the following areas: workplace well-being, strategic and operational priority setting, documented rationale for decisions taken, and risk-based monitoring processes for travel and acquisition card transactions and IPGHD entitlements.

5. OBSERVATIONS AND RECOMMENDATIONS

Based on a combination of the evidence gathered through the examination of documentation, analysis and interviews, each audit criterion was assessed by the audit team and a conclusion for each audit criterion was determined. Where a significant difference between the audit criterion and the observed practice was found, the risk of the gap was evaluated and used to develop a conclusion and to document recommendations for improvement.

Observations include both management practices considered to be strong as well as those requiring improvement. Accompanying the observations of areas identified for improvement are recommendations for corrective actions.

5.1 Values and Ethics

5.1.1 Integrity and Values and Ethics

Management's operating philosophy is a critical element in establishing employee commitment and loyalty and should reflect a commitment to a healthy and well-balanced work environment and appropriate employee recognition. An equally important pillar of management's operating philosophy is a commitment to ethical values and integrity. Ethical values and integrity should

be reinforced through management actions and employees should feel comfortable bringing up concerns without fear of reprisal.

Management interviewed did not express concern or provide the audit team with examples where controls had been overridden; however, during the audit, several individuals raised common concerns with respect to poor office morale and a discouraging workplace atmosphere that currently exists in the NT Region. Concerns were also expressed to the audit team with respect to intrusive decision making that occurs, a fragmented management team, inconsistent messaging on direction, and a perceived disinterest in employee well-being. Employees, however, did not feel comfortable providing the audit team with specific examples for fear of being identified.

At the time of the audit, the NT Region was in the midst of negotiations to devolve and transfer authority from the Government of Canada to the Government of the Northwest Territories as well as initiating the *Deficit Reduction Action Plan* related to the 2012 Federal Budget, which was creating increased anxiety and strain on employees. The audit found that for several years now, the NT Region has not conducted an employee survey which could help management to identify potential issues and validate perceptions of the NT Region's employees on the work environment.

Employees in the NT Region are aware that there is an Ombudsman (Senior Integrity, Values & Ethics and Informal Conflict Resolution Officer) at Headquarters that can be contacted regarding Values and Ethics issues or concerns. Staff interviewed consistently stated that they would speak with, and confide in, different resources, depending on the particular issue and whom it may concern.

Recommendation:

1. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should use the results of the Public Sector Employee Survey (PSES) to gather information on possible morale issues in the Northwest Territories Region and to establish a benchmark from which to develop an action plan in response.

5.2 People

The provision of training to employees on the appropriate use of charge cards (travel and acquisition) is essential in aiding to safeguard against inappropriate activity and to ensure that all cardholders are aware of their responsibilities and use their cards correctly.

While the Region does not provide specific training on the appropriate use of travel cards, these cards are deemed by regional management to be lower risk. Travel cards, unlike acquisition cards, are provided to certain staff in their own name, and are to be used to pay for travel expenses while on government travel status. Travelers are then reimbursed for eligible expenses through the travel expense claim process. The travel card statements are managed by individual cardholders and they are responsible for settling any related debts. Interviews with staff confirmed that they understand their responsibilities with respect to travel card usage.

The audit found that regional management provides personnel with access to the training necessary for their assigned duties with respect to use and management of departmental acquisition cards. Employees must complete a web-based training package for acquisition cards and sign and return the last page of the package, which indicates acceptance of their responsibilities, prior to receiving an acquisition card. In addition, applicants are provided with links to all the relevant policies, procedures and training documents held on the AANDC intranet.

NT regional management has also taken action to address monitoring and approval deficiencies associated with travel and acquisition cards noted in the Assessment and Investigation Services Branch review (e.g. new control to enforce a monthly zero-balance for all acquisition cards).

With respect to the IPGHD, specific training is not provided to employees, although advisors from the NT Human Resources and Leadership Directorate and the Financial Services Directorate are frequently in contact with Headquarters policy experts, and regional management and staff are aware of their duty to consult with the HR and/or Finance Advisors when applying the Directive.

Recommendation:

No recommendations were identified in this area.

