

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE - AS OF SEPTEMBER 30th, 2010**

REGIONAL OPERATIONS, CHIEF FINANCIAL OFFICER

AUDIT OF THE QUALITY MANAGEMENT PROGRAM AND THE APPLICATION OF THE INTERVENTION POLICY (200725)

AEC APPROVAL DATE: 26/02/2009

PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
<p>1. The IP be reassessed with a view to clarifying policy objectives, revising policy components needed to ensure consistency with the objectives, and providing related tools and guidance to ensure the policy is implemented as intended.</p> <p>Policy revisions and related guidance to provide, at a minimum, clarity regarding:</p> <ul style="list-style-type: none"> • IP-related roles, responsibilities, accountabilities and expectations regarding IP design, development, implementation, and monitoring across key stakeholder groups including the CFO Sector, Programs and Regional Operations (particularly FSOs). • When a recipient's level of intervention should be escalated or de-escalated. • Expectations for a risk-based and integrated strategy and approach to evaluate compliance with 	<p>The CFO, in collaboration with Senior ADM, Regional Operations and Program ADM's, will undertake a review of the Intervention Policy. This review will involve confirmation of policy objectives and the identification of those policy changes required to address the implementation and clarity issues noted in the Horizontal Audit. The outcome of the review will include a workplan and timetable for recommended changes to the Intervention Policy and/or related guidance.</p>	<p>31 December, 2009</p>	<p>Status: In progress</p> <p>Update/Rationale: As of 30/09/2010:</p> <p>The evaluation of the Intervention Policy has been completed and findings shared. The Department is working to integrate findings into a revised and renamed Intervention Policy. The plan is to replace Intervention Policy with the Policy on Default Prevention and Management. To support this work, engagement sessions were held in six regions including the National Capital Region. The policy is supported by two directives: Directive on Third Party Funding Agreement Management, and Directive on Default Management. The new financial assessment as well as the General Assessment will provide necessary information to identify potential default situations. The Department plans to have the new policy in place by April 2011.</p> <p>AES: Underway</p>

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<p>the IP at a National and Regional level.</p> <ul style="list-style-type: none"> • Minimum standards of documentation related to ongoing monitoring activities, such as trip reports (notes of site-visits), minutes of meetings, decisions, action-items and responsibilities to ensure a consistent approach within and across regions. • Practices, including monitoring, related to the timely receipt and review of RMPs as well as the enforcement of IP requirements in cases when RMPs are not received from recipients. • An approach for tracking the status of recipients under intervention, tracking and documenting progress against plans at a regional level and for providing regional information to HQ for purposes of assessing overall effectiveness of 			

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<p>the IP, and</p> <p>A sustainable strategy and approach be established to performing regional quality assurance reviews to monitor and validate compliance with the IP.</p>			
<p>2. In the short term, tools and practices (e.g. formal criteria, guidance and training) be developed, based on risk and current best practices, that will support consistent application of judgment to a particular recipient situation and that will clarify the conditions of default as described in the IP.</p>	<p>The CFO, in collaboration with Senior ADM, Regional Operations and Program ADM's, will identify, recommend and develop the tools and practices required to support a more consistent application of the Intervention Policy across regions. Recommendations regarding required tools and practices will be based on risk and current best practices.</p>	<p>30 June, 2009</p>	<p>Status: In Progress/Implementation ongoing</p> <p>Update / Rationale: As of 30/09/10</p> <p>New Directives and tools are being developed to support the Default Prevention and Management Policy. In addition to the two new directives (to be approved and in place April 2011), the General Assessment will support early identification of default or near default situations, in support of an approach that calls for early identification and resolution of problems before there is a requirement for a more formal management action plan to manage the default situation. As well a financial assessment has been developed to provide a deepened analysis of financial risk in order to determine whether a default has occurred. This is being implemented currently, with full adoption timed to the full adoption of the common government reporting model.</p> <p>AES: Underway</p>
<p>3. An integrated and standardized Quality Management Program* be developed and operationalized. The QMP</p>	<p>The Senior ADM, Regional Operations, in collaboration with the CFO and Program ADM's, will develop and operationalize a</p>	<p>30 June, 2010</p>	<p>Status: In Progress/Implementation ongoing</p> <p>Update/Rationale:</p>

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<p>to provide, as a minimum, clarity regarding:</p> <ul style="list-style-type: none"> • Roles and responsibilities of key stakeholders in regions and at HQ. • The Departmental approach and policy that defines expectations for implementing, monitoring and sustaining a risk-based approach to compliance reviews (including programs delivered via third party agents. • Departmental policy/guidance regarding acceptable model(s) for ensuring timely compliance reviews taking into account the attributes of those individuals assigned with such responsibilities (including their independence from the day-to-day activities) <p>* Quality Management Program components to be tailored to the unique circumstances of Northern Regions.</p>	<p>Department-wide Quality Management Program for Grants and Contributions. The QMP will be designed to address the specific issues regarding roles and responsibilities of key stakeholders and the promotion of a risk-based approach to compliance reviews. Guidance will be developed regarding acceptable staffing/ organizational models for compliance reviews with a view to promoting consistency and appropriate segregation of duties. The QMP will be developed by December 31, 2009 and implemented by June 30, 2010.</p>		<p>As of 30/09/2010:</p> <p>The Quality Management Framework has been drafted and is being presented to INAC senior management committees for further review. Finalization is expected by March 31, 2011.</p> <p>AES: Underway</p>
<p>4. Standard expectations, guidance and tools be established for the</p>	<p>The Senior ADM, Regional Operations, in collaboration with the CFO and Program</p>	<p>June 30, 2009</p>	<p>Status: In Progress / Implementation ongoing</p>

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implementation of quality control activities at the regional level, including guidance regarding the monitoring, review and documentation of recipient program reports.	ADM's, will develop a common set of expectations, guidance and tools for the implementation of quality control activities at the regional level.		<p>Update / Rationale: As of 30/09/2010</p> <p>Regional compliance plans continue to be prepared with HQ program input and approved regionally. Work with programs to develop risk based guidance on monitoring and review activities is being done. RO and ESDPP (Social Support Services) are working cooperatively to develop guidance, to support operations, and to inform the development of a common set of expectations that can be used with programs with a similar risk profile. In line with program life cycle, there will be opportunities to work to ensure Management Control Framework's reflect a common risk based approach to quality control and quality assurance.</p> <p>AES: Underway</p>
5. Standard requirements be defined for the review of recipient's audited financial statements at a regional level, clarifying expectations related to the formality of the ARC and representation on the ARC.	The CFO, in collaboration with Senior ADM, Regional Operations and the CAE will develop a model for the review of recipient's audited financial statements as well as the expectations for the composition and the role ARCs.	June 30, 2009.	<p>Status: In Progress</p> <p>Update / Rationale: As of 30/09/2010</p> <p>Work is underway to review and recommend documentation protocols and standard approaches in order to ensure consistency in approach across regions. This will be incorporated into the broader General Assessment governance work to ensure that the Terms of Reference are consistent with that of the Transfer Payment Management</p>

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			Committee. Terms of Reference to be finalized by March 31, 2011. AES: Underway
6. An audit clause be incorporated in the new CFNFAs outlining the right to conduct timely compliance reviews and program directives include CFNFAs within the requirements for audit, including stipulated frequency of these audits.	This recommendation has been addressed.	N/A	Status: Implemented Update/Rationale: As of 30/09/2009: AES: Close – Fully Implemented