



Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Management Practices Audit of the British Columbia Region

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Audit and Assurance Services Branch

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ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
AES	Audit and Evaluation Sector
BC	British Columbia
BCMT	British Columbia Management Team
CMC	Core Management Controls
CSA	Control Self-Assessment
ELT	Executive Leadership Team
FNITP	First Nations and Inuit Transfer Payment system
FSA	Financial Signing Authorities
HR	Human Resources
HRWSB	Human Resources and Workplace Services Branch
IT	Information Technology
LCS OFI	Local Corporate Services of the Federal Interlocutor for Métis and Non-Status Indians
LMRB	Litigation Management & Resolution Branch
MOU	Memorandum of Understanding
MPA	Management Practices Audit
MPR	Management Practices Review
PAA	Program Activity Architecture
P&R	Planning and Reporting
RBAP	Risk-Based Audit Plan
TAG	Treaties and Aboriginal Government

EXECUTIVE SUMMARY

Background

A second round of Management Practices Audits (MPAs) was included in the 2010-13 Risk-based Audit Plan (RBAP) on the basis that MPAs provide Aboriginal Affairs and Northern Development Canada (AADNC) 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 MPAs 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 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 scope of this audit covered April 1, 2009 to March 31, 2011. 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 British Columbia (BC) Region included the broad management practice areas of client service standards; human resources management; risk management; planning, results and performance; governance and strategic direction; internal communications; and, accountability.

Observed Strengths

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

- Client-service delivery improvements were identified through the completion of a survey with First Nations recipients, which led to the identification of opportunities for improvement of client service;
- Risk Management at the program-level was strengthened as a result of a Region-specific program risk assessment project;
- Performance Measurement, via the quarterly reporting process, has been made more structured, effective and efficient through the development of a Region-specific Planning and Reporting tool and supporting business planning processes that align with the Program Activity Architecture (PAA) and have created efficiencies in reporting; and,

- With respect to accountability, the Region has clearly defined their organizational charts and their delegated financial authority levels, with the latter being easily accessible by all staff via the Region's intranet, which allows for the viewing of current as well as past and acting delegated authorities.

Conclusion

Generally, management practices were found to be effective and adequate; however, some areas for improvement were noted to strengthen management practices in the following areas: external client service standards; integrated human resources planning; human resources recruitment, hiring and promotion; risk management; management and oversight bodies; and, accountability.

Recommendations

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

The Audit and Evaluation Sector recommends that the Regional Director General of the BC Region:

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

The Region should also develop and implement a process for Region-specific client surveys that incorporates participation from all regional directors that deliver external services and includes formal action plans and follow-up procedures to enable a comparison of results and establish the resulting impact/improvement of client service.

2. Collaborate with Headquarters to ensure the Human Resource Plan and the Region's Integrated Business Plan are integrated and provide details on anticipated human resource requirements and their impact on financial resources. Headquarters should communicate the approach to all regions and sectors to ensure a consistent, national approach to regional planning.
3. Clarify staffing file documentation requirements and ensure that supporting control documentation is retained on staffing files to demonstrate how staffing actions are linked to identified staffing needs or in response to staff departures and for audit and file-continuity purposes.
4. Ensure that analysis of staffing actions, trends, and the hiring process occurs on a regular basis.
5. Develop and implement a formal, documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risks and their associated mitigation actions which will support the future creation of a Regional

Risk Profile. Headquarters should communicate guidance to all regions and sectors to ensure a consistent, national approach to risk management. (In this case, 'Headquarters' includes Policy and Strategic Direction, the AANDC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector).

6. Clarify the roles, responsibilities and purpose of the BC Management Team (BCMT) committee. Once clarified, the Regional Director General of the BC Region should ensure that a comprehensive Terms of Reference for both of the Region's monitoring and oversight bodies (ELT and BCMT) is developed and implemented.
7. Ensure that the IT support contractor is compliant with the terms and conditions of its contractual obligations with respect to the timely provision of performance management reports prior to invoice approval.

