



Indian and Northern
Affairs Canada

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Management Practices Review of the Yukon Regional Office

Report
June 24, 2009



Review Objectives

The objectives of the management practices review are:

- To assist Regional and Sector management in assessing whether their management practices and controls are designed to achieve objectives in an efficient and effective manner;
- To inform senior management of areas of strength and areas for improvement in respect of the department's management practices and controls; and
- To inform the AES risk-based audit planning exercise so that future audits can be directed to the areas and horizontal control systems that present the highest levels of risk.



Methodology

- On-site work conducted March 23 – 26, 2009 in Whitehorse.
- Interviews conducted with 15 Regional representatives including the Regional Director General, directors, managers and staff.
- A random sample selected (judgmental sample in areas of higher risk) of 19 human resource transactions (including staffing, classification, training expenditures relative to existing learning plans, overtime and leave), 11 grant and contribution files and 13 contracting transactions (including 3 acquisition card transactions).



Context

- The Yukon Regional Office is responsible for delivery of INAC programs to communities across Yukon.
- The Yukon Region had 70 active contribution agreements in 2008/09 totalling \$132 m. All agreements signed in 2008/09 represented single-year agreements.
 - 59 Comprehensive Funding Agreements (CFA)
 - 11 Self-government Financial Transfer Agreements (SGFTA)
- The YRO delivers programs to 17 First Nations communities (14 in Yukon and 3 in BC).
- Unlike other Regions, Yukon has eleven (11) self-governing First Nations.
- 2008/09 total expenditures represented \$143.2 million including:
 - \$4.1 million in operations and maintenance;
 - \$132 million in grants and contributions; and
 - \$7.1 million in salaries.
- A review of the Yukon Region's management practices was conducted in June 2007.
 - The objective of the review was to provide assurance that Grant and contributions, contracting, financial management and human resources management practices comply with authorities and are delivered consistent with the TB Management Accountability Framework .
 - An action plan was developed in response to report recommendations.



Observations – General Management

Strengths

- The Yukon Region has recently finalized its first-ever Strategic Plan.
- Regular management meetings are held to discuss and resolve issues; with joint meetings held on a bi-weekly basis (one open to middle-management and one open to all staff) to increase transparency and employee involvement in the decision-making process.
- Staff are consulted and encouraged to provide input during the formulation of the Region's Strategic and Operational Plans.
- Risk management at the program and project level is robust, especially in the Contaminated Sites (Environment Directorate) and Capital Facilities Programs.
- Directorate work plans are prepared by each Directorate during their annual retreat.
- Overwhelmingly, interviewees identified the "tone from the top" as hands-on, supportive.



Observations – General Management (cont'd)

Strengths

- Full-time equivalents are matched to available resources on an ongoing basis using the Region's Establishment Plan.
- The Yukon Region works closely with other Regions, collaborating on initiatives and sharing best practices.
- Performance against plans is measured through the Quarterly Reporting Initiative.
- Finance tracks all acting assignments using a web-based Financial Authority Tracking tool, in addition to paper files.
- Training on Section 34 and payables is provided to RCMs through annual financial authorities workshops.
- Many improvements have been made in the area of "General Management" following the 2007 MPR. Since that time, the Region has developed a strategic plan, implemented a number of Regional support committees/working groups (e.g. Regional Finance Committee (RFC), Middle Management Group (MMG) & Executive Assistance Group (EAG)) and strengthened the flow of information between senior management and staff.



Observations – General Management (cont'd)

Areas for Improvement

- While the Strategic Plan has been developed for the Region, a performance measurement process, including indicators, has not been developed to track performance against the plan.
- Strategic objectives are not yet fully integrated with Regional Human Resource (HR) Plans, Employee Performance Management agreements and Directorates Operational plans and work plans.
- Details of operational plans and work plans vary across Directorates as there is no common operational planning template available to foster alignment.
- While formal risk assessments and risk management activities are performed at the program level, there is no overarching risk management framework for the Region as a whole.
- The difficulty in attracting, recruiting and retaining highly-specialized, technical employees has resulted in some positions being spread too thinly across the organisation.



Observations – General Management (cont'd)

Areas for Improvement

- The organizational structure is based on a vision for the Region following Devolution. Although the vision has changed over the years, the organizational structure remains largely unchanged and may need to be revisited.
- Communication surrounding the new Regional Economic Development Agency has been limited, creating an increased level of apprehension amongst affected staff.
- The frequency and responsive of communication with Headquarters (HQ) varies greatly depending on the Directorate and program.
- There is a desire for clarification of accountabilities / roles and responsibilities between the Region, NAO and RO.



Background - Human Resources

- The total number of employees in the YRO at March 31, 2009 was 97 (includes indeterminate and term employees over three months).
- The Region reports that it includes 29.5% Aboriginal/Inuit staff; higher than the overall INAC Aboriginal/Inuit complement of 29.1%.
- The Region's long-term goal for Aboriginal/Inuit staffing is to achieve 50%; in line with the Department's goals.
- 12% of the Yukon Region staff are eligible for retirement within the next 5 years compared to 21.2% nationally, although many more will be eligible within 7-8 years.



