Indian and Northern Affairs Canada

Internal Audit Report

Management Practices Audit of the Atlantic Region

Prepared by:

Audit and Assurance Services Branch

Project # 10-26

April 2011

CIDM # 3451735

TABLE OF CONTENTS

ABBREVIATIONS

AES	Audit and Evaluation Sector
CMC	Core Management Controls
CSA	Control Self-Assessment
EPM	Employee Performance Management
FNITP	First Nations and Inuit Transfer Payment system
HR	Human Resources
HRPC	Human Resources Policy Committee
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 a regional CSA workshop, a review of previous audit and review findings, and a review of departmental priorities. For management practices identified as high risk, AES assessed whether the controls and activities in place are adequate and effective in supporting the achievement of regional objectives in a manner that is compliant with applicable policies, procedures and regulations.

The scope of this audit covered April 1, 2009 to 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 Atlantic Region included the broad management practice areas of client service standards, human resources management, risk management, communications, and planning, results and performance.

Observed Strengths

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

- Anticipatory staffing needs are managed using a three-year Strategic Staffing Strategy and collective staffing (pools);

- Internally advertised positions are posted on the regional intranet and sent to staff through e-mails;

- Regional management places emphasis on completing employee performance evaluations;

- Internal communications are effective and timely and the Community Teams approach will increase opportunities to share information horizontally across the organization; and,

- Regional performance is measured and reported through the Quarterly Report to Headquarters and a Directorate Operational Plan Report.

Recommendations

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

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

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

- Ensure documentation is retained to demonstrate how staffing actions are linked to identified staffing needs or in response to staff departures.

- Ensure that supporting control documentation and a summary of staffing decisions taken is retained for audit and file continuity purposes.

- Ensure that analysis of staffing actions, trends, and the hiring process occurs on a regular basis.

- Ensure that approval of EPM goals and objectives occurs at the start of performance evaluation cycle (i.e. by May 31st for continuing employees or within a month of the employee starting in the position for new employees).

- Develop and implement a formal, documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risk mitigation actions. Headquarters should communicate guidance to all regions and sectors to ensure a consistent, national approach to risk management. ("Headquarters" includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector.)

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

Conclusion

Generally, management practices were found to be effective and adequate; however, some areas where improvements are required were noted in the areas of external client service standards, integrated human resources planning, human resources recruitment, hiring and promotion, management of staff performance, and risk 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 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 the departmental management with an audit-level of assurance: a Control Self-Assessment (CSA) workshop and a limited scope audit. Based on the feedback received from the 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 seven key areas of potential risk that required further analysis. These seven areas of risk were as follows: external client service standards; integrated human resources planning; recruitment, hiring and promotion; management of staff performance; risk management; internal communications; and, monitoring organizational performance. 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   Atlantic Region

INAC Atlantic Region encompasses four provincial jurisdictions – New Brunswick; Nova Scotia; Prince Edward Island; and Newfoundland and Labrador – representing the following four distinct Aboriginal groups: Mi'kmaq, Maliseet, Innu, and Inuit. Within these four provinces there are 33 First Nations as well as five Inuit communities in Labrador that comprise the Nunatsiavut Government. As of December 31, 2009, the total registered Indian population of all four provinces was 33,610, with sixty (60) percent residing on reserve. Over the next year, the formation of the Qalipu Mi'kmaq First Nation Band will increase this population by approximately

25,000 new members. The role of INAC's Atlantic Region is to assist Atlantic First Nations with building, strengthening, and maintaining their communities.

2. AUDIT OBJECTIVES AND SCOPE

2.1   Audit Objective

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

The audit objective supported by detailed to audit criteria developed in alignment 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 Atlantic Region included the areas of: and, external client service standards, integrated human resources planning; recruitment, hiring and promotion; management of staff performance; risk management; internal communications; and, monitoring organizational performance. Audit fieldwork was conducted January 10 to January 14, 2011 during a site visit to the Amherst office of the Atlantic Region.

3. APPROACH AND METHODOLOGY

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

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

The principal audit techniques used included:

- Interviews with key regional management and staff personnel;

- Review of relevant documentation related to business and human resources planning, the staffing process, performance measurement, internal communications, risk management, and external client service standards;

- 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 sample of internal communication mechanisms to ensure timeliness and relevance and a sample of human resource files to ensure staffing decisions made by management were appropriate and supported by appropriate documentation.

