



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
Développement du Nord Canada

Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Management Practices Audit of the Policy and Strategic Direction Sector

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ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
ADM	Assistant Deputy Minister
AES	Audit and Evaluation Services
AERB	Aboriginal and External Relations Branch
BMU	Business Management Unit
CSA	Control Self-Assessment
DGs	Directors General
DPR	Departmental Performance Report
DRAP	Deficit Reduction Action Plan
HR	Human Resources
IHRP	Integrated Human Resources Plan
MAF	Management Accountability Framework
MPA	Management Practices Audit
MPR	Management Practices Review
PSD	Policy and Strategic Direction
RPP	Report on Plans and Priorities

EXECUTIVE SUMMARY

Background

The Policy and Strategic Direction Sector ('PSD' or 'the Sector') of Aboriginal Affairs and Northern Development Canada (AANDC) is the centre of policy and partnership-building within the Department. The Sector provides a breadth of responsibilities ranging from developing and delivering major Departmental reports (e.g. RPP, DPR and MAF) to fostering departmental relationships with First Nations, Inuit, Métis, and non-status Indians.

PSD Sector's initial budget allocation for 2013-2014 was approximately \$118.8M. The PSD Sector has a staff compliment of 233 full time equivalent positions and is organized across four distinct branches as follows:

- Strategic Policy, Cabinet and Parliamentary Affairs Branch
- Planning, Research and Statistics Branch
- Litigation Management and Resolution Branch
- Aboriginal and External Relations Branch

On February 22, 2012, the Deputy Minister approved AANDC's 2012-13 to 2014-15 Risk-Based Audit Plan, which included a Management Practices Audit (MPA) of the PSD Sector. This MPA was initiated by the Audit and Evaluation Sector (AES) in September 2013.

Audit Objective and Scope

The objective of the audit is to provide senior management with assurance over the adequacy and effectiveness of a selection of high risk management controls and activities in place to support the achievement of the PSD Sector's objectives.

The audit objective is supported by detailed audit criteria developed and aligned with Treasury Board of Canada Secretariat's Audit Criteria Related to the Management Accountability Framework (MAF).

The scope of the audit covered four higher risk management practice areas, as identified through the Control Self-Assessment workshop, document review, and input from the Senior Assistant Deputy Minister of PSD. AES also considered previous audit and review findings, departmental priorities, and planned future audit work, in determining the scope of the audit. The management practice areas included in scope were as follows:

- Accountability;
- Human Resources Planning;
- Risk Management; and
- Performance Measures.

Audit fieldwork was conducted at AANDC Headquarters during September and October, 2013.

Statement of Conformance

This audit conforms with the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the quality assurance and improvement program.

Observed Strengths

The audit identified that the Sector operates in a dynamic environment characterized by considerable change. Against this context, the audit revealed examples of robust practices having been established by PSD to respond to Deficit Reduction Action Plan (DRAP) impacts and sector-specific challenges. Examples of these practices include:

- The Aboriginal and External Relations Branch completed an exercise to map the skill sets of branch staff to six key skill areas required within the newly formed branch. In doing so, Branch management is better able to identify staff across the Branch that can support short and long term projects.
- Initiatives have been undertaken to proactively collect client feedback as a means of supporting continuous improvement related to specific Sector activities. By way of example, the Strategic Policy, Cabinet and Parliamentary Affairs Branch conducts a post-mortem exercise at the conclusion of each legislation development process that involves in-depth interviews with stakeholders to collect feedback on the support provided by the Branch, and on what could be improved. Other initiatives undertaken throughout the Sector include lessons learned exercises, feedback questionnaires, and ad hoc client surveys.

Conclusion

Generally, management practices were found to be effective and adequate, however, improvements are required in the areas of accountability, human resource planning, risk management and performance measures.

Recommendations

The audit team identified areas where management practices and processes could be improved, resulting in four recommendations, as follows:

1. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should ensure that the accountabilities and responsibilities of the Sector and its Branches are clearly communicated, explained and understood by Sector management and staff. Once clarified, as well as prioritized, these accountabilities should be leveraged as a foundation in support of effective HR planning, risk management and performance measurement (see Recommendations 2, 3 and 4).
2. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should, as part of the existing initiative to develop an updated Strategic HR Plan for the Sector, ensure that HR strategies and activities are developed to support proactive management

of key HR challenges (e.g. retention of corporate knowledge, succession planning and achievement of target competency profiles) consistent with the Sector's accountabilities and organizational structure. The activities should include an update of the 2011 workforce analysis and environmental scan.

3. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should develop a formal documented approach to risk management in the Sector, including an ongoing process, and governance structure for identifying, assessing, and monitoring risks and corresponding mitigation actions. This should include the development of a Sector-specific risk profile, that is continuously monitored and regularly updated, and which reflects Sector and Branch accountabilities.
4. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should take steps to establish outcome-based performance measures that align with the Sector's mandate, accountabilities, and service offerings. This would include:
 - Identifying and validating the Sector's key outcome, client groups, and related service standards;
 - Developing standards that support efficiency and quality of service delivery; and
 - Establishing data collection, analysis, and reporting mechanisms.

Management Response

Management is in agreement with the findings, has accepted the recommendations included in the report, and has developed a management action plan to address them. The management action plan has been integrated into this report.

1. BACKGROUND

1.1 *Management Practices Initiative*

The Audit and Evaluation Sector (AES) conducted twenty (20) Management Practices Reviews (MPRs) between 2007 and 2010 as part of a Department-wide initiative to assess the relative strength of regional and sector management practices. Following the completion of the first round of MPRs, the Deputy Minister and the Audit Committee recommended that a summary report be prepared to highlight the strengths and weaknesses of the MPR process and to make a recommendation on whether the management practices review initiative should be continued. As a result of the analysis, a second round of management practices engagements, using a revised approach, was recommended by the Audit Committee and later approved by the Deputy Minister.

Under the revised approach, which was designed to provide departmental management with an audit level of assurance, management practices engagements were to be conducted in two phases: a Control Self-Assessment (CSA) workshop and a limited-scope audit. Based on the feedback received from the CSA as well as the results of previous audits and reviews, and a review of departmental priorities, a limited number of management practices were to be selected for inclusion in an audit.

By the end of fiscal 2012-13, AES had completed Management Practices Audits (MPAs) of all ten regions and four of the Department's sectors. Three MPAs were scheduled for completion in 2013-14, including the MPA of the Policy and Strategic Direction Sector (PSD) as per AANDC's 2013-14 to 2015-16 Risk-Based Audit Plan, approved by the Deputy Minister on February 27, 2013.

1.2 *Control Self-Assessment*

The CSA workshop is a venue through which AES gathers management's opinion on the importance, efficiency, and effectiveness of key management practices. Specifically, the workshop facilitates dialogue and sharing of individual views on how well key management practices are functioning in support of the Sector's objectives. AES facilitated a CSA workshop with representatives of PSD management on September 6, 2013. The workshop captured discussions on a sub-set of management controls that were considered higher risk and/or priority based on an initial assessment¹ of control areas.

Twelve different control areas were discussed during the half-day CSA workshop. While there was consistency in how participants viewed the importance, efficiency and effectiveness of

¹ This assessment considered results of previously completed MPAs, AES's preliminary understanding of PSD's environment and objectives as well as a pre-workshop survey of senior PSD management.

some control areas, the session also revealed that a range of perspectives exist across the Sector. It was also apparent from the workshop that the government-wide Deficit Reduction Action Plan (DRAP) was viewed as having implications regarding the importance, effectiveness and efficiency of a number of control areas (e.g. recruitment, hiring and retention).

The analysis of workshop feedback, along with other considerations as noted in section 2.2 of this report, were considered in selecting the management practice areas for inclusion in the audit.

1.3 Policy and Strategic Direction Sector

The mandate of the PSD Sector is “to provide advice, shape policy and deliver results”². The Sector consists of four distinct branches and a Business Management Unit (BMU) that have a breadth of responsibilities ranging from developing and delivering major Departmental reports (e.g. RPP, DPR and MAF) to fostering departmental relationships with First Nations, Inuit, Métis, and non-status Indians. While three of the Branches deliver internal services to the Department, a fourth supports partnership-building on behalf of the Department. The majority of the work of this newly formed Branch represents program related activities under the Strategic Outcome of The Government. An organization chart is provided in Appendix A that identifies Sector Branches and the BMU and their key responsibilities.

