

**ACTION PLAN IMPLEMENTATION STATUS UPDATE  
REPORT TO THE AUDIT COMMITTEE - AS OF SEPTEMBER 30, 2011**

**REGIONAL OPERATIONS, CHIEF FINANCIAL OFFICER**

**AUDIT OF THE QUALITY MANAGEMENT PROGRAM AND THE APPLICATION OF THE INTERVENTION POLICY (200725)  
AEC APPROVAL DATE: 26/02/2009**

PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
<p>1. The IP be reassessed with a view to clarifying policy objectives, revising policy components needed to ensure consistency with the objectives, and providing related tools and guidance to ensure the policy is implemented as intended.</p> <p>Policy revisions and related guidance to provide, at a minimum, clarity regarding:</p> <ul style="list-style-type: none"> <li>• IP-related roles, responsibilities, accountabilities and expectations regarding IP design, development, implementation, and monitoring across key stakeholder groups including the CFO Sector, Programs and Regional Operations (particularly FSOs).</li> <li>• When a recipient's level of intervention should be escalated or de-escalated.</li> <li>• Expectations for a risk-based and integrated strategy and approach to evaluate compliance with</li> </ul>	<p>The CFO, in collaboration with Senior ADM, Regional Operations and Program ADM's, will undertake a review of the Intervention Policy. This review will involve confirmation of policy objectives and the identification of those policy changes required to address the implementation and clarity issues noted in the Horizontal Audit. The outcome of the review will include a workplan and timetable for recommended changes to the Intervention Policy and/or related guidance.</p>	<p>31 December, 2009</p>	<p><b>Status:</b> completed, request to close.</p> <p><b>Update/Rationale: As of 30/09/2011:</b></p> <p><b>RO:</b> CFO to provide details of implementation and activities to date, TPCOE confirmed via email with RO OPS.</p> <p><b>CFO:</b> A review was carried out in summer 2009 and a full evaluation during the fall of 2009. Subsequently redrafted as the Default Prevention and Management Policy. First Nations were engaged on this draft Policy in summer 2010. The Policy was presented at Departmental Operations Committee and has been approved by the Deputy Minister. Directives to accompany the Policy were presented at Departmental Operations Committee and have been approved by the Chief Financial Officer. User guides and other tools are being finalized and will be promulgated.</p> <p><b>AES:</b> The recommendation is closed based on the approval of the Policy and supporting Directives.</p>

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<p>the IP at a National and Regional level.</p> <ul style="list-style-type: none"> <li>• Minimum standards of documentation related to ongoing monitoring activities, such as trip reports (notes of site-visits), minutes of meetings, decisions, action-items and responsibilities to ensure a consistent approach within and across regions.</li> <li>• Practices, including monitoring, related to the timely receipt and review of RMPs as well as the enforcement of IP requirements in cases when RMPs are not received from recipients.</li> <li>• An approach for tracking the status of recipients under intervention, tracking and documenting progress against plans at a regional level and for providing regional information to HQ for purposes of assessing overall effectiveness of</li> </ul>			

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<p>the IP, and</p> <p>A sustainable strategy and approach be established to performing regional quality assurance reviews to monitor and validate compliance with the IP.</p>			
<p>2. In the short term, tools and practices (e.g. formal criteria, guidance and training) be developed, based on risk and current best practices, that will support consistent application of judgment to a particular recipient situation and that will clarify the conditions of default as described in the IP.</p>	<p>The CFO, in collaboration with Senior ADM, Regional Operations and Program ADM's, will identify, recommend and develop the tools and practices required to support a more consistent application of the Intervention Policy across regions. Recommendations regarding required tools and practices will be based on risk and current best practices.</p>	<p>30 June, 2009</p>	<p><b>Status:</b></p> <p><b>Update/Rationale:</b> <b>As of 30/09/2011:</b></p> <p><b>RO:</b> CFO to provide response. RO has worked in collaboration with CFO over the past two years to develop tools and practices in support of the former Intervention Policy / General Assessment tools such as:</p> <p>Default Prevention and Management Policy, Third Party Management Framework, User guide, Default Management User Guide, Action Plan and Workbook.</p> <p><b>CFO:</b> The CFO, in collaboration with Senior ADM Regional Operations and Programs established interim tools. The Policy on Default Prevention and Management has been approved. A supporting directive, final guidance and tools relating to the Management Action Plan was finalized in the first quarter of 2011-2012. The Policy was presented at Departmental Operations Committee and has been approved by the Deputy Minister. Directives to accompany the Policy were presented at Departmental Operations Committee and have been approved by the Chief Financial Officer. User guides and other tools are being finalized and will be promulgated.</p>