Observations – Human Resources

Strengths

- Annual staffing needs identified through an establishment planning process involving Managers and Directors. A prioritized list of positions is then developed by YMC upon which staffing actions are based.
- Three-year strategic HR plan developed for the Region identifying long-term staffing needs.
- Employees are highly supported in training and professional development requests; however, due to a heavy workload and staff shortages, it may be difficult for certain individuals to attend training.
- Directors and managers feel highly supported by the HR Division with regards to responsiveness to any queries/issues.
- Roles and responsibilities of managers and HR advisors are clearly understood by both parties.
- Internal processes have been developed in response to the 2007 MPR to increase the transparency and fairness of staffing actions, which includes nationally advertising positions, regardless of level.
- Employees receive regular feedback on performance from management through the Region's Employee Performance Management (EPM) process.



Observations – Human Resources (cont'd)

Strengths

- All staffing actions require management attestation that sufficient resources exist in the Directorate's budget.
- Evolution of all staffing files tracked through a "Diary of Events".
- Advertised competitions reviewed included a comprehensive Candidate Log and Screening Report as well as candidate information for those screened in and out.
- Of the classification transactions reviewed, all decisions were supported by rationale or were linked to another identical or generic position.
- Every learning plan reviewed was approved by a supervisor/manager with delegated authority.
- Regular Labour Management Consultation Committee (LMCC) meetings are held to enhance communication between management and labour and resolve issues.
- Employee morale has improved significantly since the 2007 MPR.



Observations – Human Resources (cont'd)

Areas for Improvement

- Additional resources may be required to address capacity issues in the HR Division (e.g. dedicated training and classification specialists).
- Succession planning activities vary across the Region depending on the nature, complexity and seniority of the position.
- Training files contain limited supporting documentation (e.g. proof of course attendance and travel documentation). In most cases, only a Training Application and Authorization was on file.
- None of the staffing files reviewed contained an HR Plan linking the action to Regional requirements.
- The Region experiences difficulty recruiting new employees due to a lack of entry-level positions.
- Approximately 15% of the Regions positions remain vacant year to year due largely in part to the unique operating realities of the Region.



Observations – Human Resources (cont'd)

Areas for Improvement

- In one of the three staffing files reviewed, the staffing notification was not on file.
- In one of the staffing files reviewed, the incumbent's written exam was scored, but not signed off.
- In three of five overtime samples reviewed, the "assigned work week" and "regular daily work week hours" were not indicated.
- Two of five overtime samples reviewed, actual hours recorded were recorded incorrectly.
- Employee vacation (leave) was approved after the leave was taken in three of the five leave samples reviewed.



Observations – Grants and Contributions

Background

- Five of the eleven files reviewed were self-governing agreements, which involve limited reporting requirements. Of the remaining six files reviewed, all were for non-proposal driven funding.

Strengths

- All agreements reviewed were executed by the individual with the appropriate delegated authority and reviewed by YRO Finance in a timely manner (within two weeks).
- Appropriate delegated authority for Section 33 and Section 34 sign-offs were present on all files reviewed, where applicable.
- A sample review of G&C payments revealed that no payment was made to a recipient who had failed to meet the reporting requirements of the agreement.
- The YRO has developed a consistent approach to document G&C files.
- An oversight committee has been put in place to monitor and make decisions on the application/proposal process. Participants include Directors and representatives from the Territorial Government.



Observations – Grants and Contributions

Strengths

- Checklists are used to assess project funding proposals.
- Recipient audits are conducting when specific First Nations communities are in remediation.
- All programs proposals are evaluated and ranked according to program criteria (where funding requests are greater than budget).
- All employees with delegated signing authority attend mandatory training courses, including on grants and contributions.
- Program officers receive grants and contribution training as well as mentoring from more experienced personnel.
- The Intergovernmental Affairs Directorate works with non-self-governing First Nations to ensure the quality of proposals are of an adequate standard and are comparable with self-governing First Nations.
- The Region pro-actively communicates programs and activities to First Nations communities through an annual FN Managers Workshop, call letters and e-mails.



Observations – Grants and Contributions (cont'd)

Areas for Improvement

- Recipient reports are not consistently and rigorously reviewed by Regional staff prior to releasing program funds.
- The Region does not have a Quality Assurance function over grants and contributions.
- Of the files reviewed, none provided formal evaluation criteria to rank recipient proposals.
- There are no dedicated Funding Services Officers in the Region.
- The level of compliance monitoring and associated documentation is inconsistent between programs.
- For one of the eleven G&C files reviewed, limited information was provided to evaluate the file, including the review of proposals, recipient monitoring, and the consideration of recipient risks in the design of terms and conditions.