Sector priorities are defined within PSD’s 2013-14 business plan as follows:

- To plan and manage the Department’s policy, legislative and research agendas strategically, drawing on a wide range of perspectives and evidence and, ensuring alignment with government priorities;
- To efficiently and effectively manage the litigation case-load and funding relationship with the Department of Justice in a strategic manner and, provide advice based on litigation trends and results to inform policy and program development;
- To foster and manage effective departmental relationships with representative First Nations, Inuit, Métis, non-status Indians and international organizations, and federal/provincial/territorial and, where appropriate, northern governments; and,
- To lead and promote the strategic alignment and management of departmental frameworks and, the timely development and delivery of all major results based plans and reports.

² Taken from the FY 2013-14 Policy and Strategic Direction Sector Business Plan

In 2012-13 the PSD Sector's actual expenditures were approximately \$122.4 Million. Not included in this figure are the 2012-13 expenditures of the Office of the Federal Interlocutory (dealing with Métis and Non-Status Indians) (\$23 Million) and the Department's Inuit Relations Secretariat (\$4.5 Million), which were transferred to PSD Sector in September 2012. For 2013-14 the Sector's initial budget allocation was approximately \$118.8 Million. The PSD Sector has a staff compliment of 233 full time equivalent positions across four distinct branches.

Recent Organizational Changes

Aboriginal Affairs and Northern Development Canada (AANDC), like all other departments, was required to contribute to the Government's efforts to eliminate the deficit. The PSD Sector has been subject to a number of changes since Budget 2012 and DRAP including:

- The Sector was restructured in 2012-13 resulting in a reduction in the number of its branches from five to four.
- Components of the Office of the Federal Interlocutory (dealing with Métis and Non-Status Indians) and the Department's Inuit Relations Secretariat joined the Sector and the Aboriginal and External Relations Branch (AERB) was formed.
- The Sector experienced staff reductions of close to 20%.
- Against this backdrop, the Sector experienced changes to its senior management team that included a new Senior Assistant Deputy Minister (ADM), new Directors General (DGs) and new Directors within three of its four branches.

While the Sector continues to identify and manage the impact of these changes in terms of accountabilities, priorities, and sustainability of its operations, Management acknowledges that additional work is required. These organizational changes and their impact were considered throughout the conduct of the audit.

2. AUDIT OBJECTIVE AND SCOPE

2.1 Audit Objective

The objective of the audit was to provide senior management with assurance over the adequacy and effectiveness of a selection of high risk management controls and activities in place to support the achievement of the PSD objectives.

The audit objective was supported by detailed audit criteria developed and aligned with Treasury Board of Canada Secretariat's Audit Criteria Related to the Management Accountability Framework (MAF). These audit criteria are included in Appendix B.

2.2 Audit Scope

The scope of the audit covered four higher risk management practice areas, as identified through the CSA workshop, document review, and input from the Senior ADM of PSD. AES also

considered previous audit and review findings, departmental priorities, planned future audit work, in determining the scope of the audit. The management practice areas included in scope were as follows:

- Accountability;
- Human Resources Planning;
- Risk Management; and
- Performance Measures.

Audit fieldwork was conducted at AANDC Headquarters during September and October, 2013.

3. APPROACH AND METHODOLOGY

The MPA of PSD was conducted in accordance with the requirements of the Treasury Board Secretariat *Policy on Internal Audit* and followed the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*. The audit team examined sufficient, relevant evidence and obtained sufficient information to provide a reasonable level of assurance in support of the audit conclusion.

The probability of significant errors, fraud, non-compliance, and other exposures was assessed and documented during the planning phase of the audit.

The principal audit techniques used included:

- Interviews with key Sector management and staff;
- Examination of relevant documentation related to accountabilities, human resources planning, risk management and performance measures (including records of discussion, meeting minutes, quarterly reporting, business plans, job descriptions, etc.); and,
- Analysis of interview minutes, results of document review, and a sample of relevant tools (e.g. performance measures, client surveys, etc.).

