

Indian and Northern Affairs Canada

Internal Audit Report

Management Practices Audit of the Ontario 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
HR	Human Resources
HRMC	Human Resources Management Committee
HRMS	Human Resource Management System
HRWSB	Human Resources and Workplace Services Branch
IM/IT	Information Management / Information Technology
INAC	Indian and Northern Affairs Canada
MPR	Management Practices Review
RBAP	Risk-Based Audit Plan

EXECUTIVE SUMMARY

Background

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

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

Audit Objective and Scope

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

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

Observed Strengths

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

- Anticipatory staffing needs are identified and managed using a three-year Strategic Staffing Strategy updated through discussion at the Senior Management Committee (SMC);
- Training was provided to supervisors, managers, and directors to help them provide effective guidance and oversight related to employee performance management forms, including how to establish goals that are specific, measurable, attainable, realistic, and timely (i.e. SMART);
- Regional management monitors the completion rate of employee performance evaluations;
- The Regional Corporate Business Plan is aligned to the departmental strategic objectives; and,

- Regional performance is measured and reported through the Quarterly Report to Headquarters.

Recommendations

The audit team identified areas where regional management practices and processes could be improved resulting in twelve (12) recommendations.

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

- Collaborate with Headquarters to define external client services offered by INAC and to develop performance targets for the delivery of these services as part of on-going monitoring and management of the performance against established standards. To ensure a consistent, national approach is adopted, standards, performance expectations and monitoring requirements should be formally communicated by Headquarters to all regions.
- Implement a revised, and comprehensive, approach to the development of its annual HR plan for 2011-12 and onward. The revised approach should help ensure that the HR Plan aligns with the strategic and operational objectives of the Region, and should include planned actions to reduce the number of key, senior management, acting positions going forward.
- Establish and implement a strategy and related process to review and assess the compliance of individual appointment processes, including the documentation of business rationale, candidate assessments, right fit, and priority appointments.
- Ensure training is provided to regional managers responsible for hiring and promotion activities. The training should identify the appropriate staffing process to follow and identify the required documentation to be retained to demonstrate compliance with policies and procedures.
- Collaborate with HRWSB to adjust EPM requirements. Changes should include the alignment of developmental goals with employee needs, and position and regional competencies requirements. Any developmental goals identified should be used to inform learning plans for the year and there should be a clear link between the two documents (i.e. EPM and Learning Plan). Training should be carried out to help improve the consistency and quality of EPM preparation and assessment. The Ontario Region should also conduct a quality review of a sample of EPMs to verify that they are being completed as intended and expected.
- Restructure the Learning Plan process in the Region by: splitting the training budget between HR and Directorates; including the rationale for planned learning, including alignment with individual and regional competency requirements; providing training to help implement the learning plan changes made; and ensuring staff that join the Region during the year have learning plans and performance goals established.

- Develop and implement a formal, documented approach to risk management, including an on-going process and governance structure for identifying, assessing, and monitoring risk mitigating actions. Headquarters should communicate the guidance to all regions and sectors to ensure a consistent, national approach to risk management. (“Headquarters” includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector).
- Collaborate with Headquarters to expand the financial information captured in the regional planning documents that support the Quarterly Report such that the cost of planned activities are documented and monitored.
- Collaborate with Headquarters to establish service standards for all corporate services, including Accounting, IM/IT, Administration and Resource Management. The standards established should be applied consistently across the Department and be reported and monitored in the Regional Quarterly Report, as is currently the case for Human Resources.

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

- Revise regional human resources reports to help ensure that sufficient information is provided to management in order to identify and monitor exceptional staffing actions, such as acting assignment extensions greater than one year, to ensure compliance with relevant policies. Where possible, these reports should be consistent nationally and should be incorporated into the existing departmental reporting structure.
- Review and modify the EPM Completion Rate report generated through the Human Resource Management System (HRMS) to help ensure that the manual adjustments, currently required to eliminate duplicate counting of acting employees, are no longer necessary.
- Collaborate with regions and sectors to review the national deadline for the completion of Learning Plans. Where possible, deadlines should be moved to earlier in the year to better align with the operational workloads of regions/sectors and permit completion of planned learning activities.

