Aboriginal Affairs and Northern Development Canada

Affaires autochtones et Développement du Nord Canada

Internal Audit Report

Management Practices Audit of the

Northern Affairs Organization
(Headquarters)

Prepared by:

Audit and Assurance Services Branch

Project # 11-17

November 2011

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ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
ADM	Assistant Deputy Minister
AES	Audit and Evaluation Sector
CFO	Chief Financial Officer
CSA	Control Self-Assessment
DG	Director General
HR	Human Resources
NMB	Northern Management Board
MPA	Management Practices Audit
MPR	Management Practices Review
NAO	Northern Affairs Organization
PAA	Program Activity Architecture
RBAP	Risk-Based Audit Plan
RCM	Responsibility Center Manager
SMD	Strategic Management Directorate

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 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.

Senior management leadership for the Northern Affairs Organization (NAO) has recently undergone change with the arrival of a new NAO Assistant Deputy Minister (ADM) in 2010. With this transition, NOA management is currently making revisions to some of its key processes.

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 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 organization 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 Northern Affairs Organization (NAO) included the management practice areas of governance and strategic direction, human resources (HR) management, internal communications, policy development and design, risk management, and budgeting and forecasting.

The focus of this audit was only on NAO operations in the National Capital Region; management practices in NAO Regional offices (Nunavut, Yukon, and Northwest Territories) are to be covered in separate audits.

Observed Strengths

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

- Effective internal communications mechanisms are in place and considered by staff to be improving in ensuring relevant and timely information is shared;

- To help ensure Branch operational plans are aligned with NAO objectives, Branches describe key activities, performance indicators and risks as input in the development of the NAO Business Plan;

- Management has identified a preliminary set of NAO-level risks and is developing a more formal approach to risk management;

- NAO actively participates in committees and working groups at the departmental and sector-levels and takes an active role in influencing policy design; and,

- The budgeting process followed by NAO includes challenging resource allocation decisions and monitoring budgets on a regular basis.

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: governance and strategic direction, human resources management, and risk management.

Recommendations

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

The Audit and Evaluation Sector recommends that the Northern Affairs Organization Assistant Deputy Minister:

1. Finalize NAO governance structure oversight mechanisms, including updating and approving Terms of Reference, holding meetings on a regular basis and retaining written Records of Decisions for key governance mechanisms.

2. Work in collaboration with Policy and Strategic Direction Sector to develop and communicate a clear, longer-term strategic direction or vision for NAO and its Regions.

3. Leverage corporate risk management expertise to develop a formal practice and identify a governance structure to ensure regular monitoring and reporting on risks and related mitigating actions.

4. Continue to lead the Sector's efforts to ensure funding is available to support the human resource planning decisions.

Through the conduct of this audit, the audit team identified areas outside NAO's responsibility where Human Resources and Workplace Services Branch, the HR service provider for Headquarters, management practices and processes could be improved, resulting in two recommendations which have been communicated to the responsible office of primary interest.

The Audit and Evaluation Sector recommends that the Human Resources and Workplace Services Branch Director General:

5. Clarify expected control requirements for staffing actions and ensure that supporting control documentation is retained for audit and file continuity purposes.

6. Work in collaboration with Sectors to review the Quarterly Dashboard metrics used to monitor HR staffing actions to ensure exceptional staffing actions are adequately monitored by AANDC management.

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 organization 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 objective 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: governance and strategic direction, internal communications, policy development and design, risk management, budgeting and forecasting, and human resources (HR) management. These risk areas were mapped to relevant Core Management Control categories and relevant audit criteria were developed and assessed (audit criteria are included in Appendix A).

1.3 *Northern Affairs Organization*

The Northern Affairs Organization (NAO) has a broad mandate with respect to the North which includes advancing political evolution, managing natural resources including those of the Arctic offshore, protecting the environment and fostering leadership in sustainable development both domestically and among circumpolar nations and, implementing land claims and self-government agreements. NAO leads and co-ordinates the efforts of federal departments and

agencies in delivering the Government of Canada's integrated Northern Strategy as well as contributing to AANDC priorities.