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

4. FINDINGS AND RECOMMENDATIONS

Based on the evidence gathered through the examination of documentation, interviews, and analysis, the audit criterion were assessed by the audit team and a conclusion was determined for each. 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 relevant management practices currently in place as well as those practices requiring improvement. Accompanying the observations of management areas identified for improvement are recommendations for corrective actions.

4.1 Accountability

In any organization, it is critical that authorities, responsibilities and accountabilities are clearly defined and communicated, and that delegated authorities are aligned with individuals' responsibilities. In addition, an effective organizational structure should be clearly defined and documented, ensuring clear lines of communication and reporting are in place, and providing an appropriate span of control. The practices that support the ongoing communication and clarity of accountabilities are particularly important in an environment that is experiencing a period of organizational change. They are also important within organizations that, like PSD, are responsible to deliver against a broad range of distinct accountabilities.

The audit found that PSD articulates accountabilities through different means including the 2013/14 Sector Business Plan (which defines priorities and performance expectations at the Branch level) and through the Human Resource (HR) Employee Performance Management process (whereby efforts are taken to align and cascade individual accountabilities through performance agreements). In addition, the audit also found that accountabilities are supported via formal workplans, job descriptions, and committee mandates. Interviews also indicated that accountabilities were a routine topic of discussion at management meetings.

Notwithstanding the efforts described above, the audit found that accountabilities and responsibilities were clear for some groups but not clear or otherwise fully understood across the Sector. Specifically, interviews with management revealed that Branch and Directorate level accountabilities and responsibilities require additional clarification. A number of interviewees cited the recent organizational changes as impacting the clarity of accountabilities. This issue was particularly evident within the Aboriginal and External Relations Branch (AERB) which is comprised of a variety of functional units that were brought together under the newly created Branch in September 2012. In addition to challenges associated with DRAP-related staffing reductions, AERB management noted that it was not yet clear how the accountabilities of this new Branch, which focuses on relationship building with external stakeholders, fit within a Sector that is otherwise focused on internal service delivery. The resulting uncertainty was identified as a particular concern as the Branch seeks to confirm its key priorities in light of continued resource constraints.

Interviewees from other Branches also expressed some concerns related to the clarity of accountabilities in the wake of recent organizational change, albeit to a lesser extent than AERB. For example, the Litigation Management and Resolution Branch has recently initiated a review of the Branch's organizational structure in light of the need to better allocate workloads and accountabilities in a post-DRAP environment and in light of increasing stakeholder expectations. Finally, interviewees from across PSD expressed a concern that staff reductions, and the inability to fill vacated positions due to uncertainty regarding next year's staffing budget, were impacting their ability to meet an established accountability to deliver "valued added services" to the Department. They advised that staff reductions have shifted focus to

transactional/facilitation work, rather than the provision of guidance and support to the Department in relation to important matters such as developing Memorandums to Cabinets, Treasury Board submissions, and business plans.

Clearly defined and communicated responsibilities and accountabilities are particularly important for the Sector given the breadth of its mandate and the recent organizational changes.

Recommendation:

1. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should ensure that the accountabilities and responsibilities of the Sector and its Branches are clearly communicated, explained and understood by Sector management and staff. Once clarified, as well as prioritized, these accountabilities should be leveraged as a foundation in support of effective HR planning, risk management and performance measurement (see Recommendations 2, 3 and 4).

4.2 Human Resource Planning

Human resources planning is a process that involves identifying current and future HR needs. When effectively implemented, it supports the recruiting and retention of the right people, building a supportive work environment and developing the capacity necessary to deliver against the organization's objectives. In his call for Public Service renewal, the Clerk of the Privy Council directed federal departments and agencies to improve human resources planning as part of integrated business planning. An important part of this integrated approach is succession planning and management. Taken together, these planning processes help identify, develop, and retain the talent necessary to achieve current and projected business objectives³.

In 2011, PSD created an Integrated Human Resources Plan (IHRP) designed to guide HR Planning for the sector. The document included a fulsome workforce analysis and environmental scan to reflect the internal and external factors that could impact HR Planning. In support of the IHRP, PSD created an HR Action Plan (activities to be undertaken in response to the specific challenges detailed in the IHRP), a Staffing Plan and a Succession Plan. At the time, the IHRP and its resultant plans provided an in-depth analysis and approach to addressing the human resource challenges facing the Sector. While the Sector has since updated the HR Action Plan and the Staffing Plan (as per Departmental requirements), neither the IHRP nor the Succession Plan have been updated.