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

For the purposes of the examination of internal communications and human resource files, a control-based sample was selected covering the period of audit scope of April 1, 2009 to September 30, 2010. The sampling strategy considered the following factors: coverage on across fiscal years; the type of 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 where improvements are required were noted in the areas of integrated external client service standards, human resources planning, human resources recruitment, hiring and promotion, management of staff performance, and risk 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 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 Atlantic regional office, which focuses

most of its efforts on delivering services to external clients. It is important that regional offices establish external service standards that are communicated with clients and that regional management actively manage, monitor and solicit feedback from external clients on these service standards. In developing such standards, a consistent, national approach must be developed that strikes an appropriate balance between the Department's efforts to improve the quality of service to recipients while also reducing the reporting burden.

Through inquiry with regional management, the audit found that while some external service and performance expectations are in place (e.g. 15 or 30 day turnaround time for review of client audit reports), formal external client service delivery standards and expected turnaround times have not been established. As such, external service delivery standards also are not formally managed or communicated. The audit revealed that some internal service delivery standards have been defined (e.g. administration, finance) and some of these standards would be integral to external focused service delivery standard (e.g. financial processing turnaround time would be part of an external delivery service standard). Interviewees noted that relevant information that is needed to develop external service standards is available and certain INAC systems (e.g. FNITP) have capabilities that could be leveraged in the development of external delivery standards (e.g. time stamps, automated replies). Discussions have reportedly taken place with clients and there is demand from external clients for service delivery standards and turnaround times. Interviewees also noted that Headquarters has started an initiative towards defining external service delivery standards, but to date, a listing of external service delivery standards is not available. As a result, it is difficult for regional management to provide external clients with tangible expectations or deadlines which can lead to lower levels of client satisfaction. Without established, actively managed, external service delivery standards, there is an increased risk that management will not be able to assess its performance in meeting client expectations and not be able to continuously improve its delivery approach and mechanisms.

Recommendation:

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

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

5.2   Human Resources Management

5.2.1 Integrated Human Resource Planning

To ensure that a region optimizes use of its human capital to support the achievement of its goals, it is important that human resource planning be aligned with strategic and business planning, and that it includes information on the related financial resources. Without a good understanding of the human and financial resources required to implement strategic goals and

planned activities, it is difficult for management to properly determine the real needs of the organization.

A regional Integrated Business Plan, a Regional Human Resources Plan, and a three-year Strategic Staffing Strategy are in place in the Atlantic Region. Both the regional Integrated Business Plan and the Regional Human Resource Plan are summary documents, containing high-level descriptions of the key issues and context. They do not include information on the resources (i.e. human and financial) required to implement the plan. The Region's Quarterly Report includes a financial summary on salary variances but the Quarterly Report does not align with the Region's Integrated Business Plan. Specifically, the audit did not find a clear alignment between the Region's Integrated Business Plan, the Human Resource Plan and the financial budget information in the Quarterly Report. While management noted they will informally make the connections between the business plans and the financial resources required, the required or anticipated staffing levels and associated financial resources are not documented in those business plans. For 2011-2014, the Atlantic Region Business Planning summary includes an objective to "improve integrated planning and resource alignment" but does not include any specifics on key activities.

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

Recommendation:

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

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

5.2.2 Human Resources Recruitment, Hiring 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 Atlantic Region uses a three-year Strategic Staffing Strategy which includes the anticipated staffing requirements (e.g. replacement and new) and the anticipated staffing actions. Staffing decisions are made based on identified needs and developed by human resources in consultation with the hiring managers. Staffing needs and issues are discussed monthly at the regional Human Resource Policy Committee (HRPC), which includes members of Human Resource Function, Directors and Managers. A

review of sample staffing files revealed that management's current practice is to include the Regional Human Resource Plan in the staffing file to demonstrate how the staffing action addressed a required need. Although the Regional Human Resource Plan was included on all the sample files reviewed, it was not possible for the audit to determine how management demonstrates that the staffing action addressed a specific need or staffing priority of the organization as the Regional Human Resource Plan used by management did not include any details on anticipatory staffing. No procedure was found to be performed by management to link the staffing action to the Regional Human Resource Plan. As a result, there is a risk that staffing actions are not properly aligned with the organization's needs identified in the three-year Strategic Staffing Strategy. The three-year Strategic Staffing Strategy would be a more relevant document to include in the staffing files.