The resources for the NAO are shared among NAO Headquarters and three regional offices located in the three territories: Yukon; Northwest Territories; and Nunavut. NAO Headquarters is divided into the following Branches and Directorates: the Natural Resources and Environment Branch; Northern Policy & Science Integration Branch; Devolution and Territorial Relations Branch; Northern Oil and Gas Branch; and Strategic Management Directorate.

2. AUDIT OBJECTIVE AND SCOPE

2.1 *Audit Objective*

The objective of this audit was to provide senior management with assurance over a selection of management practices assessed as being higher risk as identified through a 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 organization 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 Treasury Board Secretariat's 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 AANDC 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 focus of this audit was only NAO operations in the National Capital Region. Management practices in NAO Regional offices (Yukon, Northwest Territories, and Nunavut) are to be covered in separate management practice audits.

The scope for the NAO audit included the areas of: governance and strategic direction, internal communications, policy development and design, risk management, budgeting and forecasting, and human resources (HR) management. Audit fieldwork was conducted in Headquarters from August 22 to September 30, 2011.

3. APPROACH AND METHODOLOGY

The Management Practices Audit of the NAO 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 NAO management and staff personnel;

- Review of relevant documentation related to governance and strategic direction, human resources (HR) management, internal communications, policy development and design, risk management, and budgeting and forecasting;

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

- Conduct of a detailed review of a sample of internal communication tools (e.g. e-mails, meeting notes, Intranet, etc.) and budget and forecasting reports (e.g. Financial Status Report); and,

- Conduct of a detailed examination of a sample of HR 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 objective 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 HR 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: process changes implemented during audit period, 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: governance and strategic direction, risk management, and human resources management.

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 document recommendations for future improvement initiatives.

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 *Governance*

5.1.1 Governance Structure Mechanisms

Effective governance includes the decision-making process and the process by which decisions are implemented (or not implemented). To support good governance, it is important that management oversight structures and mechanisms are established and functioning, with clearly communicated mandates, and that those governance structures remain transparent and accountable.

NAO management and oversight bodies used to oversee NAO activities consist of the Northern Management Board (NMB) and four supporting working groups (i.e. Finance Working Group, HR Management Working Group, DG Operations Working Group, and Policy and Planning Working Group). The audit found that the mandates and roles of the above noted governance bodies are communicated through approved Terms of References.

With the arrival of a new NAO Assistant Deputy Minister (ADM) in 2010, NAO management started to review and implement changes to the NAO governance structure mechanisms, including revisions to the mandate and composition of NMB and its working groups. The audit found that not all NMB working groups are currently convening (e.g. HR Management Working Group) and the Terms of Reference for NMB are no longer considered up-to-date. To reflect changes or revisions to NAO governance structures, it will be important for NAO management to update the Terms of Reference in a timely manner.

The NMB is considered to be the most senior NAO governing body which makes decisions on strategic items pertaining to the NAO. The group is led by the NAO ADM and attendees include the Directors General and the Regional Directors General. In the past, NMB would meet monthly and meeting minutes and agendas were prepared. The audit found, however, that formal Records of Decisions for NMB, i.e., meeting minutes and agendas, are not currently prepared or retained. As a result, without documented Records of Decisions for critical governance structures, there is increased risk that NAO management will not be able to demonstrate accountability and transparency in its decision making, nor be able to demonstrate that management is actively overseeing activities of the NAO.

Recommendation:

It is recommended that the NAO ADM:

1. Finalize NAO governance structure oversight mechanisms, including updating and approving Terms of Reference, holding meetings on a regular basis and retaining written Records of Decisions for key governance mechanisms.

5.1.2 Strategic Direction

In a large organization such as NAO, it can be difficult to move the organization towards a goal without a common sense of direction. Having clearly defined and communicated strategic directions and strategic objectives helps to create a common focus and helps to avoid having different segments of the organization moving in different directions.

Within NAO, the Business Plan is intended to provide a sector-wide view of NAO programs and plans in order to support strategic decision-making within the Sector. Priorities for NAO are developed from the departmental Report on Plans and Priorities and the Business Plan is structured to align with Plans and Priorities outcomes and with the AANDC Program Activity Architecture. The Business Plan is created annually as part of the NAO business planning process.