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 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 MPRs, 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.

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: external client service standards; integrated human resources planning; recruitment, hiring and promotion; risk management; performance measures; management and oversight bodies; internal communications; and, accountability. 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 *British Columbia Region*

The British Columbia regional office administers more First Nations than any other AANDC regional office, providing education, governance, social assistance, child and family services and housing support to 198 Bands (roughly one-third of Canada's total First Nation bands) located throughout the province. The Region also works closely with the Province of British Columbia as well as other federal government departments and First Nation political and service organizations to advance the health and well-being of First Nations people in the province. As

an example, the Region provides core funding to support the three provincial-territorial organizations that form the First Nations Leadership Council: the BC Assembly of First Nations, the First Nations Summit, and the Union of British Columbia Indian Chiefs.

In 2010-11, the total operating budget for the BC Region was approximately \$700 M, over 95% of which was targeted to transfers payments to support programming to First Nations. Programs and services in the Region are delivered through five core directorates: Community Infrastructure; Community Development; Funding Services, Programs & Partnerships; Lands and Economic Development; and, Strategic Direction & Communications. The activities of these directorates are supported by the Region's two internal services units: Corporate Services and Human Resources. The Region is also home to the satellite operations of three headquarters-based branches, Treaties and Aboriginal Government (TAG), Local Corporate Services of the Federal Interlocutor for Métis and Non-Status Indians (LCS OFI) and the Litigation Management & Resolution Branch (LMRB).

2. AUDIT OBJECTIVES 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 was supported by detailed audit criteria developed in alignment with Core Management Controls.

2.2 *Audit Scope*

The scope of this audit covered April 1, 2009 to March 31, 2011. 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 BC Region included the areas of: external client service standards; integrated human resources planning; recruitment, hiring and promotion; internal communications; risk management; performance measures; management and oversight bodies; and, accountability. Audit fieldwork was primarily conducted from June 22 to June 28, 2011, during a site visit to the Vancouver office of the BC Region.

3. APPROACH AND METHODOLOGY

The Management Practices Audit of the BC 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 external client service standards, business and human resources planning, the staffing process, risk management, performance measurement, and, internal communications;
- Evaluation of the system of internal controls, risk management and governance within the Region for processes within the audit scope;
- Conduct of a detailed review of accountability mechanisms;
- Conduct of a detailed review of a sample of internal communication tools (e.g. e-mails, meeting notes, Intranet, etc.); and,
- Conduct of a detailed examination of a sample of human resource files to determine whether staffing decisions made by management were fair and objective, supported by appropriate documentation and approved per delegated authority.

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.

For the purposes of the examination of internal communications and human resource files, a control-based sample was selected covering the period of audit scope of April 1, 2009 to March 31, 2011. The sampling strategy considered the following factors: coverage across fiscal years; the type of internal communication or staffing action; identified risks; and, the frequency and type of controls to be tested.

4. CONCLUSION

Generally, management practices were found to be effective and adequate; however, some areas for improvement were noted to strengthen management practices in the following areas: external client service standards; integrated human resources planning; human resources recruitment, hiring and promotion; risk management; management and oversight bodies; and, accountability.

5. OBSERVATIONS AND RECOMMENDATIONS

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

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

5.1 *Client Service Standards*

5.1.1 External Client Service Standards

Establishing a client service orientation, managing external clients' expectations, and being able to improve operations to better meet client needs is critical for the BC regional office, which focuses most of its efforts on delivering services to external clients. In implementing a client service orientation, it is important that regional offices establish external service standards that are actively communicated to clients, managed, monitored and improved, based on feedback solicited from clients. In developing such standards, a consistent, national approach must 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.

Through enquiry with regional management, the audit found that formal external client service delivery standards and expected turnaround times have not been established. As such, external service delivery standards also are not formally managed or communicated.

