



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Management Practices Review
of the
**Education and Social Development Programs
and Partnership (ESDPP)**
&
Regional Operations (RO) Sectors

Final Report
October 2009

A vertical decorative bar on the right side of the page. It is divided into three horizontal sections: a top section with a dark red background and a white maple leaf, a middle section with a white background and a red maple leaf, and a bottom section with an orange background and the word "Canada" in white.

Canada



Review Objectives

The Management Practices Review was designed to:

- Assist sector management in assessing whether the current management practices and controls are designed to achieve objectives efficiently and effectively;
- Inform senior management about areas of strengths and weaknesses in respect of the department's management practices; and
- Inform the AES risk-based audit planning exercise so that audits conducted in future years can be directed at the areas and horizontal control systems that present the highest levels of risk.



Methodology

- On-site work was conducted during the month of August 2009 in the Education & Social Development Programs and Partnership (ESDPP) and Regional Operations (RO) Sectors.
- A total of 28 interviews were conducted, primarily with ADMs, DGs, Directors, Managers and staff, from both ESDPP and RO Sectors. Representatives from regional offices, the HR Branch and the CFO Sector were also interviewed due to their close linkages and interdependencies with these sectors.



Methodology

- For both sectors, a random sample (judgmental sample in areas of higher risk) was selected for review of a total of 56 human resource transactions (including staffing, classification, training expenditures relative to existing learning plans, overtime and leave), five (5) grant and contribution files and 37 contracting transactions from the 2008/09 fiscal year.
- Population information provided, from which a sample of transactions was selected, was consolidated between the two sectors for fiscal 2008/09.



Context

- A September 1, 2008 departmental reorganization resulted in the division of the Socio-Economic Policy and Regional Operations Sector (SEPRO) into two sectors: ESDPP and RO. It is in this light that the review was designed to include both sectors, while focusing on the management practices from September 1, 2008 onward.
- ESDPP and RO have agreed to use a corporate services model, on a trial basis, that is shared between the two Sectors for functions including human resources, financial and contract support.
- The reorganization also led to the movement of the Governance Branch from Lands and Trusts Services ("LTS") to RO. As the Governance Branch was previously the subject of a MPR under the former LTS, less emphasis was placed on this area.



Human Resources – Background *

ESDPP

- The total population of employees in the ESDPP Sector as of December 31, 2008 was 124 (includes indeterminate and term employees over three months).
- The workforce is predominantly indeterminate (96% as of December 31, 2008) and a large majority reports English as their first official language (68.5% as of December 31, 2008).
- The majority of employees (79.8%) are in the Economics, Sociology and Statistics (ES) (47.6%), Program Administration (PM) (16.9%) or Administrative Services (AS) (15.3%) occupational groups.

* The HR statistics presented in this report are based on the HR Dashboard – ESDPP April 1, 2008 – December 31, 2008



Human Resources – Background *

ESDPP

- While the average age of ESDPP employees is 42.7 years, 24 (19.4%) are eligible to retire within the next five years; lower than the national Departmental average of 20.5%.
- The Sector consists of 21.8% Aboriginal staff compared with INAC's overall complement of 27.6% (versus a Sector and Departmental target of 50%).

* The HR statistics presented in this report are based on the HR Dashboard – ESDPP April 1, 2008
– December 31, 2008



Human Resources – Background * Regional Operations

- The total population of employees in the RO Sector as of December 31, 2008 was 89 (includes indeterminate and term employees over three months).
- The workforce is predominantly indeterminate (97.8% as of December 31, 2008) and the majority reports English as their first official language (55.1% as of December 31, 2008).
- The majority of employees (87.7%) are in the Administrative Services (AS) (32.6%), Program Administration (PM) (32.6%) or Economics, Sociology and Statistics (ES) (22.5%) occupational groups.

* The HR statistics presented in this report are based on the HR Dashboard – ESDPP April 1, 2008 – December 31, 2008



Human Resources – Background *

RO

- While the average age of RO employees is 40.5 years, 11 (12.4%) are eligible to retire within the next five years; lower than the national Departmental average of 20.5%.
- The Sector consists of 27% Aboriginal staff compared with INAC's overall complement of 27.6% (versus a Sector and Departmental target of 50%).