Conclusion

Our audit found that improvements are required in the areas of external client service standards, integrated human resources planning, human resources recruitment, hiring and promotion, management of staff performance, training and development, risk management, operational objective setting and planning, and performance measures to better support the achievement of the Region’s objectives.

1. INTRODUCTION AND CONTEXT

1.1 Management Practices Initiative

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

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

1.2 Control Self-Assessment

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

The Province of Ontario is home to almost forty (40) percent of the Canadian population, and twenty-three (23) percent of all Canadian Aboriginal People. There are 126 recognized First Nations in Ontario, representing at least seven major cultural groups. The role of INAC's Ontario Region is to assist Ontario First Nations with building, strengthening, and maintaining their communities.

2. AUDIT OBJECTIVE AND SCOPE

2.1 Audit Objective

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

The audit objective is supported by detailed audit criteria developed and aligned with 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 Ontario Region included the management practices areas: external client service standards; human resources planning; recruitment, hiring and promotion; management of staff performance; training and development; risk management; operational objective-setting and planning; and, performance measures. Audit fieldwork was conducted from January 17 to 21, 2011 during a site visit to the Toronto office of the Ontario Region.

3. APPROACH AND METHODOLOGY

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

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

The principal audit techniques used included:

- Interviews with key regional management and staff personnel;
- Review of relevant documentation related to the in-scope management practices areas;

- Evaluation of the system of internal controls, risk management and governance within the Region for processes within the audit scope; and,
- Conduct of a detailed examination of a random sample of HR transactions and related human resource files to evaluate staffing decisions, staff training plans and staff performance management plans.

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

4. CONCLUSION

Our audit found that improvements are required in the areas of external client service standards, integrated human resources planning, human resources recruitment, hiring and promotion, management of staff performance, training and development, risk management, operational objective setting and planning, and performance measures to better support the achievement of the Region's objectives.

The Audit and Evaluation Sector acknowledges that the Region has been led by Acting Regional Director Generals over the past three years and encourages the newly appointed Regional Director General to implement the required improvements.

5. OBSERVATIONS AND RECOMMENDATIONS

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

Observations include both management practices considered to be strong as well as those requiring improvement. Management areas identified for improvement include the impact of the weakness identified 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 to better meet client needs is critical for the Ontario Regional office, which focuses most of its efforts on delivering services to external clients. It is important that regional offices establish external service standards that are communicated with clients and that regional management actively manage, monitor and solicit feedback from external clients on these service standards.

The audit found that, while formal external client service delivery standards and expected turnaround times have not been established and communicated internally or externally on a consistent basis, some informal external service standards have been developed (e.g. 45 days to process payments and 24 hours to respond to a phone call inquiry). However, these standards are not consistently communicated to staff and/or monitored to support management action. Regional management acknowledged that consistent national external service standards and expected turnaround times need to be established and communicated to help ensure consistent service delivery.

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

Recommendation:

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

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

5.2 Human Resources Management

5.2.1 Integrated Human Resources Planning

To ensure that the 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.

The Ontario Region has developed a number of HR planning documents to support the identification of personnel needs including the INAC Ontario Region HR Plan 2007/08-2009/2010 ("HR Plan"), the draft 2009/10-2012/13 INAC Regional Operations Sector Integrated HR Plan ("Integrated HR Plan"), and the Ontario Region Strategic Staffing Plan 2009-2012 ("Three-year Staffing Strategy"). During the course of the audit, AES noted that HR planning for the fiscal period 2010-11 was not as completed to the same level of detail as the previous fiscal year. Without clear plans and objectives for a fiscal year, it becomes more difficult to prioritize and coordinate HR activities across the Region.

Audit findings noted that HR planning for 2010-11 may not have been as robust as previous years due in part to a number of acting positions at the senior management level. Over the past two years, the Regional Director General position for the Ontario Region was filled by an Associate Regional Director General in an acting role. This created a number of additional acting senior management positions. These positions have since been filled and management had scheduled a regional retreat on January 24th and 25th, 2011 to finalize the Integrated HR Plan and to develop an HR Plan, expected to cover the next three fiscal years.