Observations – Contracting

Strengths

- All contracts in the Region are pre-audited by the Corporate Services prior to payment; a sample of transactions are post-audited throughout the year.
- It was noted that the necessary Section 32 and Section 34 approvals were included on all reviewed files in compliance with the *Federal Administration Act*.
- Amendments to contracts were well documented, appropriately justified, and in compliance with policy.
- Five of the six Statements of Work for call-ups to standing offers were thorough, provided an outline of deliverables, time-lines, costs and included the appropriate approval of senior management.



Observations – Contracting

Strengths

- In all cases except for one, the need to acquire the service has been adequately justified and linked to program objectives or Regional mandate.
- Based upon a review of the contracts and invoices, nine of the ten had payments made in accordance with the basis of payment and terms stated in the contract and/or call-up.
- In response to issues identified in the 2007 MPR, the Region has implemented a number of initiatives to improve contracting in the Region, including:
 - Developing a finance and contracting framework;
 - Training staff on contracting and signing authorities;
 - Centralizing contracting and hiring a dedicated Procurement Officer; and
 - Implementing a Section 32 pre-authorization form.



Observations – Contracting (cont'd)

Areas for Improvement

- In the three sole-source contracts reviewed, the decision to follow a non-competitive procurement strategy was not documented or justified in accordance with Section 6 of the Government Contract Regulation.
- Two of the three sole-source contracts reviewed did not contain a Statement of Work prepared which clearly defined services to be provided, performance (deliverables), timing, and estimated costs.
- Five of the six call-ups on standing offer contracts reviewed did not provide any proposals on file.
- The lack of administrative support lead to the expiration of contracts before another Standing Offer could be set up, and payments were not made in accordance with the basis of payment and terms stated in call-ups which left payments for outstanding invoices.



Observations – Acquisition Cards

Background

- The sample reviewed three acquisition cards.
- Monitoring of all acquisition cards is conducted at HQ.

Strengths

- There is a valid S. 34 signature on two of the three statements reviewed.
- All of the cards reviewed demonstrated that monthly card statements had been reconciled to the cardholder purchase register/log.

Areas for Improvement

- In one case there was an example of bill splitting.
- In two cases hospitality purchases were made but not accompanied by the necessary hospitality forms
- There are instances in which receipts were not provided with the statements



Recommendations – General Management

- The YRO should develop an integrated risk management framework, focusing on integration of risk assessments with planning, priority setting and resource allocation processes.
- The Region build on the development on its first-ever Strategic Plan by developing and integrating a performance measurement process into the strategic planning process.
- The YRO should ensure that Strategic Objectives filter down into operational work plans and individual employee performance plans, regardless of level, where appropriate.
- A common operational planning template should be developed to foster a more coordinated approach to regional planning.
- A clarification exercise should be conducted to clarify accountabilities and roles and responsibilities between the YRO, NAS & ROS.
- The organizational structure and number of required full-time equivalents should be reviewed on a unit by unit basis.



Recommendations – Human Resources

- The capacity of the HR Division should be reviewed to ensure sufficient resources are employed to meet the Region's HR needs.
- The HR Division should develop processes to ensure that training files contain all the appropriate supporting documentation.
- The HR Division should develop processes to ensure that HR plans, staffing notifications and candidate exams are on file and are signed by the appropriate level of delegated authority.
- The HR Division should work with Directorates to develop succession plans for technical and management-level positions.
- Issues related to the accuracy of overtime forms should be addressed and monitoring controls should be implemented to prevent future instances.
- Controls surrounding the approval of employee leave should be strengthened to ensure that leave is approved prior to being taken, where required.



Recommendations – Grants and Contributions

- A comprehensive standard for G&C programs, including ongoing monitoring, documentation of activities and the development of a risk-based recipient audit regime should be in place for all programs.
- The Region should develop and implement a Quality Assurance function for grants and contributions.
- Program Managers should review mandatory reports (including financial statements) in a timely manner to ensure the recipient is in compliance with the program terms and conditions prior to the release of funding.
- Evidence of the rigorous review of proposals, applications and reports should be documented and maintained.
- The capacity and structure of front-line staff involved in managing grants and contributions should be reviewed, including the absence of a Funding Services Officer (FSO).
- Formal evaluation criteria used to evaluate recipient proposals should be in place and on file for all grants and contributions.



Recommendations – Contracting

- Selection criteria and related supporting documentation should be maintained on file to justify the selection of a particular contractor or decision to use a sole-source arrangement.
- The YRO should examine the level of administrative support available to RCMs to ensure that the appropriate party is notified prior to the expiration of contracts.
- Statements of work defining the services to be provided as well as deliverables, timing and estimated costs should be prepared and on file for all contracts.
- The Region should develop processes to ensure that contracting files are maintained in an organized fashion with all supporting documentation on file.



Recommendations – Acquisition Cards

- S. 34 signature should be signed on the credit card statements not on the credit summary sheet created by the employee.
- All Hospitality expenses should be submitted with necessary hospitality forms