* The HR statistics presented in this report are based on the HR Dashboard – RO(ADM) April 1, 2008 – December 31, 2008



Grants & Contributions – Background

- Both the ESDPP & RO Sectors have a small number of Grant & Contribution agreements. The total expenditure for the sectors for 2008-2009 was \$9,862,798 or 41 arrangements (representing less than 0.1% of the total G&C population of the Department).
- The largest agreement in 2008-2009 was with the Keewatin Career Development Corporation, totalling \$2,007,924 (representing 20.4% of the total).



Observations – Strengths

Strategic and Operational Planning

- ESDPP and RO each have a formal strategic and operational/business planning process that aligns the goals of the Sector to departmental priorities. Progress against plans is reported on a quarterly basis.
- Both sectors continue to develop more specific business plans and work-plans linked to strategic priorities, which allows staff to understand how their work supports the priorities of the Department.
 - Based on the three (3) performance agreements sampled, personal performance objectives were aligned with each of the Sectors' objectives.

Risk Management

- Departmental risks assigned to each ADM have been subject to specific risk exercises to develop more detailed risk management plans, including detailed emergency planning.



Observations – Strengths

Accountability and Authority

- The reorganization has been viewed positively amongst staff in both sectors resulting in stronger accountability.
 - Resources, reporting lines and management attention have been allocated between program/policy (ESDPP) and implementation/regional (RO) support.
 - “Growing pains” are perceived to have been addressed.

Financial Delegation of Authority

- All Responsibility Centre Managers (RCM) identified during the testing of financial, contracting and HR transactions, had a valid and appropriate delegated authority.

HR Management

- Classification files were well maintained and documented. Of the seven (7) samples selected, no exceptions were noted.



Observations – Strengths

Financial Management

- The Administrative Unit provides robust support to both sectors. The review team received positive feedback on their support from all directorates interviewed within both ESDPP and RO.

Coordination of Programs/Activities

- Sectoral and regional representatives noted the existence of strong communication channels within both the ESDPP and RO Sectors.
- Regional comments indicate a strong relationship with both ADMs and an appropriate feeling that RO represents a voice for and champion of the regions at HQ.



Observations – Strengths

Performance Measurement and Reporting

- Performance measurement frameworks are being developed by Strategic Outcome. While the identification of appropriate targets can be challenging, the sectors have looked for proxies as they move towards more robust targets.
- Performance indicators are established for each program; however, it has been more challenging to develop performance indicators for the policy areas within the ESDPP Sector.
- Monitoring of performance against indicators is conducted as part of the quarterly reporting process.
- Regional quarterly reports are received, consolidated and used to assess the performance of specific programs.



Observations – Strengths

Grants & Contributions

- In a detailed review of five (5) G&C files from both Sectors, no exceptions were noted.
 - Appropriate authorities are approving G&C transactions and respective payments;
 - Reporting requirements are monitored and diligent follow-up is performed on delinquent reports: and
 - G&C files are well organized and managed.

Acquisition Cards

- Of the ten (10) acquisition cards reviewed, no exceptions were noted.
 - Statements were reconciled to the respective invoices and Section 34 sign-offs were present on all files reviewed.



Observations – Areas for Improvement

Accountability and Authority/Coordination of Programs

- Since the reorganization, regional and sectoral representatives noted some confusion relating to key responsibilities for Capital and Infrastructure programs because not all activities are maintained within one sector.

HR Management

- Regional and sectoral representatives noted high turnover as a critical issue in meeting their strategic and operational objectives. Significant time has been spent informing key support staff (e.g. FMAs, HR Advisors, etc.) of sectoral practices and strategic and operational plans due to turnover in these roles.



Observations – Areas for Improvement (HR)

1. Of the 28 staffing actions tested, the following exceptions were noted:
 - i. Three (3) staffing action files could not be located (ESDPP);
 - ii. One (1) transaction had a start date of the employment in advance of the signed Letter of Offer (RO);
 - iii. One (1) staffing action file that did not include a justification for the use of a non-advertised process (ESDPP);
 - iv. Five (5) transactions did not have a Statement of Merit Criteria included on file (ESDPP – 3; RO – 2); and
 - v. One (1) transaction had a Letter of Offer that was signed by the employee approximately four months subsequent to the commencement of work (ESDPP).