The Region has, however, undertaken a *First Nations Survey on Services Provided by AANDC*, completed in October 2009, within which the respondents identified a range of recommendations designed to improve the delivery of services to First Nation recipients. This is recognized as a leading practice undertaken within the Region in order to engage with First Nation recipients for the improvement of service delivery. The primary purpose of the survey was to determine how and if services provided by the Program Planning and Implementation Unit meet First Nation needs and how they could be improved. Survey results were based on responses received from 60 First Nations, Tribal Councils and Child & Family Service Agencies. A high-level work plan was then developed to identify short- and long-term required improvements, although a formal action plan and implementation strategy for each recommendation has not been developed. It was noted that the survey scope was limited to the responsibilities of only one unit, and that greater participation across regional directorates is important for future surveys.

The audit revealed that some internal service delivery standards that would be integral to external-focused service delivery standards have been defined (e.g. financial processing

turnaround time would be part of an external delivery service standard). Interviewees noted that relevant information needed to develop external service standards is available and that certain AANDC systems (e.g. FNITP) have capabilities that could be leveraged in the development of external delivery standards (e.g. time stamps, automated replies).

The audit noted that Headquarters has started an initiative towards defining external service delivery standards; however, a listing of external service delivery standards is not yet available. As a result, it is difficult for regional management to provide external clients with tangible expectations or deadlines, which can lead to uneven or lower levels of client satisfaction. Without established and actively managed external service delivery standards, there is an increased risk that management will not be able to assess its performance in meeting client expectations or do so in a uniform manner (for all clients) and will not be able to continuously improve its delivery approach and mechanisms.

Recommendation:

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

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

The Region should also develop and implement a process for Region-specific client surveys that incorporates participation from all regional directors that deliver external services and includes formal action plans and follow-up procedures to enable a comparison of results and establish the resulting impact/improvement of client service.

5.2 Human Resources Management

5.2.1 Integrated Human Resource 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 that it 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.

A regional Integrated Business Plan and a regional Human Resources Plan are in place in the BC Region. Both plans are summary documents, containing high-level descriptions of the key issues and context. They do not include information on the resources (i.e. human and financial) required to implement the plan. The Region's Quarterly Report does include a financial summary on salary variances but it does not align with the Region's Integrated Business Plan. Specifically, the audit did not find a clear alignment between the Region's Integrated Business Plan, the Human Resource Plan and the financial budget information listed in the Quarterly

Report. While management noted it will informally make the connections between business plans and the financial resources required to support them, the required (or anticipated) staffing levels and associated financial resources are not documented in those business plans.

Without an understanding of the human and financial resources required to implement strategic goals and planned activities, it is difficult for management to adequately plan for and forecast the needs of the organization.

Recommendation:

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

2. Collaborate with Headquarters to ensure the Human Resource Plan and the Region's Integrated Business Plan are integrated and provide details on anticipated human resource requirements and their impact on financial resources. Headquarters should communicate the approach to all regions and sectors to ensure a consistent, national approach to regional planning.

5.2.2 Human Resources Recruitment, Hiring and 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. In doing so, 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 supplement and support the annual development of the regional Human Resources Plan, annual staffing plans are prepared in each directorate using a standard template that identifies all anticipated staffing actions/requirements (e.g. replacement and new) for the coming year. Staffing decisions are made based on identified needs and are implemented by BC Human Resources in consultation with the hiring managers. Staffing needs and issues are discussed weekly at the Executive Leadership Team (ELT) meetings as the Region does not have a separate Human Resources Committee.

It was noted that management's current practice is to include the staffing plan in the staffing file to demonstrate how the staffing action addressed a required need. A review of a sample of 25 staffing files revealed 11 instances where the staffing plan was not evident on file. As a result, there is a risk that staffing actions are not properly aligned with the organization's needs identified in the staffing plan.

The staffing file review also noted that actions taken by management were generally 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 (other than the length of time taken to complete the recruitment process, a common observation with respect to recruitment in the public sector) and found the staffing process to be conducted in a fair and objective manner.