Recommendation:

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

2. Implement a revised, and comprehensive, approach to the development of its annual HR plan for 2011-12 and onward. The revised approach should help ensure that the HR Plan aligns with the strategic and operational objectives of the Region, and should include planned actions to reduce the number of key, senior management, acting positions going forward.

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. 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 define current and future staffing needs, the Ontario Region has identified the number of employees who are eligible for retirement over the next five years in the Potential Risk Assessment Report. A three-year Staffing Strategy has also been completed to identify the Region's anticipated staffing needs and the planned staffing approach to address these requirements. This document is updated and monitored throughout the year at the Senior Management Committee (SMC).

A review of the sample of fourteen (14)¹ staffing files revealed that management's current practice to document, on the Human Resources Action Request form, the business rationale for positions being staffed is not consistently occurring. In four files reviewed, we did not find evidence of a clear indication of the business case to supporting the staffing action. As a result, there is a risk that these staffing actions may not be aligned with the organization's needs.

¹ While the audit plan indicated that a review of a sample of 15 staffing files was to be conducted for compliance with applicable policies and procedures, the original sample was reduced to 14. The reduction in files was due to the fact that a staffing action file, located in the Thunder Bay Office, was not located until the last day of fieldwork and could not be provided to auditors, located in the Toronto Office, for review prior to the completion of the field work.

The file review also noted a number of files that did not contain the required documentation to support compliance with relevant legislation and government policies. This included the absence of right fit rationale and/or candidate assessment to support why a candidate was selected (5 of 14 files) and the absence of documentation to support why a candidate was considered a “priority” in the staffing process (1 of 14 files). While we understand that HR assumes an advisory role to support management throughout the staffing process, results of the file review indicate that opportunities exist to strengthen HR’s involvement in verifying that appropriate documentation is obtained and retained by management. Insufficient documentation on file to support hiring rationale may result in the perception that staffing process are not fair and objective – a similar finding was noted in the October 2010 PSC Staffing Audit. It is our understanding that management has begun to implement a process to address this recommendation, which includes the requirement for the Director of HR to approve staffing files prior to the issuance of a Letter of Offer.

Ontario regional management is provided with a quarterly HR dashboard from Headquarters that contains key workforce composition statistics, including: external employee hires; internal promotions by category (e.g. term and indeterminate); and, the number of acting transactions. Management uses the information from the dashboard to inform discussions of staffing needs at SMC. The report does not indicate the number of acting assignments staffed through non-advertised processes or the length of the assignment term. During our transaction review, we noted one instance where a non-advertised acting position was extended from an initial term of approximately two months to over one year. Given that the extension of short-term acting positions into long-term acting positions may not appear to be fair and objective, a report that identifies this activity would help to highlight potentially unfair hiring practices so that appropriate management action can be taken, when warranted.

Recommendations:

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

3. Establish and implement a strategy and related process to review and assess the compliance of individual appointment processes, including the documentation of business rationale, candidate assessments, right fit, and priority appointments.
4. Ensure training is provided to regional managers responsible for hiring and promotion activities. The training should identify the appropriate staffing process to follow and identify the required documentation to be retained to demonstrate compliance with policies and procedures.

It is recommended that the Director General, HRWSB:

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

5.2.3 Management of Staff Performance and Training & Development

To help 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 Ontario Region, training is provided to supervisors, managers, and directors to help them provide effective guidance and oversight related to EPMs, including how to establish goals that are specific, measurable, attainable, realistic, and timely (i.e. SMART goals). We found the quality of employee goals to vary in apparent direct correlation with the quality of the employee's supervisor's goals. The review of fourteen (14²) EPMs identified two EPMs where employee goals were very brief and generic and four EPMs where the measurability of goals could be improved. The absence of a central quality control review for EPMs increases the likelihood that the goals developed are inconsistent and do not meet expectations. This may result in employees having goals that performance cannot be measured against and lead to misinterpretations with respect to their expected roles that need to be taken to support development.

We also noted that employee training and development was not clearly identified in EPM goals or linked to Learning Plans (10 of the 14 files examined). If performance goals are not clearly linked to Learning Plans, there is a potential for inconsistency between the employee's Learning Plan and the needs and capabilities of the Region. In addition, we noted that management in the Ontario office is transitioning to a new Learning Plan form that does not allow individuals to document clear rationale for proposed learning activities. Without a clear rationale, there is a risk that the activities proposed do not link to employee or regional needs.

