

Indian and Northern Affairs Canada

Internal Audit Report

Management Practices Audit of the Manitoba Region

Prepared by:

Audit and Assurance Services Branch

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ABBREVIATIONS

AES	Audit and Evaluation Sector
CMC	Core Management Controls
CSA	Control Self-Assessment
EPM	Employee Performance Management
FAA	Financial Administration Act
HR	Human Resources
INAC	Indian and Northern Affairs Canada
MPR	Management Practices Review
RBAP	Risk-Based Audit Plan
RET	Regional Executive Team
S.	Section of Financial Administration Act

EXECUTIVE SUMMARY

Background

A second round of Management Practices Reviews (MPRs) were 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 include 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 Manitoba Region included the broad management practice areas of external client service standards, human resources management, risk management, and stewardship.

Observed Strengths

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

- The Regional Executive Team (RET) reviews all staffing actions to ensure that they are appropriate and meet the Region's needs.
- Anticipatory staffing needs are managed using a three-year Strategic Staffing Plan and collective staffing (i.e. pools);
- Regional management places emphasis on completing Employee Performance Management (EPM) evaluations;
- Generally, expenditures are accurately recorded on a timely basis;
- Management analyzes, completes and reviews financials variances on a regular basis; and,

- Financial and non-financial information is reported through the Quarterly Report to both Regional Senior Management and Headquarters. The Quarterly Report is prepared using an established format and schedule;

Recommendations

The regional management practices were found to be generally well controlled; notwithstanding the audit team identified moderate issues resulting in nine recommendations where management controls can be improved in the areas of integrated human resource planning, documentation of human resources staffing decisions, timeliness of employee performance management process, risk management, external client service standards, and appropriate execution of the Financial Administration Act (FAA) on non-salary transactions.

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

- collaborate with Headquarters to define external client services offered by INAC 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.
- collaborate with Headquarters to ensure Human Resource Plans and regional Business Plans are integrated and provide details on anticipated human resource requirements and its impact on financial resources. Headquarters should communicate the approach to all Regions and Sectors to ensure a consistent, national approach to regional planning.
- formalize and document the process of linking staffing actions to the three-year Strategic Staffing Plan.
- ensure that supporting control documentation is retained in staffing files for audit and file continuity purposes.
- have all statements of merit signed by the supervisor for each staffing action to confirm that the statement of merit is still valid.
- analyze staffing actions, trends, and review the hiring process on a regular basis.
- ensure that approval of EPM goals and objectives occurs at the start of performance evaluation cycle (i.e. by May 31st for continuing employees, and within a month of a new employee's start date). In addition, it is recommended that the opportunities for improvement portion of the EPM be clearly articulated.
- 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).

- ensure that Section 32 and Section 34 of the Federal Administration Act (FAA) are properly executed and that staff be provided with adequate training to perform appropriate expenditure initiation and commitment control (Section 32) and account verification (Section 34).

Conclusion

Generally, management practices were found to be effective and adequate; however, some improvements are required in the following areas: external client service standards; integrated human resource planning; human resources recruitment, hiring, and promotion; management of staff performance; risk management; and non-salary transaction processing.

1. INTRODUCTION AND CONTEXT

1.1 *Management Practices Initiative*

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 Region 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 new approach, engagements were to be conducted in two phases to provide the 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 control self-assessment 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 six key areas of potential risk that required further analysis. These six areas of risk were as follows: external client service standards; human resources planning; management of staff performance; recruitment, hiring and promotion; risk management; and stewardship. 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 *Manitoba Region*

The First Nations in Manitoba are represented by three active provincial political organizations divided on a north-south basis, and seven regional Tribal Councils with the common goal of strengthening Manitoba First Nations communities.

The Manitoba Region is organized into eight directorates: Executive Office (including Communications and Strategic Planning); Government; People & Trust Responsibilities; Lands; Infrastructure and Housing; Funding Services Operations; Human Resources; Corporate Services.

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 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 Manitoba Region included the following management practices areas: external client service standards; human resources planning; management of staff performance; recruitment, hiring and promotion; risk management; and stewardship. The audit fieldwork was conducted from January 17 to 21, 2011 during a site visit to the Manitoba regional headquarters in Winnipeg, Manitoba.

