Indian and Northern Affairs Canada

Internal Audit Report

Management Practices Audit of the Alberta Region

Prepared by:

Audit and Assurance Services Branch

Project # 10-29

April 2011

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ABBREVIATIONS

AES	Audit and Evaluation Sector
CMC	Core Management Controls
CSA	Control Self-Assessment
EPM	Employee Performance Management
HR	Human Resources
HRMS	Human Resource Management System
HRWSB	Human Resources and Workplace Services Branch
INAC	Indian and Northern Affairs Canada
IM/IT	Information Management / Information Technology
MPR	Management Practices Review
MPA	Management Practices Audit
RMC	Regional Management Committee
RBAP	Risk-Based Audit Plan
ROC	Regional Operations Committee

EXECUTIVE SUMMARY

Background

A second round of Management Practices Reviews (MPRs) was included in the 2010-13 Risk Based Audit Plan (RBAP) on the basis that MPRs provide Indian and Northern Affairs Canada (INAC) with an effective and economical approach to improving management practices and increasing awareness of leading practices. The RBAP was recommended by the Audit Committee and approved by the Deputy Minister on April 19, 2010.

The approach for the second round of MPRs included a regional Control Self-Assessment (CSA) workshop and an audit of management practices focused on the areas of highest risk as identified by the Audit and Evaluation Sector (AES) through the CSA workshop and a review of previous audit and review findings.

Audit Objective and Scope

The objective of this audit was to provide senior management with assurance over a selection of management practices assessed as being higher risk during the regional CSA workshop, a review of previous audit and review findings, and a review of departmental priorities. For management practices identified as high risk, AES assessed whether the controls and activities in place are adequate and effective in supporting the achievement of objectives in a manner that is compliant with applicable policies, procedures and regulations.

The scope of this audit covered April 1, 2009 to September 30, 2010. As described in the audit objective, the audit examined higher risk management practices and activities in terms of relative importance and performance. The audit scope for the Alberta Region included the broad management practice areas of human resources management; risk management; planning, results, and performance; accountability; and client service standards.

Observed Strengths

During the audit fieldwork, the audit team observed the following examples of management practices that are being applied effectively by Alberta regional management:

- Anticipatory staffing needs are managed using a three-year Strategic Staffing Strategy;

- The Region is in the process of developing a Succession Management Plan that is expected to identify key corporate memory sources and a plan to transition knowledge to existing employees;

- The Region has staffed a position to conduct organizational design and classification assessments for each of its regional directorates;

- Training dollars have been leveraged by bringing trainers in to conduct training rather than sending people out for training;

- Regional management monitors the completion rate of employee performance evaluations and achieved 100% compliance in 2010/2011; and

- Regional performance targets are established, measured, and reported through the Quarterly Report.

Recommendations

The audit team identified areas where regional management practices and processes could be improved, resulting in nine recommendations.

It is recommended that the Regional Director General of the Alberta Region:

- Collaborate with Headquarters to define external client services offered by INAC and to develop performance targets for the delivery of these services as part of on-going monitoring and management of the performance against established standards. To ensure a consistent, national approach is adopted, standards, performance expectations and monitoring requirements should be formally communicated by Headquarters to all regions.

- Ensure that the Alberta Region Human Resources (HR) Directorate revises the requirement to conduct monitoring of the completion of interim reviews. AES understands that monitoring completion of interim reviews is not required nationally, however good practices in employee management include monitoring.

- Develop and conduct a quality review of a sample of completed Employee Performance Management (EPM) forms to verify that forms are being consistently completed in line with expectations. This action would help to supplement the EPM training already planned by the Region with the aim of improving the performance management process.

- Develop and implement a formal, documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risk mitigation actions. Headquarters should communicate guidance to all regions and sectors to ensure a consistent, national approach to risk management. ("Headquarters" includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector).

- Collaborate with Headquarters to establish service standards for all corporate services, including Accounting, IM/IT, Administration and Resource Management. The standards established should be applied consistently across the Department and be reported and monitored in the Regional Quarterly Report, as is currently the case for Human Resources.

- Collaborate with Headquarters to expand the financial information captured in the regional planning documents that support the Quarterly Report, such that the cost of planned activities are documented and monitored.