5.3 Governance and Strategic Direction

5.3.1 Leadership Roles

Leadership roles and responsibilities should be defined for the Executive Office, outlining reporting and accountability requirements as well as the interactions and dependencies between the individuals in the senior management team. The primary leadership role within the Region is the Regional Director General (RDG), who provides overall leadership and is accountable for the effective and efficient delivery of all services, activities and programs. The RDG is supported by the Associate Regional Director General (ARDG) in the day-to-day operations of the Region and in the management of human and financial resources, providing direct supervision to the senior management team.

The audit found that the current role of the ARDG is inconsistent with the position's formal job description. As per the job description, the ARDG is accountable for the maintenance of regional operations on a day-to-day basis. The ARDG also exercises supervisory responsibility for regional Directors on a day-to-day basis and provides ongoing input into the development of organizational objectives and priorities for all of the NT Region's Directors. Several individuals noted that the role of the ARDG has been diminished and that the leadership capabilities and experience of the ARDG are being underutilized. The division of responsibilities between the ARDG and RDG was considered by those interviewed to be unbalanced and sub-optimal.

Recommendation:

2. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should review the roles and responsibilities of the Northwest Territories Executive Office to improve the distribution of strategic and operational leadership roles.

5.3.2 Strategic Priority Setting

Strategic priority setting is an essential practice that guides organizations in creating a long-term vision for the future and aids in decision-making and in establishing objectives, goals and performance targets. Identifying priorities enables the development of appropriate strategies and plans that are designed to achieve success.

While interviewees stated that the operational and business planning processes work well within the NT Region, the process for strategic planning and priority setting in the Region is perceived to be reactive and ineffective. Strategic priorities are determined primarily through one-on-one meetings between the RDG and individual Directors, which does not provide for adequate challenge of assumptions by the management team nor ensure that available resources and operational capacity are aligned with priorities. Interviewees noted that when budgets are reduced, the NT Region's typical approach is to cut all activities equally instead of prioritizing where cuts should be made. Interviewees also noted that the NT Region does not adequately communicate the potential implications of budget cuts to the Northern Affairs Organization.

Recommendation:

3. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should work with the Northwest Territories Regional Office to develop an approach to strategic priority setting and resource allocation that includes discussion and challenge amongst regional management of proposed priorities and associated budget implications.

5.4 Stewardship

5.4.1 Documented Rationale for Decisions

The IPGHD is in place to facilitate the recruitment and retention of staff delivering government programs in isolated locations. Provisions within the IPGHD are designed to recognize the inherent disadvantages and abnormally higher costs of living and working in isolated posts, as well as to ensure that employees living in government housing are treated in a manner equivalent to employees renting/owning similar accommodation from private or commercial sources.

The IPGHD does require some level of interpretation to ensure allowances and entitlements are managed appropriately, in particular when unusual situations arise. There is also a responsibility placed on the employee to notify management when their personal situation changes. Recently, there have been concerns raised by Headquarters' Human Resources and Workplace Services Branch on how the IPGHD is being interpreted in the NT Region (e.g. exceeding IPGHD entitlements). Due in part to recent turnover of advisory staff and loss of corporate memory within the Human Resources and Leadership Directorate in the NT Region, there has been inconsistent application of IPGHD and lack of documentation supporting

decisions taken. The Region's Director of Human Resources and Leadership is currently investigating issues in this regard.

While the NT Region strives to interpret the IPGHD consistently, the audit found that the advice and rationale supporting decisions taken is not always clearly documented. This was found to create inefficiencies and confusion caused by having to investigate and interpret previous management decisions. An example is the interpretation of time off with pay for vacation travel. The IPGHD states that when employees travel from their headquarters for vacation purposes, they shall be granted time off with pay. For the NT Region Yellowknife office, under the IPGHD, employees are allowed the lesser of two days or the actual and reasonable time required to travel from the Yellowknife office to the point of departure or destination, and return (these allowances may differ depending on the location of the AANDC office in NT). For the NT regional office in Yellowknife, the point of departure is typically Edmonton, which is a half-day flight (and one full day return) or a two-day drive. Within the NT Region, this IPGHD clause has been interpreted (and has become common practice) to mean that individuals can receive the 2 full days of paid leave, essentially granting employees an additional day of paid travel time than would be otherwise be granted under the scenario outlined above. The decision taken within the Region to allow one day for each way of travel was a compromise that was based on considerations of risk, fairness and transparency. Management was unable to provide evidence which demonstrated how this was determined, although it was reported that the *Regional Federal Council*¹ agreed to apply this clause consistently among all federal government departments operating in the Region. Without this supporting documentation, however, there is increased likelihood that unique cases or interpretations will become common practice and there is a risk of non-compliance with the IPGHD.