With the exception of some minor file documentation discrepancies, actions were properly documented and relevant supporting documentation such as notifications, statement of merit, candidate assessments, and Board assessments were retained. In a few of the sample staffing files reviewed, there was incomplete documentation on some decisions taken, including one instance of missing Personnel Action Request Form (PARF), five instances of PARF not being approved and three instances of non-advertised staffing actions. While Human Resources was able to describe the missing steps and provide adequate rationale, a lack of control documentation and background information in a staffing file increases the risk that the staffing process may be perceived as unfair and not objective. It was also noted, following an enquiry with regional Human Resources staff, that the file documentation requirements for 'assignments' (a process used by regions and sectors to move staff between functions/directorates for short-term project work, with no change in grade or salary) were unclear. While we understand that 'assignments' are not considered to be staffing actions (i.e. they are not subject to merit) and do not require HR-related justification, the file documentation requirements, should be clearly articulated and well understood by all parties involved.

The audit found that the Human Resource Dashboard received from Headquarters provides some statistical information on the Region's workforce profile, including employment tenure, major occupation group, age profile, and retirement eligibility. It was noted, however, that no analysis was found to be performed by management on the number of long-term acting assignments made during the past year, the percentage of positions currently filled by "acting" assignments, the percentage of staffing actions during the past 12 months that were appointments, and, the portion of casual, term and summer positions staffed. The BC Region noted that due to limited resources and limited reliability of data provided by Headquarters, a formalized analysis of staffing processes is not in place. As a result, there is an increased risk that management may not be aware of trends or changes to staffing processes and practices. This issue with respect to monitoring has been identified in previous management practice audits (Alberta and Ontario) and has been communicated to Human Resources and Workplace Services Branch (HRWSB).

Recommendations:

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

3. Clarify staffing file documentation requirements and ensure that supporting control documentation is retained on staffing files to demonstrate how staffing actions are linked to identified staffing needs or in response to staff departures and for audit and file-continuity purposes.
4. Ensure that analysis of staffing actions, trends, and the hiring process occurs on a regular basis.

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 AANDC 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 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 and financial monitoring) were not part of the scope of this audit, although it was noted that the Region has undertaken a process to identify risks to the programs delivered within the Region.

The audit did find evidence of risk management activities in the regional planning processes. Within the Integrated Business Plan and also within individual Directorate Operational Plans, the Region identifies its key activities and expected results for each strategic objective and assigns a rating to qualify the level of risk associated with not meeting the strategic objective. Through a review of the Region's Annual Planning Guide and interviews with management, it was revealed that the risk rating applied to these objectives is based on a judgmental determination of perceived low, medium or high risk, rather than on a formal risk assessment.

The BC Region does not have a Regional Risk Profile in place that captures all identified regional risks, the results of risk assessments and relevant risk mitigation plans. Consequently, there is no process in place for the routine reporting, monitoring and responding to the risks identified.

The Region has undertaken a process to identify and assess risks with respect to the delivery of the programs within the Region, recognizing that the next steps for the project are to identify relevant action plans and implement a monitoring process. This process should represent an important element or sub-set of a future BC Regional Risk Profile. This is recognized as another leading practice undertaken within the Region. The Region undertook a risk-based compliance planning approach that is consistent with the Department's Corporate Risk Profile to ensure that risks are assessed consistently for all programs and that monitoring and compliance activities are targeted on areas of highest risk and significance to the Region's priorities. This approach also ensures that resources are appropriately aligned to the areas of greatest risk and importance.

Developing a Regional Risk Profile is an important governance and management oversight practice which should be undertaken. A Regional Risk Profile should be based on a documented approach, using standardized templates and rating criteria, and be supported by a formal risk assessment, the development of mitigating action plans and a robust monitoring process. The results of the periodic risk assessments can be used by management to inform ongoing budget and resource allocation decisions by focusing resources and attention on areas of higher risk.