It is recommended that the Director General of the Human Resources and Workplace Services Branch (HRWSB):

- Revise regional human resources reports to help ensure that sufficient information is provided to management in order to identify and monitor exceptional staffing actions, such as acting assignment extensions greater than one year, to ensure compliance with relevant policies. Where possible, these reports should be consistent nationally and should be incorporated into the existing departmental reporting structure.

- Review and modify the EPM Completion Rate report generated through the Human Resource Management System (HRMS) to help ensure that the manual adjustments, currently required to eliminate duplicate counting of acting employees, are no longer necessary.

- Coordinate the updating of the revised directorate titles for the Alberta Region in PeopleSoft. This will help to ensure that the system appropriately reflects the true structure of the Alberta Region.

Conclusion

Generally, management practices were found to be effective and adequate; however, some areas where improvements are required were noted in the following areas: external client service standards; management of staff performance; risk management; and operational objective setting, planning, and performance measures. The audit also identified opportunities where Headquarters corporate functions could better support the region in the areas of human resources recruitment, hiring, and promotion; management of staff performance; and accountability.

1. INTRODUCTION AND CONTEXT

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 roll-up document be prepared to highlight the strengths and weaknesses of the process and to make a recommendation on whether the management practices initiative should be continued. As a result of the analysis, a second round of MPRs, using a revised approach, was recommended by the Audit Committee and later approved by the Deputy Minister.

Under the revised approach, engagements were to be conducted in two phases to provide departmental management with an audit-level of assurance: 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.

1.2 Control Self Assessment

The CSA workshop is the venue through which internal audit gathers participants' opinions on the importance, efficiency, and effectiveness of key management practices. Specifically, their views on how well each of their key management practices is functioning to support achievement of the Region's objectives. The CSA workshop was facilitated by an AES facilitation team, led by an external third-party, and was designed to allow for maximum discussion, with anonymous voting technology used to encourage open and honest feedback. As a result of the workshop discussions, preliminary interviews, and the review of previous engagement findings, AES identified eight key areas of potential risk that required further analysis. These eight areas of risk were as follows: recruitment, hiring and promotion; management of staff performance; human resources planning; risk management approach; operational objective-setting and planning; performance measures; accountability; and external client service standards. These risk areas were mapped to relevant Core Management Control (CMC) categories and relevant audit criteria were developed and assessed (audit criteria are included in Appendix A).

1.3 Alberta Region

The Province of Alberta is home to 44 First Nations communities in three treaty areas. Treaties 6, 7 and 8 consist of a combined 134 reserves spread over 741,426 hectares of land. The role of INAC's Alberta Region is to assist Alberta First Nations in the funding and delivery of essential programs that include education, government, social assistance, child and family services and housing.

2.   AUDIT OBJECTIVE AND SCOPE

2.1   Audit Objective

The objective of this audit was to provide senior management with assurance over a selection of management practices assessed as being higher risk as identified through a regional CSA workshop, a review of previous audit and review findings, and a review of departmental priorities. For management practices identified as high risk, AES assessed whether the controls and activities in place are adequate and effective in supporting the achievement of regional objectives, in a manner that is compliant with applicable policies, procedures and regulations.

The audit objective is supported by detailed audit criteria developed and aligned with the Core Management Controls.

2.2   Audit Scope

The scope of this audit covered April 1, 2009 to September 30, 2010. The audit examined management practices and activities considered by management and AES to be higher risk in terms of relative importance and performance. In certain instances where audit work was recently conducted or where future audit work is planned, management practices identified as high risk were excluded from the scope of this audit. In addition, management practices considered to be the primary responsibility of Headquarters were removed from the scope of the audit. Headquarters areas consistently identified as a high risk will be subject to future department-wide audits.

The scope for the Alberta Region included the following management practices areas: external client service standards; integrated human resources planning; human resources recruitment, hiring and promotion; management of staff performance; risk management; operational objective-setting and planning; performance measures; and accountability. The audit fieldwork was conducted from January 24 to 28, 2011 during a site visit to the Alberta regional headquarters in Edmonton, Alberta.

3.   APPROACH AND METHODOLOGY

The Management Practices Audit of the Alberta Region was planned and conducted to be in accordance with the Internal Auditing Standards for the Government of Canada as set out in the Treasury Board Policy on Internal Audit.

Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the audit conclusion provided and contained in this report.