A review of a sample of 15 staffing files revealed that actions taken by management were compliant with relevant legislation and government policies, and were approved according to delegated authorities. Management and staff interviewed did not report any issues with the staffing process and found the staffing process to be conducted in a fair and objective manner. With the exception of some minor file documentation discrepancies, actions were properly documented and relevant supporting documents such as notifications, statement of merit, candidate assessments, Board assessments, are retained. In a few sample staffing files reviewed, there was incomplete documentation on some decisions taken. Although the Human Resources Manager was able to describe the missing steps and provide adequate rationale, a lack of control documentation and background information in a staffing file increases the risk that the staffing process may be perceived as unfair and not objective.

The audit found that the Human Resource Dashboard is received from Headquarters and provides some statistical information on the workforce profile, such as employment tenure, major occupation group, and age profile and retirement eligibility. In addition, the Atlantic Region Human Resources Function presents reports on potential retirement, overtime, and the number of acting and term actions at HRPC meetings on a periodic basis. The audit noted, however, that the frequency of these reports is not regular and the Atlantic Region does not conduct regular analysis on the results staffing processes. For example, no analysis was found to be performed by management on how many long-term acting assignments were made during the past year, what percentage of positions are currently filled with people who are "acting", what percentage of staffing actions during the past 12 months were appointments, and, what portion of casual, term and summer positions are staffed through non-advertised vs. advertised processes. It was reported that this type of analysis is only provided to management when requested. The Atlantic Region noted that due to limited resources, a formalized analysis staffing processes is not in place. As a result, there is an increased risk that management may not be aware of trends or changes to staffing processes and practices.

Recommendations:

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

3. ensure documentation is retained to demonstrate how staffing actions are linked to identified staffing needs or in response to staff departures.

4. ensure that supporting control documentation and a summary of staffing decisions taken is retained for audit and file continuity purposes.

5. ensure that analysis of staffing actions, trends, and the hiring process occurs on a regular basis.

5.2.3 Management of Staff Performance

In order to ensure the satisfaction of employees and provide input on career development, it is important to engage employees in a discussion on goals and objectives and to provide employees with timely and constructive feedback on their performance and opportunities for development.

In the Atlantic Region, Employee Performance Management (EPM) forms are required to be completed and approved by May 31st each year for performance review of the previous fiscal year. Learning plans and goals and objectives for the upcoming year are also required to be completed and approved by May 31st. There are also two informal discussions held every year, where supervisors and employees review the goals and objectives to determine whether they are attainable and still valid. The audit found that there is an emphasis in the Atlantic Region on meeting EPM deadlines and the regional Human Resource Function reports on a weekly basis to senior management regarding the completion of these forms. The Human Resource Function also reviews the completed forms for quality control and consistency. A review of a sample of 15 employee EPMs revealed that performance goals and objectives are clearly articulated and work objectives demonstrated clear links to operational goals which were approved by supervisors. The sample EPMs reviewed were also completed and approved in a timely manner at the end of the performance cycle. It was noted, however, that in 2 (out of 15) sample EPMs reviewed, the initial review and approval of the goals and objectives did not always occur in a timely fashion (i.e. at the start of the performance or within a month of the employee starting in the position) and in 1 (out of 15) sample EPMs reviewed, the revised goals and objectives were not formally approved when the employee changed positions. In addition, in one instance, the Manager had not signed and approved the employee's goals and objectives. As a result, there is increased risk that employees are not being provided with timely feedback at the start of the planning cycle with regards to performance expectations and are not provided opportunity to adjust their goals and objectives before the year-end.

Recommendation:

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

6. Ensure that approval of EPM goals and objectives occurs at the start of performance evaluation cycle (i.e. by May 31st for continuing employees or within a month of the employee starting in the position for new employees).