Recommendation:

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

5. Develop and implement a formal, documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risks and their associated mitigation actions which will support the future creation of a Regional Risk Profile. Headquarters should communicate guidance to all regions and sectors to ensure a consistent, national approach to risk management. (In this case, 'Headquarters' includes Policy and Strategic Direction, the AANDC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector).

5.4 Planning, Results and Performance

5.4.1 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 monitor its actual performance against planned results and adjust course as needed. Any monitoring and reporting information systems used in support of these processes should be reliable.

The BC Region develops detailed plans, target indicators, and performance measures to track and monitor progress against regional objectives. AANDC Headquarters determines departmental objectives and provides direction to the Region on the priority areas and what headquarters would like to see reported. Regional performance measures and requirements are captured in three key documents: the regional Integrated Business Plan; the Quarterly Report; and within individual Directorate Operational Plans. The audit noted that management has identified detailed plans and performance measures, which are linked to organizational objectives and accountabilities. Established results and measures are adequate and consistently understood across the regional office.

The audit found that a formal and regular process is used to collect information for performance measurement through the use of a web-based Planning and Reporting (P&R) tool that has been developed within the Region. The P&R tool provides the means to capture objectives and activities for Directorate Operational Plans and the Integrated Business Plans, which can then be fed into the Quarterly Reporting process. The use of the P&R tool has considerably reduced the necessary administrative time taken to produce each Quarterly Report. Using the P&R tool, Directors and Managers monitor actual performance against planned results and adjust course as needed. The use of this tool within the Region is recognized as a strong practice that has brought process efficiencies to the quarterly reporting process and the development of regional business plans.

The BC Region provides quarterly updates on performance through the Quarterly Report that is approved by the ELT and then sent to AANDC Headquarters for review and approval. At the ELT, there is the opportunity for Director-level challenge and approval of the performance

results, which is used to ensure the reliability of information provided through the performance reports.

Recommendation:

No recommendations were identified in this area.

5.5 Governance and Strategic Direction

5.5.1 Management and Oversight Bodies

In order to ensure that appropriate governance arrangements are in place, effective monitoring and oversight bodies that meet regularly and have clearly defined and understood roles and responsibilities should be established. The focus of this audit was on the identification of the key management and oversight bodies within the Region and the way in which they interact and communicate as a determination of their effectiveness.

In the BC Region, the two main management and oversight bodies are the Executive Leadership Team (ELT) and the British Columbia Management Team (BCMT). The ELT meets on a weekly basis and is the senior-level, decision-making committee in the BC Region. The BCMT meets on a monthly basis and represents the manager-level operational committee.

Through a review of relevant documentation and interviews with management, the audit revealed that the ELT does not have a formal mandate or Terms of Reference and instead operates under the principles contained within a Statement of Purpose. Consequently, the roles, responsibilities, authorities and purpose of the Region's key decision making body are not clearly defined.

With respect to the BCMT, there was a consensus that the roles, responsibilities, authorities and purpose of the Committee were unclear. While the group does have a formal Terms of Reference, the Region is currently revising this document to reflect concerns and challenges experienced by Committee members. Challenges noted during interviews with members and a review of documentation included poor attendance, a lack of understanding of the role and purpose of the Committee, ineffective linkages to the ELT, and ineffective leadership. It is recognized that the Regional Director General is taking steps to address the above noted challenges by revising the Terms of Reference, installing the Assistant Regional Director General as BCMT co-chair, and redefining the role of the group (e.g. to provide support, advice and recommendations to the ELT).

Recommendation:

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

6. Clarify the roles, responsibilities and purpose of the BC Management Team (BCMT) committee. Once clarified, the Regional Director General of the BC Region should ensure that a comprehensive Terms of Reference for both of the Region's monitoring and oversight bodies (ELT and BCMT) is developed and implemented.