Observations – Areas for Improvement (HR)

2. Of the 7 leave transactions tested, one (1) was approved approximately 4 months after the vacation was taken (RO).
3. Of the 7 overtime transactions tested, none demonstrated evidence of pre-approval and two (2) did not demonstrate evidence of approval at a later date (RO).
4. Of 7 employees selected for testing of completion of training, no learning plan was developed for one employee within three (3) months of commencing employment (RO).



Observations – Areas for Improvement (Contracting)

1. Of the 12 sole source (contracts under \$25,000) contracts tested, the following exceptions were noted:
 - i. In one (1) transaction, no evidence was noted to support that the contractor had signed the contract prior to the commencement of work (RO); and
 - ii. Five (5) transactions did not demonstrate evidence that Section 34 approval was obtained prior to payment of corresponding invoices (i.e. no date of Section 34 was noted on invoices) (ESDPP).



Observations – Areas for Improvement (Contracting)

2. Of the 15 standing offers/call-ups/supply arrangements tested (contracts over \$25,000), the following exceptions were noted:
 - i. Three (3) transactions did not have a signed contract on file (ESDPP – 1; RO – 2);
 - ii. In one (1) transaction, a requisition form stating RCM approval (Section 32) was on file but had not been signed by a sector representative with financial delegated authority (ESDPP);
 - iii. In one (1) transaction, the contract work had commenced and had been invoiced prior to signing of the contract (ESDPP); and
 - iv. Five (5) transactions did not demonstrate evidence that Section 34 approval was obtained prior to payment of corresponding invoices (i.e. no date of Section 34 was noted on invoices) (ESDPP – 2; RO - 3).



Recommendations

The Sectors have transitioned through the reorganization with a solid foundation. We encourage the ESDPP and RO Sectors to continue to build on these existing strong management practices.

Specifically, we recommend the following to the ESDPP and RO Sectors in the area of Financial Management:

- As the current structure of a shared Administration Unit appears to be working effectively, the Sectors should consider maintaining this structure, ensuring appropriate staffing levels (through succession planning and recruitment activities) and well defined reporting relationships to both sectoral ADMs. The structure should be reviewed periodically to confirm that it continues to meet the needs of each Sector.



Recommendations

We recommend the following to the ESDPP and RO Sectors in the area of Accountability and Authority/Coordination of Programs:

- Roles and responsibilities surrounding Capital and Infrastructure programs should be clearly identified, documented and communicated to sectors and regions. A clear line of communication should be established to eliminate any confusion, inefficiencies or duplication of efforts.



Recommendations

We recommend the following to the ESDPP and RO Sectors and the HR Branch in the area of HR:

- The HR Branch and Sector RCMs should continue to work together to ensure complete, accurate and up to date HR files are in place and maintained, including:
 - Maintaining HR files by staffing action to ensure completeness of documentation;
 - Supporting the use of a non-advertised process;
 - Ensuring both HR delegated authority and employee sign-off are obtained prior to the commencement of employment; and
 - Maintaining statement of merit criteria on file.



Recommendations

We recommend the following to the ESDPP and RO Sectors and the HR Branch in the area of HR (continued):

- Learning plans should be completed for new employees within three months of their start date and appropriate monitoring of training against committed plans should be conducted.
- Overtime forms should be completed to demonstrate appropriate approval of overtime worked.
- Leave requests should consistently be pre-approved in PeopleSoft, as appropriate.



Recommendations

We recommend the following to the ESDPP and RO Sectors and the CFO Sector in the area of contracting:

- The CFO Sector, the Administration Unit and sector RCMs should work together to ensure complete, accurate and up to date contracting files, including:
 - Contracts are signed prior to commencement of work;
 - A signed copy (both RCM and contractor, as applicable) of the requisition, contract and any amendments/call-ups are included in the contract file; and
 - RCMs performing section 34 on applicable invoices are signing and dating to evidence their timely review and approval.