The principal audit techniques used included:

- Interviews with key regional management and staff personnel;

- Review of relevant documentation related to the in-scope areas of management practices;

- Evaluation of the system of internal controls, risk management and governance within the Region for processes within the audit scope; and,

- The conduct of a detailed examination of a random sample of HR transactions and related human resource files to evaluate staffing decisions and staff performance management plans.

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

4. CONCLUSION

Generally, management practices were found to be effective and adequate; however, some areas where improvements are required were noted in the following areas: external client service standards; management of staff performance; risk management; and operational objective setting, planning, and performance measures. The audit also identified opportunities where Headquarters corporate functions could better support the region in the areas of human resources recruitment, hiring, and promotion; management of staff performance; and accountability.

5. OBSERVATIONS AND RECOMMENDATIONS

Based on a combination of 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 practices was found, the risk of the gap was evaluated and used to develop a conclusion for each audit criterion and to provide recommendations for improvement.

Observations include both management practices considered to be strong as well as those requiring improvement. Management areas identified for improvement include the impact of the weakness, and recommendations for corrective action.

5.1 CLIENT SERVICE STANDARDS

5.1.1 External Client Service Standards

Establishing a client service orientation, managing external client's expectations, and being able to improve to better meet client needs is critical for the Alberta Regional office, which focuses

most of its efforts on delivering services to external clients. It is important that regional offices establish external service standards that are communicated with clients and that regional management actively manage, monitor and solicit feedback from external clients on these service standards.

The organizational structure of the Alberta regional office is unique nationally as it has three client-facing directorates, each representing first nation communities in one of three major treaty areas in the province. Within each Directorate, representatives have been designated as the initial point of contact for First Nation inquiries. This can include inquiries related to services rendered in other government departments such as Health Canada. Within the Alberta Region, the Regional Directors of INAC and Health Canada have signed the Alberta Region Protocol Agreement to formalize their commitment to work together to improve the delivery of programs to First Nation Communities through fostering relationships, and identifying and delivering on priorities.

The audit found that formal external client service delivery standards and expected turnaround times have not been established or communicated internally or externally on a consistent basis. While some external service standards are in place (e.g. 45 days to process payments and 24 hours to respond to a phone call inquiry), the suite of measures is limited and measures are not consistently communicated to staff or monitored. Regional management also identified that consistent national external service standards and expected turnaround times need to be established to help ensure consistent service delivery standards.

The implementation of national client service standards will help ensure that effective, efficient and timely two-way communication and collaboration is achieved in the delivery of services to external clients. Client service standards provide a target against which performance can be measured and monitored. A consistent, national approach and standards should be developed that strikes an appropriate balance between the Department's efforts to improve the quality of service to recipients, while also reducing the reporting burden on recipients.

Recommendation

It is recommended that the Regional Director General of the Alberta Region:

1. Collaborate with Headquarters to define external client services offered by INAC and to develop performance targets for the delivery of these services as part of on-going monitoring and management of the performance against established standards. To ensure a consistent, national approach is adopted, standards, performance expectations and monitoring requirements should be formally communicated by Headquarters to all regions.

5.2 Human Resources Management

5.2.1 Integrated Human Resources Planning

To ensure that a region optimizes use of its human capital to support the achievement of its goals, it is important that human resource planning be aligned with strategic and business planning and includes information on the related financial resources. Without a good understanding of the human and financial resources required to implement strategic goals and planned activities, it is difficult for management to properly determine the real needs of the organization.

The Alberta Region uses a number of documents for HR planning including the 2010-11 Alberta Region HR Operational Plan ("HR Plan") and the Alberta Region Integrated Human Resource Plan 2009-12 ("Three-year Integrated HR Plan"). On an annual basis, management develops objectives in their HR Plan that considers how they are going to deliver on priorities established in the Three-year Integrated HR Plan as well as any new priorities identified. This allows for HR priorities in the regional office to tie to national INAC strategic objectives as management considered the four priority pillars established by INAC Executive Committee in the development of the Three-year Integrated HR Plan. The audit found this to be an effective management approach to HR planning that will help ensure the achievement of HR objectives.

Recommendation

No recommendations were identified in this area.

5.2.2 Human Resources Recruitment, Hiring, Promotion

Within the federal government context, it is expected that staffing decisions consider current and future needs and are conducted in a manner that is fair and objective. It is critical that management practices and internal control procedures are in place to help ensure policy compliance, fairness, and transparency in the staffing process. It is also important that management conducts periodic analysis of the staffing process to investigate possible trends and anomalies.