5.6 Communications

5.6.1 Internal Communications

Open and effective channels for internal communications and feedback are important in ensuring that decisions are effectively implemented and that accurate, open and honest feedback is received. It is also important that internal communications and feedback mechanisms provide timely and relevant information to staff and personnel.

Based on discussions with management and staff, and a review of sample communication (e.g. committee agendas, meeting minutes, intranet site and e-mails), the audit noted that a variety of internal communications channels exist in order to provide open and effective feedback across the organization. The audit also noted that internal communication channels are adequate in ensuring timely and relevant information is communicated across the organization (e.g. upwards, downwards, and horizontally).

Recommendation:

No recommendations were identified in this area.

5.7 Accountability

5.7.1 Accountability

It is important that a clear and effective organizational structure with delegated signing authorities, responsibilities and accountabilities is established, documented, up-to-date and widely communicated. It is also important that, responsibilities and accountabilities are clearly stated and adhered to with respect to collaborative initiatives and within contracts with third-parties.

Within the BC Region, there are clearly defined and up-to-date organizational charts as well as formal and current delegated financial authority levels. The financial authority levels were noted to be readily accessible by all staff via the Financial Signing Authorities (FSA) tool located on the Region's intranet. The FSA tool provides staff at all levels, including those verifying signing authority, the ability to view current delegated authorities as well as past and acting delegated authorities.

The scope of this audit did not include the testing of financial transaction processing in order to test the adequacy and effectiveness of delegated financial authorities; however, it was noted that the Region has implemented a quality assurance process to identify, inventory and provide clarification on systematic issues observed during the post-verification process. Issues identified are communicated to regional managers with delegated signing authority via regional communiqués. Testing of sign-off approvals with respect to staffing files was included in the scope of the audit. As outlined in section 5.2.2 *Human Resources Recruitment, Hiring and Promotion*, no significant issues were noted.

The scope of this audit did include a review of responsibilities and accountabilities with respect to collaborative initiatives and within contracts with third-parties. Based on a review of Memorandums of Understanding (MOUs) for collaborative initiatives undertaken with the Treaties and Aboriginal Government offices, Local Corporate Services of the Federal Interlocutor for Métis and Non-Status Indians and the Litigation Management & Resolution Branch, it was noted that these MOUs are renewed annually and set out management and accountability arrangements.

With regards to collaborative initiatives, it was also noted that the Region outsources (along with the Manitoba Region) all of its Information Technology (IT) support requirements. While the audit revealed that the IT outsourcing contracts are approved in accordance with delegated authorities, areas of non-compliance with respect to the reporting requirements (i.e. the contractor is to submit monthly performance reports prior to the payment of each invoice) were observed. Specifically, performance reports were not retained on file for five months in 2009-10 and no reports were retained for 2010-11. No other material outsourcing contracts were identified as part of this audit.

Recommendation:

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

7. Ensure that the IT support contractor is compliant with the terms and conditions of its contractual obligations with respect to the timely provision of performance management reports prior to invoice approval.