Recommendation:

4. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should seek clarification from the *Regional Federal Council* on their interpretation of the *Isolated Posts and Government Housing Directive* (IPGHD), and work with the Northwest Territories Regional Office and the Headquarters' Human Resources and Workplace Services Branch to resolve current IPGHD application issues. Guidance regarding the IPGHD should be distributed to staff in the Region, and decisions and supporting rationale should be documented in human resource files.

5.4.2 Monitoring and Review

It is important that regional management conduct a periodic review of processes and controls with respect to departmental travel and acquisition cards, employee travel, labour relations agreements and isolated posts and government housing. A monitoring regime should be in place in order to ensure that there is efficient and effective periodic monitoring and reporting of any issues.

¹ Regional Federal Councils comprise the senior officials for the federal departments and agencies in each province and territory.

With respect to monitoring and reviewing acquisition cards, the NT Region's Head of Contracting and Purchasing reviews all statements prior to their release to the cardholder. This is evidenced through the highlights and notes made on card statements and also by the emails sent by the Head, Contracts and Purchasing to cardholders if anomalies requiring explanation are identified. The audit found, however, that this monitoring practice does not make use of risk-based analysis of acquisition card transactions or usage (i.e. 100% sampling is used). Employing a risk based approach to monitoring would provide a more efficient review.

While it is still too early to determine if all issues from previous reviews have been resolved with respect to the IPGHD, the audit found that no routine or periodic monitoring or analysis is conducted in the NT Region (manual or system-based) which would help to identify trends and investigate potential anomalies (e.g. review of leave codes and leave balances, IPGHD travel expenses, exceeding IPGHD allowances, etc). The audit noted that pre-set triggers/thresholds are not in place in systems used by the Region and alerts are not integrated into systems to notify management of potential issues (e.g. notification when an employee exceeds IPGHD allowance threshold). There is reliance placed on employees to notify HR and/or Finance when there are changes under the IPGHD.

Recommendation:

5. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should work with the Northwest Territories Regional Office and the Headquarters' Human Resources and Workplace Services Branch to define automated monitoring system controls for the monitoring of IPGHD entitlements.

5.5 Risk Management

Risk management practices include management formally responding to its risks in the use and management of travel and acquisition cards, and the IPGHD.

Inherently, risks with respect to acquisition cards involve transaction limits, credit limits, inappropriate transactions, and prompt payment. When budget owners (Responsibility Centre Managers) approve applications for acquisition cards, the transaction limits are established based on risk (up to a maximum of \$5k) as well as monthly limits (i.e. monthly credit limits and up to a maximum of \$25k). The risk of inappropriate transactions is managed through a monthly review of all statements, although this review process is not formally documented. This review of all statements also looks at outstanding balances.

In the absence of formal risk management activities to identify, assess and manage risks, management is currently responding to all of the issues identified with respect to travel and acquisition cards and the IPGHD by investigating their possible causes and intends to respond to inherent risks by implementing new control measures and action plans where relevant.

Recommendation:

No recommendations were identified in this area.