To plan for expected staffing actions, the Region has developed a Three Year Strategic Staffing Plan 2010-2013 that identifies projected vacancies, including those from eligible retirements. Management and staff interviewed noted they are concerned with the loss of corporate memory given the number and experience level associated with projected retirements over the next three years. To combat this, the Alberta Region is in the process of developing a Succession Management Plan that is expected to identify key corporate memory sources and a plan to transition knowledge to existing employees. In replacing vacancies, the Alberta Region is hoping to streamline their organization by only replacing positions supported by workforce needs. In December 2010, they introduced the Regional Salary and Resource Management Strategy that identifies the requirement for all staffing to go through an analysis and approval process. This process varies depending on whether positions being staffed are operationally

critical, how the position is being funded, and whether the area has undergone an organizational design and classification assessment.

The Alberta Region has staffed a position to conduct organizational design and classification assessments for all of its regional directorates. Each assessment will include a detailed examination of the directorate's structure to support business objectives for the optimal resource mix. The first two reviews are currently ongoing, and are slated for completion during the 2010/2011 period. The Region is expecting to realize significant cost savings through the realignment of human and financial resources. AES considers this to be an effective management approach to critically and methodically evaluate the organizational design and classification of positions currently in place to achieve the business objectives of the directorate. In addition, the ability to staff the position internally means that business knowledge obtained through the assessment will remain within the Alberta Region.

A review of a sample of 15 staffing files revealed that actions taken by management were compliant with relevant legislation and government policies, and were approved according to delegated authorities. Management and staff interviewed did not report any issues with the staffing process and found that it was conducted in a fair and objective manner. The sample testing found that staffing actions were properly documented and relevant supporting documents, such as, notifications, statement of merit, candidate assessments, and Board assessments, were appropriately retained. All files examined included a clear indication of how the staffing of the position was aligned with organizational needs including linking the need through to the Alberta Region's Three Year Staffing Plan. One minor exception was noted where one sample item (*acting position over one year*) that was appropriately approved but did not include a written rationale demonstrating the decision making process and explaining the lengthy duration of the acting period, as is required by policy.

The audit also found that management receives a quarterly HR dashboard from Headquarters that provides key workforce composition statistics, including: external employee hires; internal promotions by category (e.g. term and indeterminate); and the number of acting transactions. Management uses the information on the dashboard to support having informed discussions regarding Human Resources Management at the Regional Human Resource Committee. The report includes acting transactions but does not indicate the number of acting assignments staffed through non-advertised processes or the length of the assignment term. The inclusion of this information could help to identify and monitor approved non-advertised acting positions greater than one year and more broadly enable management to monitor compliance with policies.

Recommendations

AES considers the Alberta Region Organizational Design and Development program initiatives and position classification to be a leading practice.

No Alberta Region recommendations were identified in this area.

It is recommended that the Director General of the Human Resources and Workplace Services Branch (HRWSB):

2. Revise regional human resources reports to help ensure that sufficient information is provided to management in order to identify and monitor exceptional staffing actions, such as acting assignment extensions greater than one year, to ensure compliance with relevant policies. Where possible, these reports should be consistent nationally and should be incorporated into the existing departmental reporting structure.

5.2.3 Management of Staff Performance

To ensure the satisfaction of employees and provide input on career development, it is important to engage employees in a discussion on goals and objectives and to provide employees with timely and constructive feedback on their performance and opportunities for development.

Over the past year, the Alberta Region moved the management of the internal staff-development budget from being fully managed by each directorate to being split between HR and the directorates. This approach has allowed the Region's HR group to coordinate region-wide training while allowing directorates the flexibility to decide on program specific training for their staff. In scheduling region-wide training, HR has been able to leverage training dollars by bringing trainers in to conduct region-wide training rather than sending people out for training. This has allowed the Region to achieve an average of 33.83 learning hours per employee since April 1, 2010 (as at Jan 17, 2011) with over 37.5 hours expected at year-end. Management and staff interviews indicate that the level of training conducted in the current year exceeds their expectations of what was possible given the training budget. The HR Dashboard reported an almost perfect completion rate for Learning Plans at 99.13%.