For two of the employee EPMs/Learning Plans reviewed, we noted that EPMs and Learning Plans were not completed as the employee joined the office after the start of the performance year. HR indicated that the requirement to establish Learning Plans and EPMs for employees that join the office after the start of the performance year has not been formally communicated and is not being monitored. Delaying the establishment of employee goals until the start of the next performance year has the potential to set employees back in their development and career path.

In the previous fiscal year, Headquarters established a target completion rate for EPM forms at 90%. This included both the completion of employee performance evaluations for the previous year, as well as goal setting for the upcoming fiscal year. The audit noted that the EPM report generated through the Department's Human Resources Management System required manual

² While the audit plan indicated that a review of a sample of 15 EPM and Learning Plan files was to be conducted for fair and objective Employee Performance Management process and timeliness and consistency of career development processes, the original sample was reduced to 14. The reduction in files was due to the fact that one of the individuals selected was at an EX level and the file was not able to be provided as it was housed in headquarters.

adjustments to remove individuals in acting positions who were reported twice. It is our understanding that these adjustments were required across all regions and resulted in additional effort to determine the correct EPM completion rate.

According to departmental policy, Learning Plans for the fiscal year (April to March) are to be completed and approved by May 31st. This provides employees with approximately three quarters (or nine months) in which to complete planned learning activities. Comments noted that employees have experienced difficulties attending training in the second and fourth quarter due to increase workloads associated with vacancies over the summer months (Q2) and preparing for year-end (Q4). Moving up the deadline for the completion of Learning Plans would provide more time for employees to complete planned training; potentially increasing the completion rate of planning learning activities.

In the Ontario Region, individual Learning Plans are compiled and coordinated into an overall learning plan. While individual Learning Plans are developed and approved at a directorate level, the overall learning plan is administered centrally through HR. As those responsible for approving individual Learning Plans are not accountable for establishing and managing the Region's learning budget, the overall budget is exceeded by the costs associated with each approved learning plan. As the learning plans are implemented within the Region's budgetary constraints, often times approved learning may be deferred so that spending remains within the available budget. By decentralizing the training budget, thus pairing the approval and budgetary authority, management would be able to consider the full extent of their available budget prior to approving individual Learning Plans for their directorates. Region-wide training initiatives could remain central to align with HR's responsibilities to coordinate mandatory training for all employees.

Recommendations:

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

6. Collaborate with HRWSB to adjust EPM requirements. Changes should include the alignment of developmental goals with employee needs, and position and regional competencies requirements. Any developmental goals identified should be used to inform learning plans for the year and there should be a clear link between the two documents (i.e. EPM and Learning Plan). Training should be carried out to help improve the consistency and quality of EPM preparation and assessment. The Ontario Region should also conduct a quality review of a sample of EPMs to verify that they are being completed as intended and expected.
7. Restructure the Learning Plan process in the Region by: splitting the training budget between HR and Directorates; including the rationale for planned learning, including alignment with individual and regional competency requirements; providing training to help implement the learning plan changes made; and ensuring staff that join the Region during the year have learning plans and performance goals established.

It is recommended that the Director General, HRWSB:

8. Review and modify the EPM Completion Rate report generated through the Human Resource Management System (HRMS) to help ensure that the manual adjustments, currently required to eliminate duplicate counting of acting employees, are no longer necessary.
9. Collaborate with regions and sectors to review the national deadline for the completion of Learning Plans. Where possible, deadlines should be moved to earlier in the year to better align with the operational workloads of regions/sectors and permit completion of planned learning activities.

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 controls and/or mitigation activities. The focus of this audit was on the risk management at the regional/organization level; other risk management activities conducted in the Region (e.g. intervention, financial monitoring) were not part of the scope of this audit.

The Ontario Region identifies risks through the Ontario Region Business Plan Summary 2010-2013 and discusses risks at the Regional Management Committee and the Regional Operations Committee. Operational program risk management focuses on projects and First Nation clients and follows a variety of approaches to risk management, including a "general assessment" which considers risks associated with contribution agreements and recipients. Corporate service risks related to HR are identified and formally reported on in the Quarterly Report. While not in scope for the audit, we noted a number of national tools used by regional management to assess project funding risks and recipient risks that are used to identify risk-based monitoring procedures.