The audit found that although NAO's annual priorities and objectives are communicated through the use of the Business Plan, NAO has not clearly defined or communicated its longer term vision or strategic direction (i.e. 2-3 year view) to aid in aligning goals, setting priorities and establishing a common direction for the organization and the Regions it oversees. While NAO management expressed interest in developing a Strategic Plan to be used as a management tool, the current departmental directive is that Sectors are not required to develop a Strategic Plan. AANDC Policy and Strategic Direction management confirmed there is no overall formal Strategic Plan for AANDC.

Recommendation:

It is recommended that the NAO ADM:

2. Work in collaboration with Policy and Strategic Direction Sector to develop and communicate a clear longer-term strategic direction or vision for NAO and its Regions.

5.2   *Communications*

5.2.1 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. departmental committee agendas, meeting minutes, e-mails), the audit noted that a variety of internal communications channels exist which allow open and effective feedback across the organization. Through inquiry with management and staff, the audit found that internal communications are perceived to be improving. 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.

5.3   *Risk Management*

At AANDC there is an expectation that Sectors understand the key risks that threaten their ability to meet their objectives, and that they 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 NAO-level; other risk management activities conducted in NAO (e.g. project risk management) were not part of the scope of this audit.

The process used to develop the NAO risk register is led by the NAO Strategic Management Directorate (SMD). As part of the annual business planning process, risks identified in Branch business line plans are aggregated by SMD into an overall NAO risk register. For the most recent business planning cycle, approximately 90 Branch risks were identified by management and summarized into 10 NAO risks. The audit reviewed the risks identified in the Business Plan, the risk register, and the summary of NAO preliminary risks and confirmed the risks identified are adequate as a representation of key risks facing NAO.

While NAO has developed a process for identifying and aggregating risks and has developed a preliminary NAO risk register, management has not yet finalized its approach or practice to regularly monitor or report on those risks and related mitigating actions. At the time of the audit, a proposed approach was being discussed by management which would include the regular discussion of risks at the NMB. To ensure identified risks are managed and monitored, it will be important that NAO's risk management efforts continue and management finalizes its formal approach for the ongoing management of risks.

Recommendation:

It is recommended that the NAO ADM:

3. Leverage corporate risk management expertise to develop a formal practice and identify a governance structure to ensure regular monitoring and reporting on risks and related mitigating actions.

5.4 *Policy Development and Design*

Given the unique mandate of the NAO to develop and support the North, it is important the organization have a formal and coordinated approach to monitor external environments and actively participate in AANDC's policy processes to ensure NAO needs and requirements are considered in AANDC's overall policy design.

Management noted there are two distinguishing characteristics to monitoring and influencing policy design within NAO; policy which relates to the Northern Strategy, and policy which relates to AANDC's Aboriginal and First Nations mandate. Through a review of supporting documents, (e.g. briefing notes, presentations, meeting minutes, Terms of Reference) the audit found that NAO plays a key role (and is often responsible) in establishing direction and drafting policy and/or briefing the Minister or Cabinet with respect to the Northern Strategy. For other policies, the audit found that NAO actively participates on AANDC senior management committees such as the AANDC Policy Review Committee and the AANDC Policy Coordination Committee, which provides NAO with the opportunity to monitor potential changes in policy design or direction. Inquiry with management and review of Committee Records of Decisions, revealed that sufficient resources are in place to support and influence policy design.

Recommendation:

No recommendations were identified in this area.

5.5 *Stewardship*

5.5.1 Budgeting and Forecasting

Effective stewardship includes following a rigorous and timely process for developing budgets and forecasts, which includes a challenge of resource allocation decisions. It is also important that approved budgets and forecasts are monitored by management on a regular basis.

NAO follows the departmental process for developing and monitoring NAO budgets. In summary, an annual initial budget resource allocation plan is provided by the Chief Financial Officer (CFO) Sector. The initial resource allocation plan provided by the CFO Sector is based on the previous year's activity, along with other external factors, such as reductions (e.g. decrease in salary budget). Individual NAO Responsibility Centre Manager (RCM) initial budgets are allocated by NAO SMD and RCMs must provide an estimate of their annual planned expenditures. The audit found that through the use of the departmental Financial Status Reports, individual RCMs review and approve their budgets (i.e. Level 1 report) and the NAO ADM reviews and approves the overall NAO budget (i.e. Level 3 report). This budgeting process includes sufficient challenge of resource allocation decisions and regular monitoring.

Recommendation:

No recommendations were identified in this area.