3. APPROACH AND METHODOLOGY

The Management Practices Audit of the Manitoba 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 business and human resources planning, the staffing process, risk management, external client service standards and financial management;

- 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 sample of non-salary transactions to ensure that expenses were recorded appropriately and a sample of human resource files to ensure staffing decisions made by management were appropriate and supported by appropriate documentation.

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 non-salary transactions and human resource files, a control-based sample was selected covering the period of audit scope of April 1, 2009 to September 30, 2010. The sampling strategy considered the following factors: coverage on across fiscal years; the type of transaction 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 improvements are required in the following areas: external client service standards; integrated human resource planning; human resources recruitment, hiring, and promotion; management of staff performance; risk management; and non-salary transaction processing.

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 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 clients' expectations, and being able to improve to better meet client needs is critical for the Manitoba 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. In developing such standards, a consistent, national approach must be developed that strikes an appropriate balance between the Departments efforts to improve the quality of service to recipients, while also reducing the reporting burden of recipients.

Inquiry with regional management revealed that there are a limited number of informal external service standards in place. Those that are in place include: approval of master agreements before the new fiscal year; initial payment issued by first week of April; and supporting proposal-based programs with call letters and guidelines. Formal external client service delivery standards, such as expected turnaround times, have not been established. As such, external service delivery standards are not formally managed or communicated. Interviewees noted that Headquarters has started an initiative towards defining external service delivery standards, but to date, a listing of external service delivery standards is not available. As a result, it is difficult for regional management to provide external clients with tangible expectations or deadlines which can lead to lower levels of client satisfaction. Without established, 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 and not be able to continuously improve its delivery approach and mechanisms.

Recommendation:

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

1. collaborate with Headquarters to define external client services offered by INAC 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.

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 include 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 Business Plan and an Integrated HR Plan (which includes an Action Plan and a three-year Strategic Staffing Plan) are in place in the Manitoba Region. The Integrated HR Plan provides a good overview of the current HR environment in the Manitoba Region and outlines the specific challenges the region is facing. Both the regional Business Plan and the HR Action Plan provide a description of planned activities for the year which are consistent with the

priorities set-out by Headquarters. The audit did not find a clear alignment between the regional Business Plan, the Integrated HR Plan and the financial budget information within the Quarterly Report. The required or anticipated staffing levels and associated financial resources are not documented in the regional Business Plan.

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 Manitoba Region:

2. collaborate with Headquarters to ensure Human Resource Plans and regional Business Plans are integrated and provide details on anticipated human resource requirements and its 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, 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 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 define current and future staffing needs, the Manitoba Region uses a three-year Strategic Staffing Plan. The three-year Strategic Staffing Plan includes the anticipated staffing requirements (e.g. replacement and new) and the anticipated staffing actions. Staffing decisions are made based on identified needs and developed by Human Resources in consultation with the hiring managers. Currently, the Regional Executive Team (RET) approves each staffing action to ensure that it is appropriate for the Region's needs and all staffing actions are approved by Finance to ensure that sufficient unencumbered funds are in place. No formal, documented procedure, however, was found that linked the staffing action to the regional three-year Strategic Staffing Plan. As a result, there is a risk that staffing actions are not properly aligned with the organization's needs identified in the three-year Strategic Staffing Strategy.

A review of a sample of 15 staffing files revealed that actions taken by management were in compliance 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 the staffing process to be conducted in a fair and objective manner. The review of a sample of 15 staffing actions revealed some file documentation discrepancies such as missing Screening Board reports, missing signatures and dates and a letter of acceptance issued prior to RDG approval. As a result, there is a risk that management cannot support that the process was fair and objective. Missing signatures on some statements of merit

represent a risk that the statement will not remain relevant and does not reflect the changing needs of the organization.

The audit also noted that the Manitoba Region does not conduct regular analysis on the results of the staffing process. No analysis was found to be performed by management on how many long-term acting assignments were made during the past year, what percentage of positions are currently filled with people who are “acting”, what percentage of staffing actions during the past 12 months were appointments, and, what portion of casual, term and summer positions are staffed through non-advertised vs. advertised processes, etc. This type of analysis is only provided to management when requested. As a result, there is an increased risk that management may not be aware of trends or changes to the staffing process and practices.