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 Atlantic Regional Risk Profile that is in place was developed through a consultation process with regional Directors. The Atlantic Regional Risk Profile is a standalone document that was reintroduced in the past year. The process followed to develop the Atlantic Regional Risk Profile included gathering input from each Directorate on the risks that could potentially hinder the achievement of their objectives. Once identified, critical risks were linked to INAC strategic priorities. These risks were incorporated by the Strategic Policy Analyst into the Atlantic Regional Risk Profile. Mitigation actions and risk action plans are noted in the Atlantic Regional Risk Profile for each risk with expected completion dates and primary responsibility. In addition, training on risk management has been provided by Headquarters. While an Atlantic Regional Risk Profile is in place there was no documented process for the development of the risk profile and the approach used did not use standardized templates or rating criteria (i.e. no common scale was used to evaluate risks). The audit also found that there is no mechanism or oversight conducted by regional management on an ongoing basis to assess, monitor and report on the risks identified in the Atlantic Regional Risk Profile, or the progress of mitigating actions. The lack of a documented approach, standardized templates and rating criteria may cause risks to be assessed inconsistently. Without a formal approach to assess, monitor and report on identified risks, management will not be able to determine if risks are being adequately mitigated or if further mitigating actions are required.

Recommendation:

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

7. develop and implement and a formal, documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risk mitigation actions. Headquarters should communicate guidance to all regions and sectors to ensure a consistent, national approach to risk management. ("Headquarters" includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector).

5.4 Communications

5.4.1 Internal Communications

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

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

Recommendation:

No recommendations were identified in this area.

5.5 Planning, Results and Performance

5.5.1 Monitoring Organizational Performance

To help identify how management is progressing against planned activities, it is important to identify planned results and performance measures that are linked to organizational objectives. In addition, it is critical that management monitor its actual performance against planned results and adjusts course as needed. Any reporting and related application and information systems used in the performance and financial reporting process should be reliable.

In the Atlantic Region, planned results, target indicators, and performance measures are developed by the Region. INAC Headquarters determines departmental objectives and provides direction to the region on the priority areas and what headquarters would like to see reported. Regional performance measures and requirements are documented in three key documents: the regional Integrated Business Plan; the Quarterly Report; and, the Directorate Operational Plan Report. The audit noted that management has identified planned results and performance measures, which are linked to organizational objectives and accountabilities. Established results and measures are adequate and consistently understood across the regional office.

The audit found that a formal and regular process is used to collect information for performance measurement through the use of the Quarterly Report and the Directorate Operational Plan Report. Directors and Managers monitor actual performance against planned results and adjusts course as needed. The Atlantic Region provides quarterly updates on performance through the Quarterly Report that is approved by the Senior Management Committee and then sent to INAC Headquarters for review and approval. The Atlantic regional management also

provides the Region's Senior Management Committee with mid-year and year-end updates on the Region's Directorate Operational Plan Report.

Quarterly Reports are manually prepared by Managers and are then challenged and approved by Directors and the Senior Management Committee before being transmitted by the Regional Director General to INAC Headquarters. At both the Director-level and Senior Management Committee, there is a challenge and approval of the performance results, which is used to ensure the reliability of information provided through the performance reports.

Recommendation:

No recommendations were identified in this area.

6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
1. The Regional Director General of the Atlantic Region should collaborate with Headquarters to define external client services offered by INAC and develop performance targets for the delivery of these services as part of ongoing management and monitoring of these standards. To ensure a consistent, national approach is adopted, standards, performance expectations and monitoring requirements should be formally communicated by Headquarters to all regions.	**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. Work is underway. Initial discussions have taken place at DGIOC (April 11, 2011).	Senior Assistant Deputy Minister, Regional Operations Regional Directors General Other Sector ADMs	

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	Actions: Programs with existing service standards: Formalize existing service standards in a document Programs without service standards: Direct services Grants and Contributions Internal Services		September 2011 March 2012 March 2011 June 2012
2. The Regional Director General of the Atlantic Region should collaborate with Headquarters to ensure the Human Resource Plan and the region's Integrated Business Plan are integrated and provide details on anticipated human resource requirements and its impact on financial resources. Headquarters should communicate the approach to all regions and Sectors to ensure a consistent, national approach to regional planning.	**Management Response/Actions:** 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)	Senior Assistant Deputy Minister, Policy and Strategic Direction Chief Financial Officer Director General, Human Resources and Workplace Services Branch Senior Assistant Deputy Minister, Regional Operations	March 2012