5.6   *Human Resources Management (NAO)*

5.6.1 Integrated Human Resource Planning

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

Within NAO, human resource planning is aligned with business objectives through the business planning process. Following the departmental process, an Integrated HR Plan is developed by NAO which includes input from NAO Directorates and the Regions. NAO uses the Integrated HR Plan as a means to capture and address human resource requirements and issues. A summary of the Integrated HR Plan is also included in the NAO Business Plan.

The audit found that, during the audit period, NAO human resource planning decisions were not aligned with the financial budget. Through inquiry with management, the audit found that for several years staffing decisions were made without taking into account the financial budget (positions were staffed even though they were unfunded). Also, NAO human resource planning decisions did not follow a coordinated approach; staffing and classification decisions were not viewed strategically; and, vacant positions often stayed open for extended periods of time. As a result, NAO is currently having to take corrective actions to address a structural deficit.

To ensure staffing decisions are made while considering available funding, AANDC and NAO management recently introduced practices and have placed restrictions on who can authorize staffing actions. New controls have been introduced, starting in April 2010, such as the Staffing and Classification Action Request Form (SCARF) and ADM approval of the NAO organization chart and staffing action plans. As these controls were only introduced later in the audit period, audit control testing was limited but found no issues.

Recommendation:

It is recommended that the NAO ADM:

4. Continue to lead the Sector's efforts to ensure funding is available to support the human resource planning decisions.

Through the conduct of this audit, the audit team identified areas outside NAO's responsibility where Human Resources and Workplace Services Branch management practices and processes could be improved, resulting in two recommendations which have been communicated to the responsible office of primary interest.

5.7 *Human Resources Management (HRWSB)*

5.7.1 Human Resources Staffing and Monitoring

Management practices and internal control procedures need to be in place to help ensure policy compliance, fairness and transparency in the staffing process. It is important that management conducts periodic analysis of the staffing process to investigate possible trends and anomalies in exceptional staffing actions (e.g. percentage of staff acting, appointments, acting > 4 months)

NAO relies on AANDC Human Resources Directorate of the Human Resources and Workplace Services Branch to manage and conduct staffing transactions on NAO's behalf; however, to maintain consistency with other AES management practice audits, a sample of 15 sample staffing files were reviewed for this audit. The results of control testing found exceptions in practices used by the AANDC Human Resources Directorate to ensure staffing actions taken are consistent, in compliance with relevant legislations and government policies. Specifically, the audit found: documents or signatures missing in seven (out of 11) staffing files (e.g. work description, signed statements of merit) and inconsistencies in how controls are evidenced by the assigned Human Resources Directorate Officer (i.e. checklists not consistently completed, requirements not always clearly checked off, or inconsistency in how the control was evidenced). In addition, 4 of the requested 15 sample HR files could not be located by the AANDC Human Resources Directorate.

In order to monitor staffing actions, NAO receives a Quarterly Dashboard from AANDC Human Resources Directorate, which includes key metrics and statistics. The audit reviewed an example Quarterly Dashboard Report and noted that while key metrics are recorded and tracked through these quarterly reports (e.g. acting transactions, appointments, etc.), the Quarterly Dashboard report does not provide information on all exceptional staffing actions (e.g. acting extensions greater than one year). In addition, NAO management commented they would like to be able to provide input on key metrics considered useful to NAO management.

Recommendations:

It is recommended that the Human Resources and Workplace Services Director General:

5. Clarify expected control requirements for staffing actions and ensure that supporting control documentation is retained for audit and file continuity purposes.

6. Work in collaboration with Sectors to review the Quarterly Dashboard metrics used to monitor HR staffing actions to ensure exceptional staffing actions are adequately monitored by AANDC management.