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			<b>AES:</b> Implemented. The recommendation will be closed once supporting user guides and tools have been finalized and distributed.
<p>3. An integrated and standardized Quality Management Program* be developed and operationalized. The QMP to provide, as a minimum, clarity regarding:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities of key stakeholders in regions and at HQ.</li> <li>• The Departmental approach and policy that defines expectations for implementing, monitoring and sustaining a risk-based approach to compliance reviews (including programs delivered via third party agents.</li> <li>• Departmental policy/guidance regarding acceptable model(s) for ensuring timely compliance reviews taking into account the attributes of those individuals</li> </ul>	<p>The Senior ADM, Regional Operations, in collaboration with the CFO and Program ADM's, will develop and operationalize a Department-wide Quality Management Program for Grants and Contributions. The QMP will be designed to address the specific issues regarding roles and responsibilities of key stakeholders and the promotion of a risk-based approach to compliance reviews. Guidance will be developed regarding acceptable staffing/organizational models for compliance reviews with a view to promoting consistency and appropriate segregation of duties. The QMP will be developed by December 31, 2009 and implemented by June 30, 2010.</p>	30 June, 2010	<p><b>Status:</b> ongoing</p> <p><b>Update/Rationale:</b> <b>As of 30/09/2011:</b></p> <p><b>RO:</b>(CFO to provide response. RO has worked in collaboration with CFO over the past two years to develop tools and practices in support of the former Intervention Policy / General Assessment tools such as:</p> <p>Default Prevention and Management Policy, Third Party Management Framework, User guide, Default Management User Guide, Action Plan and Workbook.</p> <p>The Quality Management Framework (QMF) was presented to OPS Committee on March 29, 2011 and will return November 1, 2011 with examples of how the QMF and its principles have been applied in the department and the improvements that have resulted.</p> <p><b>CFO:</b> An umbrella Quality Management Framework was drafted in Summer 2010. This document is being further refined based on comments at the Departmental Operations Committee. When finalized, this Framework will articulate the Department's vision for quality management. In addition, the Department's Management Control Framework for</p>

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<p>assigned with such responsibilities (including their independence from the day-to-day activities)</p> <p>* Quality Management Program components to be tailored to the unique circumstances of Northern Regions.</p>			<p>Grants and Contributions will provide quality management guidance for all grants and contributions programs that is consistent with the Policy on Transfer Payments. PTP guidance documents are expected to be ready for approval early in 2011-2012. Individual program branches responsible for grants and contributions will be responsible for building quality management principles into their guidance documents. All other branches will be responsible for quality management in their areas consistent with the overall framework and with policies and directives relating to their operations (e.g., IMIT)</p> <p><b>AES:</b> Implementation.</p>
<p>4. Standard expectations, guidance and tools be established for the implementation of quality control activities at the regional level, including guidance regarding the monitoring, review and documentation of recipient program reports.</p>	<p>The Senior ADM, Regional Operations, in collaboration with the CFO and Program ADM's, will develop a common set of expectations, guidance and tools for the implementation of quality control activities at the regional level.</p>	<p>June 30, 2009</p>	<p><b>Status:</b> on-going</p> <p><b>Update/Rationale:</b> <b>As of 30/09/2011:</b></p> <p><b>RO:</b> See recommendation 1 for details of tools.</p> <p><b>CFO:</b> RO Regions have developed compliance plans. These are being updated for 2011-2012. In addition RO Regions and Social Program are working together to develop a comprehensive approach to risk based compliance and program management. RO regions will examine options for enhancing Education and Community Facilities Maintenance Program compliance approaches in 2011-2012. A Recipient Audit policy has been developed that includes information on compliance.</p> <p><b>AES:</b> Implementation.</p>

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5. Standard requirements be defined for the review of recipient's audited financial statements at a regional level, clarifying expectations related to the formality of the Audit Review Committee (ARC) and representation on the ARC.	The CFO, in collaboration with Senior ADM, Regional Operations and the CAE will develop a model for the review of recipient's audited financial statements as well as the expectations for the composition and the role ARCs.	June 30, 2009.	<p><b>Status:</b></p> <p><b>Update/Rationale: As of 30/09/2011:</b></p> <p><b>RO:</b> CFO has lead, RO has provided consultation and support through various forums.</p> <p><b>CFO:</b> Baseline data from all regions have been gathered and the identification of a minimum standard is being developed and will be presented at Departmental Operations Committee.</p> <p><b>AES:</b> Full implementation requires the definition and documentation of consistent review practices in regions.</p>
6. An audit clause be incorporated in the new CFNFAs outlining the right to conduct timely compliance reviews and program directives include CFNFAs within the requirements for audit, including stipulated frequency of these audits.	This recommendation has been addressed.	N/A	<p><b>Status: Implemented</b></p> <p><b>Update/Rationale: As of 30/09/2009:</b></p> <p><b>AES:</b> Fully implemented. The recommendation will be closed.</p>