Recommendations:

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

3. formalize and documents the process of linking staffing actions to the three-year Strategic Staffing Plan.
4. ensure that supporting control documentation be retained in staffing files for audit and file continuity purposes.
5. have all statements of merit signed by the supervisor for each staffing action to confirm that the statement of merit is still valid.
6. analyze staffing actions, trends, and review the hiring process on a regular basis.

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.

In the Manitoba Region, Employee Performance Management (EPM) forms are required to be completed by May 31st each year for performance review of the previous fiscal year. Learning plans and goals and objectives for the upcoming year are also to be completed by May 31st. There are also two informal discussions held every year, where supervisors and managers review the goals and objectives to determine whether they are attainable and still valid. In addition, it was reported that development opportunities are typically articulated in the Learning Plans rather than in the EPM. The audit found that there is an emphasis in the Manitoba Region on meeting EPM deadlines and the regional Human Resource Function reports to senior management regarding the completion of these forms.

A review of a sample of 15 employee EPMs and Learning Plans revealed that performance goals and objectives are clearly articulated and work objectives demonstrated clear links to operational goals which were approved by supervisors. The sample EPMs reviewed were also completed and approved in a timely manner at the end of the performance cycle. It was noted, however, that in 4 (out of 15) sample EPMs examined, the initial review and approval of the

goals and objectives did not always occur in a timely fashion (i.e. by May 31st). In addition, in one instance, the EPM was not on file. It was also noted that development opportunities were not clearly documented and articulated within the employee files. As a result, there is increased risk that employees are not being provided with timely feedback at the start of the planning cycle with regards to performance expectations and are not provided opportunity to adjust their goals and objectives course before the year-end.

Recommendation:

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

7. ensure that approval of EPM goals and objectives occurs at the start of performance evaluation cycle (i.e. by May 31st for continuing employees, and within a month of a new employee's start date). In addition, it is recommended that the opportunities for improvement portion of the EPM be clearly articulated.

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 risk management at the regional/organization level; other risk management activities which are conducted in the region (e.g. intervention, financial monitoring) were not part of the audit scope.

The audit found that there was no documented risk profile for the region and no process to identify and assess risk at the regional level. There are also no ongoing procedures to assess, monitor and report on risks or the progress of mitigating actions. Without a formal documented approach to assess, monitor and report on identified risks, management will not be able to determine if risks are being adequately mitigated or if further mitigating actions are required.

Recommendation:

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

8. 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 Stewardship

5.4.1 Non-Salary Transaction Processing

Strong financial management and internal controls reinforce good stewardship of public funds and contribute to better decision making. It is important that transactions are recorded accurately, on a timely basis and in accordance with policy.

A review of 25 non-salary transactions revealed that transactions were accurately recorded on a timely basis and that Section 34 (S.34 of the FAA - certification of receipt of deliverable) and Section 33 (S.33 of the FAA - confirmation that the expense is a lawful charge against the appropriation) of the Financial Administration Act (FAA) were performed with adequate segregation of duties.

The transaction review revealed one instance out of 25 where S.34 was not properly executed. In addition, some inconsistencies were noted with respect to how S.32 was executed. In one sample, S.32 was performed post S.34 and in another case no evidence was found to demonstrate that S.32 was performed. It was also observed in two instances that, while the employee had a Blanket Travel Authority, there were insufficient unencumbered funds in the Responsibility Centre Manager's budget to support the travel expenses. Funds were not monitored throughout the year to confirm ongoing budget resources to travel. Finally, in one sample, travel was to be paid for an employee from another government department. Government practices require that an employee have their travel paid for by their home department and, as such, travel authorization forms were processed by the home department. We did not, however, find evidence that INAC ensured that it had sufficient funds to pay for the travel expenses. Once INAC has committed to an expenditure, commitments should be recorded in accordance with departmental direction. Without appropriate controls to ensure that S.32 and S.34 of the FAA are adequately performed there is a risk that the Region's spending exceeds its allotted appropriation or that unauthorized payments are made.

Recommendation:

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

9. ensure that Section 32 and Section 34 of the Federal Administration Act (FAA) are properly executed and that staff be provided with adequate training to perform appropriate expenditure initiation and commitment control (Section 32) and account verification (Section 34).