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
		Regional Directors General	
3. The Regional Director General of the Atlantic Region should ensure that documentation is retained to demonstrate how staffing actions are linked to identified staffing needs or in response to staff departures.	**Management Response/Actions:** Hiring managers, in conjunction with staffing specialists in Human Resources, will ensure documentation includes a reference to the 3 year staffing strategy (if applicable) or an explanation of the requirement for the staffing action if not planned. This will be included as part of the SARF (Staffing Action Request Form), specifically a box will be added to the form to indicate whether the staffing action requested exists on the three year staffing strategy and that the action requested is in accordance with the strategy. This addition will be communicated to all staff involved in the completion of the form to ensure compliance.	Regional Director General, Atlantic Region	June 1, 2011
4. The Regional Director General of the Atlantic Region should ensure that supporting control documentation and a summary of staffing decisions taken is retained for audit and file	**Management Response/Actions:** Prior to staffing file closure, a file summary will be affixed to each	Regional Director General, Atlantic Region	June 1, 2011

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
continuity purposes.	staffing file, signed by the HR Advisor, Staffing noting the process and audit information – i.e., cross reference pool process number. This summary will be created by staffing specialists and HR staff instructed to ensure its' completion prior to file closure.		
5. The Regional Director General of the Atlantic Region should ensure that analysis of staffing actions, trends, and the hiring process occurs on a regular basis.	**Management Response/Actions:** The current monthly HR reports related to acting, term, casual as well as staffing actions in progress will continue to be tabled at the monthly HRPC meeting. These reports have been created regionally. HQ's dashboards provided on a quarterly basis. Region will develop new reports which will include formal analysis and trend reporting as part of the HRPC go-forward-agenda. Senior management to determine the frequency of these reports.	Regional Director General, Atlantic Region	June 1, 2011
6. The Regional Director General of the Atlantic Region should ensure that approval of EPM	**Management Response/Actions:** EPM goals and objectives will be	Regional Director General, Atlantic Region	April 1, 2011

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
goals and objectives occurs at the start of performance evaluation cycle (i.e. by May 31st for continuing employees or within a month of the employee starting in the position for new employees).	approved at the start of the performance evaluation cycle and for individuals hired after the beginning of the fiscal year, Human Resource staff will forward reminders to Directors and Managers to ensure Goals and Objectives are developed as quickly as possible after the employee has commenced the duties of the new position.		
7. The Regional Director General of the Atlantic Region develop and implement a formal, documented approach to risk management, including an ongoing process and governance structure for identifying, assessing, and monitoring risk mitigation actions. Headquarters should communicate guidance to all Regions and Sectors to ensure a consistent, national approach to risk management. ("Headquarters includes Policy and Strategic Direction, the INAC Risk Champion, and the Risk Management Centre in Audit and Evaluation Sector.	**Management Response/Actions:** Short-term: Continue on-going risk assessments (FSR, Compliance, Gas, etc.) and continue to report on activities in the quarterly business plans. Medium-term: The Risk Champion for the department, with support form the Chief Risk Officer will develop department-wide risk management tools. Regional Directors General will support	Regional Director General, Atlantic Region	September 2011

March 2013 |

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	these and implement risk management tools in their regions that support and are consistent with the national approaches. 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		

Appendix A: Audit Criteria

The audit objective is linked to audit criteria developed in alignment with Core Management Controls. Additional audit criteria were developed to address specific risks identified in the planning phase.

Audit Criteria	
Client Service Standards	
1.1	External service standards are established and communicated.
1.2	Service standards are managed, monitored and feedback is solicited from external clients.
Human Resources Management	
2.1	Human resource planning is aligned with strategic and business planning.
2.2	Recruitment, hiring and promotion consider the current and future needs of the organization.
2.3	Recruitment, hiring and promotion are conducted in a manner that is fair and objective.
2.4	The organization has in place a system for the timely and consistent performance evaluation of employees.
2.5	Open and effective channels exist for internal communications and feedback.
2.6	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.
Communications	
4.1	Internal communications and feedback mechanisms provide timely and relevant information.
Results and Performance	
5.1	Management has identified planned results and performance measures linked to organizational objectives.
5.2	Management monitors actual performance against planned results and adjusts course as needed.
5.3	Reporting and related application and information systems used in performance and financial reporting are reliable.