6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The Regional Director General of the BC Region should collaborate with Headquarters to define external client services offered by AANDC and develop performance targets for the delivery of these services as part of ongoing management and monitoring of these standards. To ensure a consistent, national approach is adopted, standards, performance expectations and monitoring requirements should be formally communicated by Headquarters to all regions.</p> <p>The Region should also develop and implement a process for Region-specific client surveys that incorporates participation from all regional directors that deliver external services and includes formal action plans and follow-up procedures to enable a comparison of results and establish the resulting</p>	<p><u>Management Response:</u></p> <p>RO Headquarters will work with other sectors and regions to develop departmental approaches to service management that are consistent with Treasury Board Secretariat guidelines. 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 closely with HQ and other Regions to assist with the development of national approaches.</p> <p>Initial discussions have taken place at DGIOC (April 11, 2011).</p> <p><u>Actions</u></p> <p>Programs with existing service</p>	<p>Senior Assistant Deputy Minister, Regional Operations</p> <p>Regional Director General</p> <p>Other Sector ADMs</p>	<p>Consistent with work plan for the Operations Committee approved National Service Standards Initiative. See dates below.</p> <p>September 2011</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>impact/improvement of client service.</p>	<p>standards: Formalize existing service standards in a document.</p> <p>Programs without services standards: Direct services</p> <p>Grants and Contributions</p> <p>Internal Services</p> <p><u>Regional Client Survey:</u></p> <p>To respond to the Regional Client Survey, the Region will endeavour to report back on the outcomes to all BC First Nations at the end of this fiscal year.</p> <p>As part of client engagement activities, the Region will review our current approach to client service engagement to identify the types of feedback the Region requires and how this feedback will be obtained. This will link to the</p>	<p>Regional Director General, BC Region</p> <p>Director, Funding Services, Programs and Partnerships, BC Region</p> <p>Director, Strategic Direction and Communications, BC Region</p>	<p>March 2012</p> <p>March 2012</p> <p>June 2012</p> <p>March 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	National Service Management Initiative to ensure national consistency.		
<p>2. The Regional Director General of the BC Region should collaborate with Headquarters to ensure the Human Resource Plan and the Region's Integrated Business Plan are integrated and provide details on anticipated human resource requirements and their impact on financial resources. Headquarters should communicate the approach to all regions and sectors to ensure a consistent, national approach to regional planning.</p>	<p><u>Management Response:</u></p> <p>As articulated in the 2011-14 Corporate Business Plan, the department will work at improving integrated planning and resource alignment by establishing principles and processes (including schedule and calendar) for integrated planning and consult with internal partners (HR, CFO, AES)</p>	<p>Senior Assistant Deputy Minister, Policy and Strategic Direction</p> <p>Chief Financial Officer</p> <p>Director General, Human Resources and Workplace Services Branch</p> <p>Senior Assistant Deputy Minister, Regional Operations</p> <p>Regional Directors General</p> <p>Director Strategic Direction and Communications, BC Region</p>	<p>March 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>3. The Regional Director General of the BC Region should clarify staffing file documentation requirements and ensure that supporting control documentation is retained on staffing files to demonstrate how staffing actions are linked to identified staffing needs or in response to staff departures and for audit and file-continuity purposes.</p>	<p><u>Management Response:</u></p> <p>The Regional Director General of the BC Region will delegate this responsibility to the Director of Human Resources to ensure that staffing file documentation requirements are clearly understood and that all required documentation is retained on files.</p> <p><u>Actions:</u></p> <p>The Human Resources Directorate (HRD), BC Region will review the current HR checklists to ensure that they capture all of the required documentation for the various staffing processes conducted by the Region, including the linkage to the regional HR staffing plan. The updated checklists will be communicated to HRD staff.</p> <p>The Region is also working with DGHRWSB on the development of national tools and checklists to support the standard practices across the Department.</p>	<p>Regional Director General, BC Region</p> <p>Director, Human Resources, BC Region</p>	<p>December 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>4. The Regional Director General of the BC Region should ensure that analysis of staffing actions, trends, and the hiring process occurs on a regular basis.</p>	<p><u>Management Response/Actions:</u></p> <p>HRD will develop a process for conducting analysis and reporting to Executive Leadership Team (ELT) on staffing actions both at the transaction and strategic levels in order to inform the annual business planning cycle.</p> <p>HRD will continue to work with Human Resources and Workplace Services Branch (HRWSB) to obtain information and reports to support the analysis.</p>	<p>Regional Director General, BC Region</p> <p>Director, Human Resources, BC Region</p>	<p>July 2011</p>