6. Management Action Plan

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The Regional Director General of the Manitoba Region should collaborate with Headquarters to define external client services offered by INAC 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><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 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 closely with HQ and other Regions to assist with the development of national approaches.</p> <p>Work is underway. Initial discussions have taken place at DGIOC (April 11, 2011).</p> <p><u>Actions:</u></p> <p>Programs with existing service standards:</p> <ul style="list-style-type: none"> -Formalize existing service standards in a document <p>Programs without service standards:</p> <ul style="list-style-type: none"> -Direct services -Grants and Contributions 	<p>Senior Assistant Deputy Minister, Regional Operations</p> <p>Regional Directors General</p> <p>Other Sector ADMs</p>	<p>September 2011</p> <p>March 2012</p> <p>March 2012 June 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	-Internal Services		
<p>2. The Regional Director General of the Manitoba Region should collaborate with Headquarters to ensure Human Resource Plans and regional Business Plans are integrated and provide details on anticipated human resource requirements and its 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 / Actions:</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>March 2012</p>
<p>3. The Regional Director General of the Manitoba Region should formalize and document the process of linking staffing actions to the three-year Strategic Staffing Plan.</p>	<p><u>Management Response:</u></p> <p>As this is a consistent observation for regional participants in the 2010-2011 Management Practices Review, the region is waiting for a recommendation(s) from Regional Operations Sector to ensure national consistency before</p>	<p>Regional Director General, Manitoba Region</p>	

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>implementing this recommendation.</p> <p>The issue of linking staffing plans to the three year Strategic Staffing Plan was discussed at the Regional Operations Sector – Human Resources Directors Community of Practice meeting in the week of March 21, 2011. There was no clear determination on the appropriate course of action and options are still being explored.</p> <p><u>Actions:</u></p> <p>Issue discussed at national meeting end of Q4 2010-2011.</p> <p>Options explored Q1 of 2011-2012 with target for recommendations by Q2.</p>		Q2 – 2011-12
<p>4. The Regional Director General of the Manitoba Region should ensure that supporting control documentation is retained in staffing files for audit and file continuity purposes.</p>	<p><u>Management Response:</u></p> <p>The Manitoba Region had implemented an ongoing practice of ensuring staffing check-lists were adhered to and appropriate follow-up was generated as required. However, outstanding documentation requirements remained in some files audited. Manitoba Region will implement a new process to ensure that a file review of complete documentation is conducted by HR</p>	<p>Regional Director General, Manitoba Region</p>	

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>once a process is complete but prior to the issuance of a letter of offer. The HR Director and the responsible program Director will then sign approval of complete file documentation on the file prior to the letter of offer being issued. As well, individual directors will be notified of outstanding documentation requirements for incomplete files identified in the audit and corrective action undertaken. The Manitoba Region will implement a quarterly sample review of staffing files to validate the effectiveness of the new process and that documentation is complete.</p> <p><u>Actions:</u></p> <p>New sign-off process to be implemented</p> <p>Corrective action of identified incomplete files in audit process has begun with completion by end of Q1 June 30th.</p> <p>First quarterly sample of staffing files completed under new process will be conducted In Q2.</p>		<p>Q1 – May 2011.</p> <p>Q1 – June 30, 2011.</p> <p>Q2, 2011-12</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>5. The Regional Director General of the Manitoba Region should have all statements of merit signed by the supervisor for each staffing action to confirm that the statement of merit is still valid.</p>	<p><u>Management Response / Actions:</u></p> <p>The Manitoba Region will implement the practice of ensuring that all Statement of Merit Criteria are signed by the Delegated Staffing Manager at the onset of each new staffing process (not each and every appointment).</p> <p>It is the opinion of the region that when the Delegated Staffing Manager authorizes subsequent appointments from a valid pool process a re-certification of the SOMC would not be required.</p> <p>The requirement of the signed SOMC will be included in the required document review outlined in Item #4 to ensure the practice is consistently followed.</p> <p>HR will communicate this requirement to the Regional Executive Team and to the Managers' Committee.</p>	<p>Regional Director General, Manitoba Region</p>	<p>Q1 – May 2011</p>
<p>6. The Regional Director General of the Manitoba Region should analyze staffing actions, trends, and review the hiring process on a regular basis.</p>	<p><u>Management Response:</u></p> <p>Front-end consultation between HR and delegated staffing managers of staffing activities and options is conducted on a consistent and ongoing basis. This consultation includes an analysis and review of</p>	<p>Regional Director General, Manitoba Region</p>	