PSD has been subject to a number of changes since 2011, including significant organizational restructuring and staff reductions, including the inability to fill vacated positions, which have

³ Treasury Board of Canada website.

changed the nature and scale of HR challenges facing the Sector. While there is a current initiative to update the IHRP (i.e. a draft PSD Strategic HR Plan is under development), and there is evidence of innovative practices (e.g. a skills mapping exercise completed by AERB to identify and leverage employee skills/experience in support of Branch priorities), it is not apparent that the Sector is sufficiently addressing its HR challenges. For example, the 2011 environmental scan and workforce analysis have not been updated to inform the Sector's required (or "target") competency profile in light of organizational changes. In addition, management interviews revealed increasing risks as a result of recent and pending departures. Specifically, there was a concern regarding the Sector's ability to mitigate the loss of corporate knowledge and to effectively address succession planning, particularly in specialized roles such as those that involve providing direct support to the Deputy Minister and/or Minister.

Recommendation:

2. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should, as part of the existing initiative to develop an updated Strategic HR Plan for the Sector, ensure that HR strategies and activities are developed to support proactive management of key HR challenges (e.g. retention of corporate knowledge, succession planning and achievement of target competency profiles) consistent with the Sector's accountabilities and organizational structure. The activities should include an update of the 2011 workforce analysis and environmental scan.

4.3 Risk Management

Effective risk management practices support an organization's ability to respond proactively to change and uncertainty by using risk-based approaches and information to enable more effective decision-making throughout an organization⁴. In this regard, there is a need to formally articulate (i.e. clearly document and communicate) an organization's direction and approach to risk management. AANDC's Integrated Risk Management Framework (October 2012) defines and describes AANDC's approach to risk management, including the need for Sector ADM's to identify, assess, mitigate, monitor and report on Sector-level risks.

The audit found that PSD senior management employs an informal approach to the management of Sector-level risks. Interviews with management indicated a common view that risk management is embedded in a variety of existing management practices including senior management meetings that include discussion of risks and risk mitigations and the business planning and quarterly reporting processes that incorporate risk considerations. It was also noted that Sector-level risks were addressed within the context of the Senior ADM's

⁴ Adapted from the Treasury Board Secretariat of Canada website.

responsibilities as owner/co-owner of certain corporate risks (as identified in the AANDC's Corporate Risk Profile).

Notwithstanding the activities described above, the Sector has not formally articulated an approach to risk management that would serve to demonstrate that Sector-level risks are being appropriately identified, assessed and mitigated in a manner consistent with Departmental expectations or that is otherwise effective or efficient. For example, no Sector Risk Profile has been developed, nor does the 2013-14 Sector Business Plan identify any Sector-specific risks associated with PSD's planning commitments and priorities. The Sector's current approach to risk management increases the likelihood that one or more significant risk exposures may not be identified and/or addressed.

Particularly in light of the organizational changes impacting PSD, a more formal/structured approach to risk management would help ensure that Sector-level risks are adequately identified and prioritized. Further, such an approach would serve the complementary objectives of supporting risk-based decision making and supporting the efficient use of resources by prioritizing options based on risk information.

Recommendation:

3. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should develop a formal documented approach to risk management in the Sector, including an ongoing process, and governance structure for identifying, assessing, and monitoring risks and corresponding mitigation actions. This should include the development of a Sector-specific risk profile, that is continuously monitored and regularly updated, and which reflects Sector and Branch accountabilities.

4.4 Performance Measures

To help identify how management is progressing against planned activities, it is important to identify intended outcomes and performance measures that are linked to organizational objectives. In addition, it is critical that management monitors its actual performance against intended outcomes and adjusts course as needed.

Review of documentation and interviews with Management indicated that certain Branches are undertaking initiatives to collect client feedback as a means of supporting continuous improvement. For example, the Strategic Policy, Cabinet and Parliamentary Affairs Branch conducts a post-mortem exercise at the conclusion of each legislation development process to collect opinions from stakeholders about what could be improved. Other initiatives undertaken throughout the Sector include lessons learned exercises, feedback questionnaires, and ad hoc client surveys. While these initiatives are generally strong practices to identify areas of improvement related to specific activities, results are not systematically reported and used as a means to assess the achievement of intended outcomes.