6. Management Action Plan

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
1. The Assistant Deputy Minister (ADM) of Northern Affairs Organization (NAO) should to finalize NAO governance structure oversight mechanisms, including updating and approving Terms of Reference, holding meetings on a regular basis and retaining written Records of Decisions for key governance mechanisms.	NAO governance mechanisms are under review. Modifications to Northern Management Board (NMB), the most senior governing body, have already been implemented including establishment of regular weekly meetings. NAO will complete that review to enhance sector governance. It will then finalize and document its governance structure oversight mechanisms as well as how those mechanisms will function. In particular, NAO will review, update and/or create committee terms of reference and enhance the secretariat function to ensure that minutes and records of decision are recorded appropriately. Actions: 1. Identify appropriate sector management structures including working groups and/or any other committees or mechanisms. 2. Document management structures including Terms of References which will include meeting frequency, agendas, forward agendas, records of decision, etc. 3. Appoint membership and implement mechanisms not already operational	Assistant Deputy Minister, NAO	Q3 – 2011-12 Q3 – 2011-12 Q4 – 2011-12

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
2. The ADM of NAO should work in collaboration with Policy and Strategic Direction Sector to develop and communicate a clear, longer-term strategic direction or vision for NAO and its Regions.	NAO is in the process of further evolving its planning process for the launch of the 3rd NAO Business Plan. The plan will include the articulation of a longer-term strategic direction for NAO, including the HQ Branches, the three regional offices, and the government's Northern Strategy. While there is no departmental requirement or direction with respect to sector strategic plans, NAO will work with PSD to ensure that this strategic direction will align with that of the Department. Actions: 1. NAO will continue to align with the Government of Canada's overarching Northern Strategy providing key strategic direction 2. NAO will elaborate organizational strategic direction through its next planning cycle	Assistant Deputy Minister, NAO	On-going Q4 - 2011-12
3. The ADM of NAO should work to leverage corporate risk management expertise to develop a formal practice and identify a governance structure to ensure regular monitoring and reporting on risks and related mitigating actions	NAO has completed the integration of the identification and assessment of its key sector risks into its annual business planning cycle. NAO has completed the design of an on-going process to monitor and manage those risks and related mitigation actions.	Assistant Deputy Minister, NAO	Completed

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
4. The ADM of NAO should continue to lead the Sector's efforts to ensure funding is available to support the human resource planning decisions.	NAO will continue to seek necessary funds through formal GoC mechanisms and is also currently refining a business case, in collaboration with the CFO, to secure ongoing funding to alleviate a long standing structural deficit. Actions: 1. Complete business case in collaboration with CFO for consideration in annual departmental resource allocation process	Assistant Deputy Minister, NAO	Q4 – 2011-12
5. The Human Resources and Workplace Services Branch (HRWSB) Director General should clarify expected control requirements for staffing actions and ensure that supporting control documentation is retained for audit and file continuity purposes.	Those recommendations are similar to those found in a number of HRWSMB monitoring reports. Action Plans to address those recommendations have already been developed and are being implemented. HRWSMB will ensure that these action plan measures are applied across the sector and the department.	Human Resources and Workplace Services Branch Director General	On-going
6. The HRWSB Director General should work in collaboration with Sectors to review the Quarterly Dashboard metrics used to monitor HR staffing actions to ensure exceptional staffing actions are adequately monitored by AANDC management.	Quarterly Dashboards are not the instruments to capture exceptional staffing actions. However, AANDC has a governance structure (HRWSMC and FMC) in place that allows it to manage and monitor these staffing actions. In addition, HRWSB monitors staffing actions at risk, as requested by the PSC, and reports to HRWSMC on the results on a regular basis.	Human Resources and Workplace Services Branch Director General	On-going

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	
Governance and Strategic Direction	
1.1	Effective management and oversight bodies are established and functioning, with clearly communicated mandates, and are kept informed of significant developments.
1.2	The organization has clearly defined and communicated strategic directions and strategic objectives, aligned with its mandate.
1.3	The organization has in place operational plans and objectives aimed at achieving its strategic objectives.
Internal Communications	
2.1	Open and effective channels exist for internal communications and feedback.
2.2	Internal communications and feedback mechanisms provide timely and relevant information.
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.
Policy and Programs	
4.1	The organization has a formal and coordinated approach to monitor external environments and actively participate in policy design.
4.2	The organization has resources to support research and influence policy design.
Budgeting and Forecasting	
5.1	Timely budgets and forecasts are developed through a rigorous process, which includes a challenge of resource allocation decisions and monitoring on a regular basis.
Human Resources Management	
6.1	Human resource planning is aligned with strategic and business planning.
6.2	Recruitment, hiring and promotion consider the current and future needs of the organization.
6.3	Recruitment, hiring and promotion are conducted in a manner that is fair and objective.