Results of interviews indicated that the Region does not have a documented, formal approach to risk management or a risk profile that is consistently followed and communicated across the Region. Instead, they assess and manage risks in distinct areas, including those related to clients, HR, and Finance Management. Without a formal risk management framework that documents an approach to assess, monitor and report on identified risks, management will not be able to determine if risks are being consistently managed across all programs and areas in the Region.

Recommendation:

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

10. Develop and implement a formal, documented approach to risk management, including an on-going process and governance structure for identifying, assessing, and monitoring risk mitigating actions. Headquarters should communicate guidance to all regions and sectors to ensure a consistent, national approach to risk management.

(“Headquarters” includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector.)

5.4 Planning, Results and Performance

5.4.1 Operational Objective Setting and Planning

The achievement of regional objectives is enabled by the collective suite of management processes and controls that are in place to set strategic direction, operational plans, objectives, and priorities and to provide guidance on how resources should be allocated to achieve these plans. Resource allocation and budgets support the planning and use of financial, human and physical resources. These are critical elements of planning, as they define the nature of resources and competencies required and improve the possibility that sufficient resources exist to achieve objectives. These controls provide employees and third-party service providers with an understanding of priorities and performance targets and provide direction in the pursuit of operational objectives.

The Regional 2010-11 Corporate Business Plan includes twelve (12) objectives that are aligned to the Department’s strategic objectives. Each objective details the key activity, expected duration, performance indicator/milestones, quarterly targets, data source, risk of achievement, estimated FTEs requirements, accountabilities and priority linkage. Progress against key Corporate Business Plan priorities are reported on in the Quarterly Report. Interviews indicated that regional planning efforts will be further strengthened in the upcoming year given the appointment of the Regional Director General. AES understands that a regional planning session with senior management was conducted on January 19 and 20, 2011. The agenda for this session included time to identify the top five business priorities which are expected to support the Regional Business Plan for 2011-12.

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

Recommendation:

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

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

5.4.2 Performance Measures

Sound decision making and effective reporting is enabled by relevant and timely information gathering on results and performance. Performance measures, including self assessments, employee satisfaction surveys, internal reviews, quality assurance processes, and monitoring of performance, are important tools that provide management with key diagnostics used to manage the achievement of organizational objectives.

The audit found that performance indicators/milestones are established and reported against by Directorate for each of the key activities included in the Quarterly Report. The audit team noted that key activities were not established for any corporate services, with the exception of HR. Without key activities and performance measures for all areas in the Region it is difficult to determine how management prioritizes activities and resources across the office.

Recommendation:

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

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

6. MANAGEMENT ACTION PLAN

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

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	Grants and Contributions		March 2012
	Internal Services		June 2012
<p>2. The Regional Director General of the Ontario Region should implement a revised, and comprehensive, approach to the development of its annual HR plan for 2011-12 and onward. The revised approach should help ensure that the HR Plan aligns with the strategic and operational objectives of the Region, and should include planned actions to reduce the number of key, senior management, acting positions going forward.</p>	<p><u>Management Response:</u> The Regional Director General of the Ontario Region will implement a revised approach to HR planning and reporting. A planning session was held with the Regional Management Committee in early 2011 and follow-up work from that session continues as well as ongoing work with the Regional Operations Sector to ensure a consistent national approach. An enhanced HR planning function will also be linked to business planning.</p> <p>Acting assignments have been eliminated at the EX3 and EX2 levels; work is currently under way to reduce and regularize the number of acting appointments at the EX1 level, balanced with efforts to enhance succession planning for that classification level.</p> <p><u>Actions:</u></p> <p>Finalization of HR plan</p> <p>Link with business planning enhanced over the course of the year</p>	<p>Regional Director General, Ontario Region</p>	<p>Q1 – 2011-2012</p> <p>Q4 – 2011-2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>4. The Regional Director General of the Ontario Region should ensure that training is provided to regional managers responsible for hiring and promotion activities. The training should identify the appropriate staffing process to follow and identify the required documentation to be retained to demonstrate compliance with policies and procedures.</p>	<p><u>Management Response:</u> The Regional Director General of the Ontario Region will ensure that regional managers are trained in staffing. Options for conducting the training are being explored on a priority basis and the training will be mandatory for all managers, with a particular emphasis on early training for those with high staffing activity.</p> <p><u>Actions:</u> Options identified Delivery</p>	<p>Regional Director General, Ontario Region</p>	<p>Q1 – 2011-2012 Q2/Q3 – 2011-2012</p>
<p>5. The Director General of the Human Resources and Workplace Services Branch (HRWSB) should revise regional human resources reports to help ensure that sufficient information is provided to management in order to identify and monitor exceptional staffing actions, such as acting assignment extensions greater than one year, to ensure compliance with relevant policies. Where possible, these reports should be consistent nationally and should be incorporated into the existing departmental reporting structure.</p>	<p><u>Management Response/Actions:</u> The Regional Director General of the Ontario Region will work with the DG of HRWSB to revise HR reports as described.</p> <p>In cooperation with IT Services, HRWSB released the staffing component of “the Human resources Reporting & Analysis (HRRRA) project”. This will enable regions to produce their own reports and make their own analysis.</p> <p>In addition, monitoring of the acting appointments department-wide is conducted on a regular basis, with follow-ups on remedial actions when</p>	<p>Regional Director General, Ontario Region Director General, Human Resources and Workplace Services Branch</p>	<p>Implemented Q4 - 2010-11</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	required. Monitoring reports are presented to HRWSMC.		
<p>6. The Regional Director General of the Ontario Region should collaborate with HRWSB to adjust EPM requirements. Changes should include the alignment of developmental goals with employee needs, and position and regional competencies requirements. Any developmental goals identified should be used to inform learning plans for the year and there should be a clear link between the two documents (i.e. EPM and Learning Plan). Training should be carried out to help improve the consistency and quality of EPM preparation and assessment. The Ontario Region should also conduct a quality review of a sample of EPMs to verify that they are being completed as intended and expected.</p>	<p><u>Management Response:</u> The Regional Director General of the Ontario Region will collaborate with the DG of HRWSB to adjust EPM requirements. Managers will be trained to improve the development of aligned EPMs and learning plans in Q1 of 2011-12, and plans will be implemented for regional employees. A sample review will take place in Q3 of 2011-12 and adjustments will be made as necessary.</p> <p><u>Actions:</u> Training scheduled by videoconference with HRWSB for April 15, 2011 – for managers and supervisors, entitled "A quality EPM process and meaningful learning plan" and for all staff, "Understanding the EPM and Learning Plan process" Sample review</p>	<p>Regional Director General, Ontario Region</p> <p>Director General, Human Resources and Workplace Services Branch</p>	<p>Q1 – 2011-2012</p> <p>Q3 – 2011-2012</p>
<p>7. The Regional Director General of the Ontario Region should restructure the Learning Plan process in the Region by: splitting the training budget between HR and Directorates; including the rationale for</p>	<p><u>Management Response:</u> The Regional Director General of the Ontario Region will restructure the learning plan process in the Region (as outlined in point 6) and by splitting the regional training budget to allocate</p>	<p>Regional Director General, Ontario Region</p>	

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>planned learning, including alignment with individual and regional competency requirements; providing training to help implement the learning plan changes made; and ensuring staff that join the Region during the year have learning plans and performance goals established.</p>	<p>50% to individual RCMs and 50% to HR for common learning needs.</p> <p><u>Actions:</u> Training budget split (please refer to point 6 as well)</p>		<p>Q1 – 2011-2012</p>
<p>8. The Director General, HRWSB should review and modify the EPM Completion Rate report generated through the Human Resource Management System (HRMS) to help ensure that the manual adjustments, currently required to eliminate duplicate counting of acting employees, are no longer necessary.</p>	<p><u>Management Response:</u> In cooperation with IT Services, the reports were updated to eliminate duplicated entries of acting employees. For this year, the report will be generated for more accurate data.</p> <p><u>Actions:</u> Corrections to report parameters completed Report available</p>	<p>Director General, Human Resources and Workplace Services Branch</p>	<p>Q3 – 2010-2011 Q1 – 2011-12</p>
<p>9. The Director General, HRWSB should collaborate with regions and sectors to review the national deadline for the completion of Learning Plans. Where possible, deadlines should be moved to earlier in the year to better align with the operational workloads of regions/sectors and permit completion of planned learning</p>	<p><u>Management Response:</u> The learning plan is developed based on the knowledge gaps and development areas identified by the manager and employee following the confirmation of the work objectives in the EPM form; both are part of an integrated process. Therefore, a change in dates influences both forms. The deadlines identified are the latest</p>	<p>Director General, Human Resources and Workplace Services Branch</p>	