Beginning in 2010/2011 the Alberta Region set a 100% completion rate for Employee Performance Management (EPM) forms, over and above the 90% completion target established by Headquarters for the regions. The audit noted that the automated reporting available on EPM completion, generated through the Department's Human Resources Management System and available for all regions, required manual adjustments to remove individuals in acting positions who were reported twice. As a result of this problem and the desire make sure that they had accurate reporting to support their 100% completion target, the Alberta HR Directorate had an employee manually track the completion of EPMs using Excel. While the excel report provided management with accurate files, the process is not cost effective or efficient as effort is being duplicated.

While a national target for EPMs has been established and is monitored, there have been no national targets established or monitoring in support of the completion of interim reviews. When interim reviews are to be complete, reminders are sent out, however, there is no monitoring to verify that they are being completed or appropriately documented on the EPM form. Without appropriate documentation there is little evidence that the employee is being kept informed of their performance results or given the opportunity to modify their goals during the year. The

documentation of interim discussions is especially important if the employee has had performance issues or if the employee's position substantially changes during the year.

Results of our interviews indicated that there are some concerns that EPMs are not being consistently completed, as individuals are independently interpreting requirements and there is no central quality control review. The HR Directorate has identified the need to conduct EPM training for more consistent performance feedback and goal setting and is, therefore, planning on hosting employee performance management training in the next fiscal year.   The review of a sample of 15 employee EPMs revealed that there are a number of differences in how EPMs are being completed throughout the office. We noted at least three different EPM forms being used, each with different requirements. In reviewing completed forms, we noted four cases where EPM goals, interim reviews and performance evaluations sections were all signed-off on the same date, when they should have been signed-off as completed at various stages throughout the EPM yearly cycle. In addition, differences were also noted in the quality of goals in EPMs. We noted one instance where goals were not documented and three instances where the measurability of the goals could be improved. This may result in employees having goals where performance cannot be measured and potentially lead to misinterpretations in the actions that need to be taken to support development. In four files, goals did not reference specific policies and procedures that employees are required to follow in the execution of their responsibilities. The inclusion of goals focused on compliance with key policies would help to formalize and track the achievement of this responsibility. The audit also noted that employee development and training was not clearly identified in EPM goals or linked to learning plans in seven of the 15 files examined. This is despite the fact that learning and performance is inherently linked and that the final performance evaluation section of the EPM asks whether Learning Plans have been completed. If performance goals are not clearly linked to Learning Plans, there is a potential for inconsistency between the employee's Learning Plan and the needs and capabilities of the Region.

Recommendations

It is recommended that the Regional Director General of the Alberta Region:

3. Ensure that the Alberta Region Human Resources (HR) Directorate revises the requirement to conduct monitoring of the completion of interim reviews. AES understands that monitoring completion of interim reviews is not required nationally, however good practices in employee management include monitoring.

4. Develop and conduct a quality review of a sample of completed Employee Performance Management (EPM) forms to verify that forms are being consistently completed in line with expectations. This action would help to supplement the EPM training already planned by the Region with the aim of improving the performance management process.

It is recommended that the Director General, HRWSB:

5. Review and modify the EPM Completion Rate report generated through the Human Resource Management System (HRMS) to help ensure that the manual adjustments, currently required to eliminate duplicate counting of acting employees, are no longer necessary.

5.3   Risk Management

5.3.1 Risk Management

In today's environment, the need for effective risk management to promote good governance and demonstrate accountability is critical. There is an expectation that INAC regional offices understand their key risks and have appropriate mitigation plans in place. Having a documented approach to risk management enables management to better identify, articulate and understand the potential risks to the achievement of the organization's objectives and to determine the exposure to these risks given current controls and/or mitigation activities. The focus of this audit was on the risk management at the regional/organization level; other risk management activities conducted in the Region (e.g. intervention, financial monitoring) were not part of the scope of this audit.

The Alberta Region does not have a documented or formal approach to risk management for the Region. The audit did, however, note the use of a number of good risk management approaches that are sector or program specific risk management tools. For example, the Region refers to national risk management guidance focused on sector-specific risks related to programs and HR and as a result has risk-management processes that are followed within directorates and/or program areas. This includes the use of national tools to identify risk based monitoring procedures for projects and identifying and reporting on HR related risks through the Quarterly Report. In addition, risks are discussed at Regional Operations Committee (ROC) and the Regional Management Committee (RMC), and the Region has delivered risk management training to employees over the past year. Despite these various and specific approaches, without a formal risk management framework that documents an approach to assess, monitor and report on identified risks, management will not be able to determine if risks are being consistently managed across all programs and areas in the Region. Steps to implementing integrated risk management would include: establishing a risk tolerance; re-assessing risks; measuring likelihood and impact; ranking risks; setting desired results; developing options; selecting a strategy; implementing the strategy; and monitoring, evaluating and adjusting actions as and when required.