6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should use the results of the Public Sector Employee Survey (PSES) to gather information on possible morale issues in the Northwest Territories Region and to establish a benchmark from which to develop an action plan in response.</p>	<ul style="list-style-type: none"> • Prepare and implement Regional PSES Action Plan using PSES 2012 results as a benchmark for measuring the morale issues in the NWT. • Implement Regional Staff Survey to measure progress against PSES benchmark. • Communicate the results of both the PSES and internal staff survey and complete action plan. 	<p>Assistant Deputy Minister, Northern Affairs Organization</p> <p>Regional Director General, Northwest Territories Region, Northern Affairs Organization</p>	<p>November 2012</p> <p>January 2013</p> <p>February 2013</p>
<p>2. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should review the roles and responsibilities of the Northwest Territories Executive Office to improve the distribution of strategic and operational leadership roles.</p>	<ul style="list-style-type: none"> • Draft and/or amend RDG/ARDG Executive Performance Agreement's (EPA) to reflect specific roles, responsibilities as well as strategic and operational leadership roles. These will be refined and cascaded through the Executive Committee EPA agreements. • Distribute and implement Executive Transition plan documenting the above to all relevant Regional and NAO staff and management bodies. 	<p>Assistant Deputy Minister, Northern Affairs Organization</p> <p>Regional Director General, Northwest Territories Region, Northern Affairs Organization</p>	<p>October mid-year review of EPA's</p> <p>November 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>3. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should work with the Northwest Territories Regional Office to develop an approach to strategic priority setting and resource allocation that includes discussion and challenge amongst regional management of proposed priorities and associated budget implications.</p>	<ul style="list-style-type: none"> • Revise and implement governance and decision making models. • Ensure inclusion of a collective priority setting exercise into the Region's planning process. The integrated business planning process will describe a clear role for Regional Executive Committee (REC) in setting, discussing and contributing to resources allocation decisions. 	<p>Assistant Deputy Minister, Northern Affairs Organization</p> <p>Regional Director General, Northwest Territories Region, Northern Affairs Organization</p>	<p>December 2012</p> <p>Inclusive priority setting exercise- Mid Year review- Oct16-17, 2012</p> <p>Inclusion in IBP process Jan 2013</p>
<p>4. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should seek clarification from the <i>Regional Federal Council</i> on their interpretation of the <i>Isolated Posts and Government Housing Directive</i> (IPGHD), and work with the Northwest Territories Regional Office and the Headquarters' Human Resources and Workplace Services Branch to resolve current IPGHD application issues. Guidance regarding the IPGHD should be distributed to staff in the Region, and decisions and supporting rationale</p>	<ul style="list-style-type: none"> • Consult with the Regional Federal Council to clarify the interpretation of the IPGHD as it applies to the NWT Region. • Develop and implement, in conjunction with HQ, a consistent case managed approach to the interpretation and application of IPGHD. • Have FAQ's/interpretation available on CIDM for staff, Managers to access- sessions to educate. • The HR directorate will ensure all IPGHD decisions are documented and placed on file. 	<p>Assistant Deputy Minister, Northern Affairs Organization</p> <p>Regional Director General, Northwest Territories Region, Northern Affairs Organization</p>	<p>Jan 2013</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
should be documented in human resource files.			
<p>5. The Assistant Deputy Minister (ADM) of the Northern Affairs Organization (NAO) should work with the Northwest Territories Regional Office and the Headquarters' Human Resources and Workplace Services Branch to define automated monitoring system controls for the monitoring of <i>Isolated Posts and Government Housing Directive</i> (IPGHD) entitlements.</p>	<ul style="list-style-type: none"> • Adopt and utilize AANDC HR dashboard as an automated monitoring system. • Develop and implement training plan to ensure managers are aware of their delegated authorities. • Ensure this issue is incorporated into NT transition and implementation plans for the HR hubs and residual regional organization. 	<p>Assistant Deputy Minister, Northern Affairs Organization</p> <p>Regional Director General, Northwest Territories Region, Northern Affairs Organization</p>	November 2012

Appendix A: Audit Criteria

The audit objective is linked to audit criteria developed in alignment with Core Management Controls. Additional audit criteria were developed to address specific risks identified in the planning phase.

Audit Criteria	
Values and Ethics	
1.1	Integrity and ethical values are communicated through management actions and employees feel comfortable bringing up concerns without fear of reprisal.
1.2	Formal channels of communication exist for people to report suspected wrongdoings.
People	
2.1	Regional management provides personnel with access to the training necessary for their assigned duties with respect to use and management of departmental acquisition cards, travel, and the Isolated Posts and Government Housing Directive.
2.2	The Region has defined procedures to support key areas of responsibility and authority with respect to the use and management of departmental charge cards, travel, and the Isolated Posts and Government Housing Directive.
Governance and Strategic Direction	
3.1	Strategic and operational priority setting includes challenge of assumptions and alignment of priorities with available resources and operational capacity.
3.2	Management takes appropriate action, on a timely basis, to respond to findings and recommendations resulting from self-assessment, internal and external audits. Responses to audit findings are communicated to Headquarters senior management.
Stewardship	
4.1	Regional management conducts a periodic review of process and controls with respect to departmental charge cards, travel, labour relations agreements and isolated posts and government housing.
Risk Management	
5.1	Management formally responds to its risks in the use and management of departmental charge cards, travel, and the Isolated Posts and Government Housing Directive.