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
activities.	<p>dates at which the forms have to be forwarded (May 31) and entered in PeopleSoft (June 30). Nothing prevents a region/sector from modifying the deadline – for an earlier date – to accommodate their workload realities. Also, nothing prevents an individual with the appropriate financial authority from approving training, on a case-by-case basis, prior to this deadline; this would entail some risk management on their part.</p> <p><u>Actions:</u></p> <p>Learning and Development Directorate will consult regions/sectors via email to validate these options and explore potential changes by the end of Q1.</p> <p>Results/changes will be communicated in next year's EPM/LP call letter in Q4.</p>		<p>Q1 – 2011-2012</p> <p>Q4 – 2011-12</p>
<p>10. The Regional Director General of the Ontario Region should develop and implement a formal, documented approach to risk management, including an on-going process and governance structure for identifying, assessing, and monitoring risk mitigating actions. Headquarters should communicate guidance to all Regions and Sectors to ensure a consistent, national approach to risk management.</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</p>	<p>Regional Director General, Ontario Region</p>	<p>September 2011</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>("Headquarters" includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector).</p>	<p>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 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>		<p>March 2013</p>
<p>11. The Regional Director General of the Ontario Region should collaborate with Headquarters to expand the financial information captured in the regional planning documents that support the Regional Quarterly report such that the cost of planned activities are reported and monitored.</p>	<p><u>Management Response/Actions:</u> 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, PSD</p> <p>Senior Assistant Deputy Minister, RO</p> <p>Chief Financial Officer, CFO Sector</p> <p>Director General, Human Resources and Workplace Services Branch</p> <p>Regional Directors General</p>	<p>March 2012</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>12. The Regional Director General of the Ontario Region should collaborate with Headquarters to establish service standards for all corporate services, including Accounting, IM/IT, Administration and Resource Management. The standards established should be applied consistently across the Department and be reported and monitored in the Regional Quarterly Report, as is currently the case for Human Resources.</p>	<p><u>Management Response:</u> Ontario Region, Director Corporate Services & Director Funding Services to engage with RO Regions to gather current performance measures for functional areas, propose recommendations to standardize and address potential gaps.</p> <p>Provide consolidated Regional RO Sector recommendations for Review and endorsement from the CFO Sector (functional lead).</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> • Regional review and consolidation of functional performance indicators. • With the CFO Sector, review for implementation. 	<p>Regional Director General, Ontario Region</p> <p>Senior Assistant Deputy Minister, Regional Operations</p> <p>Chief Financial Officer</p>	<p>End of Q1, 2011-12</p> <p>End of Q2, 2011-12</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/ operational planning.
2.2	Recruitment, hiring and promotion consider the current and future needs of the organization.
2.3	Recruitment, hiring and promotion are conducted in a manner that is fair and objective.
2.4	The organization has in place a system for the timely and consistent performance evaluation of employees.
2.5	The organization provides employees with the necessary training, tools, resources and information to support the discharge of their responsibilities.
Risk Management	
3.1	Management has a documented approach with respect to organizational risk management.
3.2	Management identifies the risks that may preclude the achievement of its objectives.
3.3	Management formally assesses, routinely monitors and responds to the risks it has identified.
3.4	Management appropriately communicates and reports its risks and risk management strategies to key stakeholders.
Planning, Results and Performance	
4.1	The organization has in place operational plans and objectives aimed at achieving its strategic objectives.
4.2	External and internal environments are monitored to obtain information that may signal a need to re-evaluate the organization's objectives, policies and/or control environment.
4.3	Management has identified planned results and performance measures linked to organizational objectives.
4.4	Management monitors actual performance against planned results and adjusts course as needed.