Recommendation

It is recommended that the Regional Director General of the Alberta Region:

6. Develop and implement a formal, documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risk

mitigation actions. Headquarters should communicate guidance to all regions and sectors to ensure a consistent, national approach to risk management. ("Headquarters" includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector).

5.4 Planning, Results and Performance

5.4.1 Operational Objective Setting, Planning, and Performance Measures

To help identify how management is progressing against planned activities, it is important to identify planned results and performance measures that are linked to organizational objectives. In addition, it is critical that management monitors its actual performance against planned results and adjusts course as needed. Any reporting and related application and information systems used in the performance and financial reporting process should be reliable.

In the Alberta Region, management establishes its planned results, target indicators, and performance measures for the year through the Quarterly Report. Priorities, available funding, and reporting for the year is set by INAC Headquarters with regions providing input on priorities.

The audit found that a formal and regular process is used to collect information for performance measurement. Using the Quarterly Report, directors and managers monitor and report on actual performance against planned results, adjusting plans as needed. Progress against plan is discussed at the RMC and on a quarterly basis is formally provided to INAC Headquarters using the Quarterly Report.

The audit found that while performance is being measured against key activities included in the Quarterly Report there is an absence of key activities associated with corporate services, with the exception of HR. Without key activities and performance measures for corporate services (Accounting, Administration, IM/IT, and Resource Management) it is difficult to determine how management prioritizes these activities and resources across the office.

A review of the 2010-11 Quarterly Report (Q2) revealed that no estimates of the financial resources required to meet key individual activities and objectives are provided. While the report does contain some financial information (Annex 2 of Quarterly Report), it is limited to a summary of the Region's total quarterly spend for salary, non-salary and grants and contributions, and is not linked to a particular activity and/or objective. The lack of financial estimates and the lack of detail in regional planning and reporting documentation for each activity and/or objective are negatively impacting the Region's ability to monitor and report on the cost of planned activities.

Recommendation

It is recommended that the Regional Director General of the Alberta Region

7. Collaborate with Headquarters to establish service standards for all corporate services, including Accounting, IM/IT, Administration and Resource Management. The standards established should be applied consistently across the Department and be reported and monitored in the Regional Quarterly Report, as is currently the case for Human Resources.

8. Collaborate with Headquarters to expand the financial information captured in the regional planning documents that support the Regional Quarterly Report, such that the cost of planned activities are documented and monitored.

5.5 Accountability

5.5.1 Accountability

To help to ensure clear roles and responsibilities in the Region, it is critical that management has established, documented and widely communicated an up-to-date organizational structure. To support effective segregation of duties within the organizational structure, managerial spans of control must be appropriate. In addition, interaction between senior management and operating management should be frequent to identify and address issues on a timely basis.

The audit noted that the Alberta Region appears to have appropriate managerial spans of control as operational decisions are considered in a variety of committees including the ROC and the RMC. To help identify if organization design and responsibility within each directorate is optimal, each directorate is expected to go through an Organizational Design and Classification Assessment (detailed previously in section 5.2.2, Human Resources Recruitment, Hiring, and Promotion).

As detailed previously in the External Client Service Standards section 5.1.1, the structure of the Alberta Region is unique nationally with three client-facing directorates. In an effort to better align with the national structure the three client-facing directorates have each been made responsible for one of three program areas including economic development, child and family services, and social programs. This enables internal and external clients to identify clear lines of accountability through directorate names, for program areas within the Region. Although this change has been implemented, the changes in directorate titles have not been appropriately updated in PeopleSoft by Headquarters. As a result, management is not as effectively able to communicate accountabilities through regional titles to clients.

Recommendations

It is recommended that the Director General, HRWSB:

9. Coordinate the updating of the revised directorate titles for the Alberta Region in PeopleSoft. This will help to ensure that the system appropriately reflects the revised structure of the Alberta Region.