The audit found that PSD sets out planning commitments within its annual business plan and establishes performance measures for each planning commitment. Progress against these

planning commitments is presented in the Quarterly Reports. Measures include, for example, reporting of specific output volumes such as the number of policy committee meetings held, the number of new litigation cases processed, and the number of lunch and learn sessions held. The BMU has responsibility for assembling Quarterly Reports; however, it relies on each Branch for the information and volumetric data. The Quarterly Reports are reviewed and commented on by the Senior ADM, and meetings are held between the Senior ADM and DGs to discuss progress presented in them.

The audit also found that while PSD has established and is reporting on certain performance measures as part of the business planning and quarterly reporting processes, these are largely output-based measures. The Sector has not established intended outcomes related to its accountabilities and that align with its planned commitments, nor performance measures that are linked to intended outcomes. Outcome-based performance measures for internal services groups typically focus on service delivery, client satisfaction, and quality. The lack of outcome-based measures limits the Sector's ability to demonstrate contribution and value-add, and support decision-making by senior management. Furthermore, it is noteworthy that there is a strong likelihood that central agencies will require internal services groups to report on outcome measures, service standards measures, and efficiency measures in the near future.

Recommendation:

4. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should take steps to establish outcome-based performance measures that align with the Sector's mandate, accountabilities, and service offerings. This would include:
 - Identifying and validating the Sector's key outcome, client groups, and related service standards;
 - Developing standards that support efficiency and quality of service delivery; and
 - Establishing data collection, analysis, and reporting mechanisms

5. CONCLUSION

Generally, management practices were found to be effective and adequate, however, improvements are required in the areas of accountability, human resource planning, risk management and performance measures.