<p>5. The Regional Director General of the BC Region should develop and implement a formal, documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risks and their associated mitigation actions which will support the future creation of a Regional Risk Profile. Headquarters should communicate guidance to all regions and sectors to</p>	<p><u>Management Response :</u></p> <p><u>Short-term:</u></p> <p>Continue on-going risk assessments (FSR, compliance, etc) and continue to report on activities on the quarterly business plans.</p> <p>In November 2010 the Region initiated a Regional Program Risk Assessment Project with a focus on compliance. Subsequent to the MPA the programs</p>	<p>Regional Director General, BC Region</p> <p>Director, Corporate Services, BC Region</p> <p>Director, Funding Services, Programs and Partnerships, BC</p>	<p>October 2011</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>ensure a consistent, national approach to risk management. (In this case, 'Headquarters' includes Policy and Strategic Direction, the AANDC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector).</p>	<p>have identified high risk program activities and developed action plans. Monitoring and oversight rests with ELT.</p> <p><u>Medium-term:</u></p> <p>The Risk Champion for the department, with support from the Chief Risk Officer will develop department-wide risk management tools.</p> <p>Regional Directors General will support these and implement risk management tools in their regions that support and are consistent with the national approaches. The Region will coordinate, liaise and work with NHQ in moving forward on Program specific risk management frameworks.</p> <p>HQ Risk leads visited regions in October 2010 to review risk practices</p>	<p>Region</p> <p>Senior ADM, Policy & Strategic Direction</p> <p>AANDC Risk Champion</p> <p>Audit & Evaluation Sector</p> <p>Program Directors General, HQ</p> <p>Director, Corporate Services, BC Region</p> <p>Regional Program Directors</p>	<p>Follow national plan.</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>and provide training. Regions to continue ongoing liaison with risk leads re: support for regional risk management practices.</p> <p>Regional Corporate Risk Profiles to be integrated into regional business planning process and documents for 2012/2013</p>		
<p>6. The Regional Director General of the BC Region should clarify the roles, responsibilities and purpose of the BC Management Team (BCMT) committee. Once clarified, the Regional Director General of the BC Region should ensure that a comprehensive Terms of Reference for both of the Region's monitoring and oversight bodies (ELT and BCMT) is developed and implemented.</p>	<p><u>Management Response/Actions:</u></p> <p>The Regional Director General of BC Region will clarify the roles, responsibilities and purpose of BCMT and ELT committee given the new structure in the Region and ensure it is reflected in the updated Terms of Reference. Both will be implemented once complete.</p>	<p>Regional Director General, BC Region</p> <p>Associate Regional Director General, BC Region</p>	<p>December 2011</p>
<p>7. The Regional Director General of the BC Region should ensure that the IT support contractor is compliant with the terms and conditions of its</p>	<p><u>Management Response/Actions:</u></p> <p>The Regional Director General of BC Region will delegate this responsibility</p>	<p>Regional Director General, BC Region</p>	<p>September 2011</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>contractual obligations with respect to the timely provision of performance management reports prior to invoice approval.</p>	<p>to the Director, Corporate Services to ensure that the requirement for timely receipt of performance monitoring reports is communicated to the IT support services contractor and ensure adherence to the terms and conditions of the contract. The performance reports will be maintained with the invoice to demonstrate adherence to the terms and conditions of the contract and to support compliance with S34 of the <i>Financial Administration Act</i>.</p>	<p>Director, Corporate Services, BC Region</p>	

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	External 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 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.
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	Management has identified planned results and performance measures linked to organizational objectives.
4.2	Management monitors actual performance against planned results and adjusts course as needed.
Governance and Strategic Direction	
5.1	Effective oversight bodies are established.
5.2	The oversight body (or bodies) has a clearly communicated mandate that includes roles with respect to governance, risk management and control.
Internal Communications	
6.1	Open and effective channels exist for internal communications and feedback.
6.2	Internal communications and feedback mechanisms provide timely and relevant information.
Accountability	
7.1	Authority, responsibility and accountability are clear and communicated.
7.2	A clear and effective organizational structure is established and documented.
7.3	The organization's accountability (ies) in support of collaborative initiatives (e.g. with other governmental departments or other organizations) are formally defined.