6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
1. The Regional Director General of the Alberta Region should collaborate with Headquarters to define external client services offered by INAC and to develop performance targets for the delivery of these services as part of on-going monitoring and management of the performance against established standards. To ensure a consistent, national approach is adopted; standards, performance expectations and monitoring requirements should be formally formally communicated by Headquarters to all regions.	**Management Response:** RO Headquarters will work with other sectors and regions to develop departmental approaches to service management that are consistent with Treasury Board Secretariat guidance. These approaches include appropriate governance and management oversight, identifying services that the department offers, setting appropriate service standards and monitoring regimes, and clarifying roles and responsibilities. The Regional Directors General will work will work closely with HQ and other Regions to assist with the development of national approaches. Work is underway. Initial discussions have taken place at DGIOC (April 11, 2011). **Actions:** Programs with existing service standards: Formalize existing service standards in a document Programs without service standards: Direct services Grants and Contributions	Senior Assistant Deputy Minister, Regional Operations Regional Directors General Other Sector ADMs	 September 2011 March 2012 March 2012 June 2012

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	Internal Services		
2. The Director General of the Human Resources and Workplace Services Branch (HRWSB) should revise regional human resources reports to help ensure that sufficient information is provided to management in order to identify and monitor exceptional staffing actions, such as acting assignment extensions greater than one year, to ensure compliance with relevant policies. Where possible, these reports should be consistent nationally and should be incorporated into the existing departmental reporting structure.	**Management Response / Actions:** In cooperation with IT Services, HRWSB released the staffing component of "the Human resources Reporting & Analysis (HRRA) project". This will enable regions to produce their own reports and make their own analysis. In addition, monitoring of the acting appointment department-wide is conducted on a regular basis, with follow-ups on remedial actions when required. Monitoring reports are presented to HRWSMC.	Director General, Human Resources and Workplace Services Branch	Implemented Q4 2010-11
3. The Regional Director General of the Alberta Region should ensure that the Alberta Region Human Resources (HR) Directorate revises the requirement to conduct monitoring of the completion of interim reviews. AES understands that monitoring completion of interim reviews is not required nationally, however good practices in employee management include monitoring.	**Management Response / Action:** The Alberta Region will continue to actively promote the importance of interim performance reviews through region-wide communiqués from the HR Directorate. The HR Directorate will deliver Employee Performance Management (EPM) and Learning Plan (LP) information sessions in April, May, September, and October for all regional supervisors and managers. The HR Directorate will provide tools, advice and guidance to supervisors and managers at all organizational levels to support them in holding regular EPM and LP meetings /	Regional Director General, Alberta Region	April 2011, ongoing

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	discussions with their staff.		
4. The Regional Director General of the Alberta Region should develop and conduct a quality review of a sample of completed Employee Performance Management (EPM) forms to verify that forms are being consistently completed in line with expectations. This action would help to supplement the EPM training already planned by the Region with the aim of improving the performance management process.	**Management Response:** Based on the preliminary MPR debrief in January, the HR Directorate developed an EPM and Learning Plan (LP) Quality Assurance Checklist. The checklist was distributed to all supervisors and managers in the Alberta Region, the DG HRWSB, the Associate DG HRWSB, the Director of Learning as well as all Regional Directors, Human Resources Services. The Regional Director of HR recommended to the Regional HR Committee (RHRC) that 1 in 4 EPMs and LPs be reviewed by the HR Directorate against the checklist – the recommendation was accepted by RHRC in March and will be implemented in 2011-2012. **Actions:** HR Directorate developed and distributed EPM and Learning Plan (LP) Quality Assurance Checklist. The Regional Director of HR recommended to the Regional HR Committee (RHRC) that 1 in 4 EPMs and LPs be reviewed. Recommendation to be implemented in 2011-2012.	Regional Director General, Alberta Region	February 2011, completed March 2011, completed April 2011, ongoing