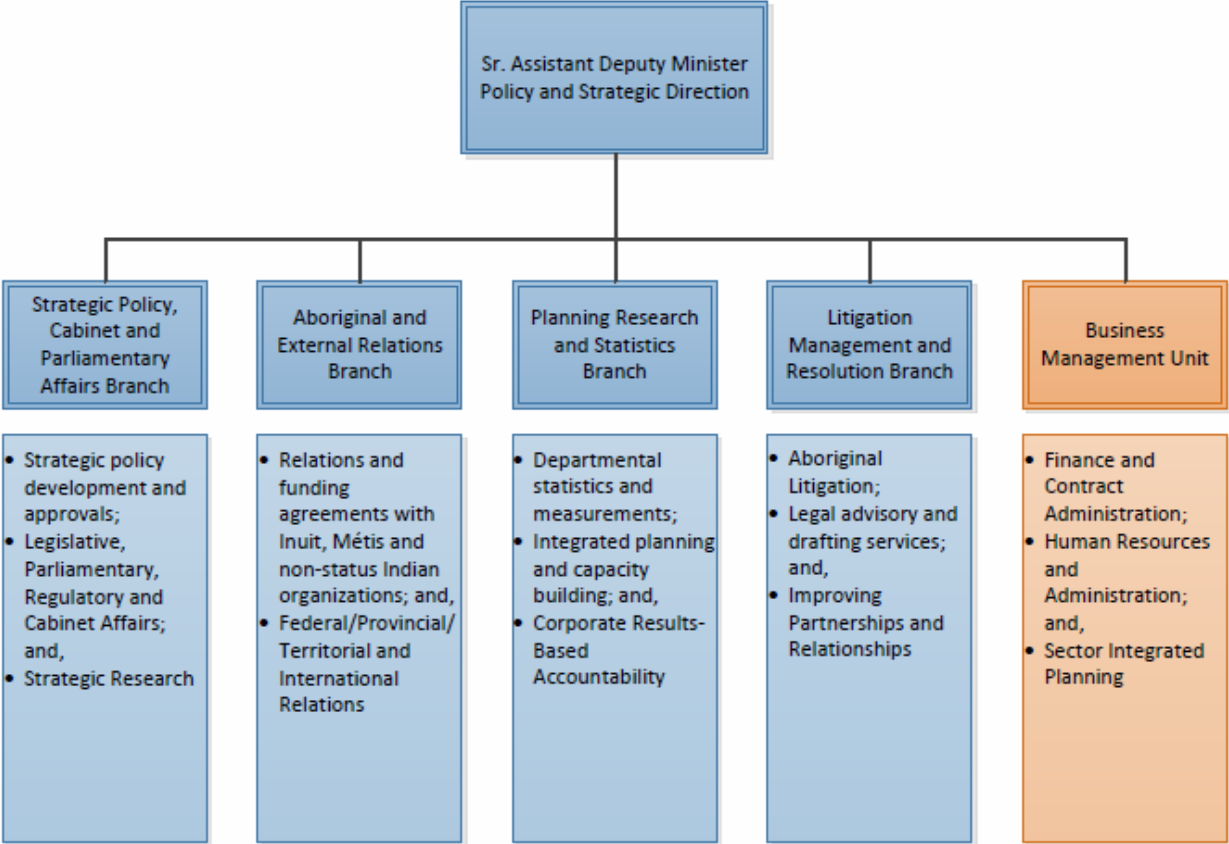
6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should ensure that the accountabilities and responsibilities of the Sector and its Branches are clearly communicated, explained and understood by Sector management and staff. Once clarified, as well as prioritized, these accountabilities should be leveraged as a foundation in support of effective HR planning, risk management and performance measurement (see Recommendations 2, 3 and 4).</p>	<p>Actions:</p> <ul style="list-style-type: none"> ▪ DGs are holding all-staff meetings to discuss the PSD Business Plan for 2014-15. As part of these discussions, DGs are giving particular attention to roles, accountabilities and responsibilities and clarifying priorities for staff. ▪ The new employee performance management regime, which will begin in April 2014, will provide an opportunity to communicate, at the individual level, cascading accountabilities, responsibilities and priorities as reflected in the PSD Business Plan 2014-15. This will be done through Branch meetings and one-on-one discussions. ▪ An all-staff meeting will be held to communicate, explain and clarify PSD's roles and responsibilities. ▪ Managers will continue to meet formally with employees twice annually to jointly develop performance objectives for the period ahead and to communicate areas of progress and opportunities for improvement from the previous period in order to ensure a regular cycle of feedback and performance planning is maintained. These discussions will provide additional opportunities to review accountabilities and responsibilities in alignment with PSD Business Plan and the new Directive on Performance Management. 	<p>Senior ADM of PSD</p>	<p>December 2013</p> <p>April 2014</p> <p>April 2014</p> <p>October - November 2013 & March 2014</p>
<p>2. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should, as part of the existing initiative</p>	<p>Actions:</p> <ul style="list-style-type: none"> ▪ PSD will update its Integrated Strategic HR Plan for 2014-15 – 2016-17. 	<p>Senior ADM of PSD</p>	<p>Feb 2014</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>to develop an updated Strategic HR Plan for the Sector, ensure that HR strategies and activities are developed to support proactive management of key HR challenges (e.g. retention of corporate knowledge, succession planning and achievement of target competency profiles) consistent with the Sector's accountabilities and organizational structure. The activities should include an update of the 2011 workforce analysis and environmental scan.</p>	<ul style="list-style-type: none"> ▪ Based on current (2013) workforce analysis, the PSD management team has determined that policy development capacity requires more attention. Departmental and sector restructuring meant that PSD absorbed operational units unfamiliar with policy development. To that end, PSD developed its "Fed-Talks" Policy Capacity Development Initiative - an original, in-house learning and development program designed to raise awareness of the policy environment and build capacity in the sector, particularly through the transfer of existing corporate knowledge. ▪ PSD will continue its ongoing review of policy capacity as it continues to update its environmental scanning and workforce analysis. 		<p>Ongoing</p> <p>Ongoing</p>
<p>3. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should develop a formal documented approach to risk management in the Sector, including an ongoing process, and governance structure for identifying, assessing, and monitoring risks and corresponding mitigation actions. This should include the development of a Sector-specific risk profile, that is continuously monitored and regularly updated, and which reflects Sector and Branch accountabilities.</p>	<p>Actions:</p> <ul style="list-style-type: none"> ▪ PSD will identify, document and integrate risk, particularly in relation to legal, external relationships and government partnerships risks, into the 2014-15 Sector Business Plan. ▪ PSD will manage its own sector risks in all areas through its sector-specific risk profiles in the Quarterly Reporting Process. 	<p>Senior ADM of PSD</p>	<p>December 2013</p> <p>Quarterly</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>4. The Senior Assistant Deputy Minister of the Policy and Strategic Direction Sector should take steps to establish outcome-based performance measures that align with the Sector's mandate, accountabilities, and service offerings. This would include:</p> <ul style="list-style-type: none"> • Identifying and validating the Sector's key outcome, client groups, and related service standards; • Developing standards that support efficiency and quality of service delivery; and • Establishing data collection, analysis, and reporting mechanisms. 	<p>Actions:</p> <ul style="list-style-type: none"> ▪ PSD is ensuring that Sector outcomes and performance measures, including those in relation to efficiency (for Métis and Non-Status Indian Relations and Métis Rights Management program, sub-program 1.2.4 on the AANDC 2014-15 PAA) are identified in the PSD Business Plan and monitored through Quarterly Reports, and are in alignment with the MRRS policy and the 2014-15 Departmental PMF of record. ▪ DGs are presenting to PSD Management (all DGs, Directors and Direct Reports to Directors General) their strategies, actions and progress against performance objectives relevant to the PSD Business Plan priority in order to identify and initiate their Branch's key outcomes, client groups and service standards. ▪ PSD is identifying its key outcomes through the sector Business Plan and service standards are in place for most deliverables (i.e., Cabinet Affairs, Legislative Affairs, Data Releases, Quarterly Reports, etc.) ▪ Data collection, analysis and reporting mechanisms are established and communicated through the Quarterly Reporting Process. 	<p>Senior ADM of PSD</p>	<p>April 2014 & Quarterly</p> <p>October 2013 – January 2014</p>