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>staffing trends.</p> <p>In addition to the current practice, quarterly reports and dashboards will be generated to the Regional Executive Team and to the Managers Committee with respect to use of casual, terms, actings over 4, actings over 12, etc.</p> <p>Actions:</p> <p>Continue current practice with an emphasized use of existing dashboards.</p>		Q1-May, 2011.
<p>7. The Regional Director General of the Manitoba Region should ensure that approval of EPM goals and objectives occurs at the start of performance evaluation cycle (i.e. by May 31st for continuing employees, and within a month of a new employee's start date). In addition, it is recommended that the opportunities for improvement portion of the EPM be clearly articulated.</p>	<p>Management Response</p> <p>As this is a consistent observation for regional participants in the 2010-2011 Management Practices Review, the region is waiting for a recommendation(s) from Regional Operations Sector to ensure national consistency before implementing this recommendation.</p> <p>A process will be implemented regionally in line with new National EPM approach once national directive has been established.</p> <p>In the interim, region will abide to current Q1 end for EPMs under existing approach. On an ongoing basis, the region will implement the practice of ensuring that any new hires have</p>	Regional Director General, Manitoba Region	

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>established EPM goals and objectives.</p> <p><u>Actions:</u></p> <p>Q1 April – discussions with HQ HR on the new National EPM approach</p> <p>Q1 May – new hires have EPMs</p> <p>Q1 June 30 – region will adhere to current deadline for EPMs under existing national approach</p>		<p>Q1 – April 2011.</p> <p>Q1 – May 2011.</p> <p>Q1 – June 30, 2011.</p>
<p>8. The Regional Director General of the Manitoba 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 Evaluation Sector)</p>	<p><u>Management Response / Actions:</u></p> <p><u>Short-term:</u> Continue on-going risk assessments (FSR, Compliance, Gas, etc.) and continue to report on activities in the quarterly business plans.</p> <p><u>Medium-term:</u> 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.</p> <p>HQ Risk leads visited regions in October 2010</p>	<p>Regional Director General, Manitoba Region</p>	<p>Initiate tool discussion in September 2011</p> <p>Implement tools by March 2013</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	to review risk practices and provide training. Regions to continue ongoing liaison with risk leads re: support for regional risk management practices. Regional Corporate Risk Profiles to be integrated into regional business planning process and documents for 2012/2013		
<p>9. The Regional Director General of the Manitoba Region should ensure that Section 32 and Section 34 of the Financial Administration Act (FAA) are properly executed and that staff be provided with adequate training to perform appropriate expenditure initiation and commitment control (Section 32) and account verification (Section 34).</p>	<p><u>Management Response</u></p> <p>Region has developed a course entitled Financial Signing Authorities and Account Verification.</p> <p>The course describes the financial signing authorities, the principles for exercising the authorities, checklists of the steps for Responsibility Center Managers and description of what each step means, risk matrixes used in account verification, details of prepayment verification and post payment verification processes, lists of supporting documentation required.</p> <p>The course will be delivered to all individuals with financial signing authority under section 32 or 34 and to the administrative staff performing account verification.</p> <p><u>Actions</u></p> <p>Q1 - Training plan to be completed in April and Training to begin May.</p>	<p>Regional Director General, Manitoba Region</p>	<p>Q1 – May 2011.</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>Q3 - Existing RCM and Administrative staff will be trained by Q3.</p> <p>Ongoing - New staff to receive training within 2 months of hire. Performance to be monitored through post and pre-audit statistics.</p>		<p>Q3 – 2011-12</p> <p>Ongoing</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	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.
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 regional 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.
Stewardship	
4.1	Transactions are coded and recorded accurately, in a timely manner to support accurate and timely information processing and in accordance with policy.
4.2	Management completes reviews to analyze, compare and explain financial variances between actual and plan on a periodic basis.
4.3	Appropriate and timely financial and non-financial reporting are reviewed and approved and communicated internally and externally as required.