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
5. The Director General of the Human Resources and Workplace Services Branch (HRWSB) should review and modify the EPM Completion Rate report generated through the Human Resource Management System (HRMS) to help ensure that the manual adjustments, currently required to eliminate duplicate counting of acting employees, are no longer necessary.	**Management Response:** In cooperation with IT Services, the reports were updated to eliminate duplicated entries of acting employees. For this year, the report will be generated for more accurate data **Actions:** Corrections to report parameters (complete) Upgraded report available as of beginning of Q1.	Director General, Human Resources and Workplace Services Branch	End of Q3 (2010-11). Q1 2011-12.
6. The Regional Director General of the Alberta Region should develop and implement a formal documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risk mitigation actions. Headquarters should communicate guidance to all Regions and Sectors to ensure a consistent, national approach to risk management. ("Headquarters" includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and	**Management Response / Actions:** Short-term: Continue on-going risk assessments (FSR, Compliance, Gas, etc.) and continue to report on activities in the quarterly business plans. Medium-term: The Risk Champion for the department, with support form the Chief Risk Officer will develop department-wide risk management tools. Regional Directors General will support these and implement risk management tools in their regions that support and are consistent with the national approaches. HQ Risk leads visited regions in October 2010 to review risk practices and provide training. Regions to continue ongoing liaison with risk leads re: support for regional risk	Regional Director General, Alberta Region	Initiate tool discussion in September 2011 Implement tools by March 2013

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
Evaluation Sector).	management practices. Regional Corporate Risk Profiles to be integrated into regional business planning process and documents for 2012/2013		
7. The Regional Director General of the Alberta Region should collaborate with Headquarters to establish service standards for all corporate services, including Accounting, IM/IT, Administration and Resource Management. The standards established should be applied consistently across the Department and be reported and monitored in the Regional Quarterly Report, as is currently the case for Human Resources.	**Management Response:** Alberta Region, Director Corporate & Funding Services to engage with RO Regions to gather current performance measures for functional areas, propose recommendations to standardize and address potential gaps. Provide consolidated Regional RO Sector recommendations for Review and endorsement from the CFO Sector (functional lead). **Actions:** Regional review and consolidation of functional performance indicators Review and endorsement by CFO Sector Implementation of recommendations	Regional Director General, Alberta Region Senior Assistant Deputy Minister, Regional Operations Senior Assistant Deputy Minister, Policy and Strategic Direction	Completed by end of Q1 2011-12. Q2, 2011-12 End of Q2 2011-12.
8. The Regional Director General of the Alberta Region should collaborate with Headquarters to expand the financial information captured in the regional planning documents that support the Regional Quarterly Report, such that the	**Management Response / Actions:** As articulated in the 2011-14 Corporate Business Plan, the department will work at improving integrated planning and resource alignment by establishing principles and process (including schedule and calendar) for integrated planning and consult with internal partners (HR, CFO, AES)	Regional Directors General Senior Assistant Deputy Minister, Regional Operations Senior Assistant Deputy Minister,	March 2012

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
cost of planned activities are documented and monitored.		Policy and Strategic Direction Chief Financial Officer Director General, Human Resources and Workplace Services Branch	
9. The Director General of the Human Resources and Workplace Services Branch (HRWSB) should coordinate the updating of the revised directorate titles for the Alberta Region in PeopleSoft. This will help to ensure that the system appropriately reflects the true structure of the Alberta Region.	**Management Response / Actions:** The reorganisation, including the revision of the titles for Alberta region, has been completed in PeopleSoft as of April 1, 2011. Because PeopleSoft has a limit in the amount of characters in the description, acronyms must be used to represent the Divisions specific needs.	Director General, Human Resources and Workplace Services Branch	April 1, 2011

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	
Client Service Standards	
1.1	Service standards are established and communicated.
1.2	Service standards are managed, monitored and feedback is solicited from external clients.
Human Resources Management	
2.1	Human resource planning is aligned with strategic and business/ operational planning.
2.2	Recruitment, hiring and promotion consider the current and future needs of the organization.
2.3	Recruitment, hiring and promotion are conducted in a manner that is fair and objective.
2.4	The organization has in place a system for the timely and consistent performance evaluation of employees.
Risk Management	
3.1	Management has a documented approach with respect to organizational 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 and reports its risks and risk management strategies to key stakeholders.
Planning, Results and Performance	
4.1	The organization has in place operational plans and objectives aimed at achieving its strategic objectives.
4.2	External and internal environments are monitored to obtain information that may signal a need to re-evaluate the organization's objectives, policies and/or control environment.
4.3	Management has identified planned results and performance measures linked to organizational objectives.
4.4	Management monitors actual performance against planned results and adjusts course as needed.
Accountability	
5.1	The organization has in place a clear and effective organizational structure that is established, documented, up-to-date and widely communicated.
5.2	Managerial spans of control are appropriate and interaction between senior management and operating management is frequent.