Appendix A: Overview of PSD’s Branches and their Responsibilities



Appendix B: Audit Criteria

The audit objective is linked to audit criteria developed in alignment with Treasury Board of Canada Secretariat's *Audit Criteria Related to the Management Accountability Framework (MAF): A Tool for Internal Auditors (March 2011)*. Additional audit criteria were developed to address specific risks identified in the planning phase.

Audit Criteria	
Accountability	
1.1	Authority, responsibility and accountability are clear and communicated.
1.2	A clear and effective organizational structure is established and documented.
Human Resource Planning	
2.1	Human resource planning is aligned with strategic and business planning.
2.2	HR Planning considers the implications of DRAP.
Risk Management	
3.1	Management has an established and effective approach with respect to risk management.
3.2	Management identifies the risks that may preclude the achievement of its objectives.
3.3	Management formally assesses, routinely monitors and responds to the risks it has identified.
3.4	Management appropriately communicates its risks and risk management strategies to key stakeholders.
3.5	Planning and resource allocations consider risk information.
Performance Measures	
4.1	Management has identified appropriate performance measures to link to planned commitment/results.
4.2	Management used performance measures to monitor actual performance against planned results and adjust course as needed.

Appendix C: Relevant Policies/Directives

The following authoritative sources (i.e. guidance documents/policies) were examined and used as a basis for this audit:

- Economic Action Plan 2012 – Reductions at AANDC. Available at: <http://www.aadnc-aandc.gc.ca/eng/1336667631752/1336667718269>
- Inuit Relations. Available at: <http://www.aadnc-aandc.gc.ca/eng/1100100014193/1100100014197>
- Métis and Non-Status Indians. Available at: <http://www.aadnc-aandc.gc.ca/eng/1100100014271/1100100014275>
- Treasury Board of Canada Secretariat Framework for the Management of Risk
- Treasury Board of Canada Secretariat Guideline on Service Standards
- Treasury Board of Canada Secretariat Human Resources Planning
- Treasury Board of Canada Secretariat Policy on Evaluation
- Treasury Board of Canada Secretariat Policy on Management, Resources and Results Structures
- Treasury Board of Canada Secretariat: Planning and Performance Exchange Learning Event: MRRS Implementation updated and aligning with Integrated Planning (Deck – February 3, 2012)