



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Management Practices Review of the Resolution and Individual Affairs Sector (RIAS)

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 faint, abstract white pattern; a middle section with a white background and a red maple leaf pattern; and a bottom section with a gold background. The word "Canada" is written in white serif font at the bottom of the gold section.

Canada



Review Objectives

The Management Practices Review (MPR) 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 strength and weakness in respect of the department's management practices; and
- Inform the Audit and Evaluation Sector (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 July and August 2009 in the Resolution and Individual Affairs Sector (RIAS or the Sector).
- A total of 15 interviews were conducted; representatives from RIAS included the Assistant Deputy Minister (ADM), Directors General (DG), Directors, Managers and a Senior Advisor. Representatives from the Human Resources and Workplace Safety (HRWS) Branch and Chief Financial Officer (CFO) Sector were also interviewed.
- A random sample (judgmental sample in areas of higher risk) was selected for review of 40 Human Resources (HR) transactions (including staffing, classification, training expenditures relative to existing learning plans, overtime and leave), three grant and contribution files, two performance agreements, five specimen signature cards, five acquisition cards and 15 contracting transactions, primarily from the 2008-09 fiscal year.



Context

- RIAS is comprised of three branches, each reporting directly to the ADM:
 - Policy, Partnerships & Communications;
 - Dispute Resolution Operations; and
 - Individual Affairs.
- The Sector exists to address and resolve issues arising from the legacy of Indian Residential Schools and work with former students of Indian Residential Schools, Aboriginal organizations, church representatives, and the Courts to oversee the timely and effective implementation of the Indian Residential Schools Settlement Agreement and aspects of the affairs of individuals.



Scope

- In July 2008, the former Indian Residential Schools Resolution Canada (IRSRC) was amalgamated with Indian and Northern Affairs Canada (INAC); at that time, the RIAS sector was created. As part of this transition, employees and files were transferred between IRSRC's offices and INAC.
- A September 1, 2008 departmental reorganization resulted in the movement of the Indian Registrar and Monies and Estates directorates from Lands and Trusts Services (LTS) to RIAS. As the two directorates were previously the subject of a MPR under LTS, the focus of the RIAS MPR was the Indian Residential Schools Resolution Directorate.



Human Resources – Background*

- The total population of employees in RIAS at December 31, 2008 was 447 (includes indeterminate and term employees over three months).
- The workforce is predominantly indeterminate (91.9% as of December 31, 2008) and a very large majority reports English as their first official language (87.9% as of December 31, 2008).
- The majority of employees (74.3%) are in the Program Administration (PM) (26.6%), Social Science Support (SI) (26.2%) or Clerical & Regulatory (CR) (21.5%) occupational groups.

* The HR statistics presented in this report are based on the HR Dashboard – Resolution and Individual Affairs Sector for April 1, 2008 to December 31, 2008



Human Resources – Background*

- While employees of the Sector represent an average age of 40.6 years, 76 (17.0%) are eligible to retire in the next five years.
- The Sector consists of 42.1% Aboriginal staff, much higher than INAC's overall complement of 26.8% (the sector closest to the Departmental target of 50%).

*

The HR statistics presented in this report are based on the HR Dashboard – Resolution and Individual Affairs Sector for April 1, 2008 to December 31, 2008



Observations – Strengths

- Risk Management:
 - A formal risk registry has been developed for the Sector - the Settlement Agreement Risk Registry - to track and monitor risks and mitigation strategies.
 - The Settlement Agreement Implementation Group is responsible for identifying risks, evaluating risks, developing mitigation strategies and presenting results to senior management within the Sector. This group meets every two weeks.
 - The Settlement Agreement Risk Registry is reviewed with the DGs and ADM at senior management meetings as a standing agenda item.



Observations – Strengths

- Human Resources (Leave):
 - Of the five leave transactions tested, no exceptions were noted.
- Grants & Contributions:
 - Grant & Contribution files were well organized with support for the application and proposal process, the assessment process, and ongoing monitoring of progress towards outcomes/deliverables.
 - The implementation of First Nations and Inuit Transfer Payments (FNITP) system has further integrated controls within the assessment and monitoring process.



Observations – Strengths

Performance Measurement and Reporting:

- Formal internal and external ongoing reporting of status of payments against the Settlement Agreement, risks and activities, including:
 - Weekly internal reporting of statistics related to the Common Experience Payment (CEP);
 - Weekly internal reporting of statistics related to court monitoring;
 - Quarterly reporting to the Associate Deputy Minister outlining status against objectives, risks and accomplishments; and
 - Quarterly reporting to Treasury Board on the status of payments from the Settlement Allotment.



Observations – Areas for Improvement

- Staff Complement:
 - 150 out of 463(32%) positions are vacant in the Sector as of September 2009; morale is low as a result of high rates of change, reorganization and the lack of future employment certainty, tools available and investment in people.
 - The Sector continues to experience significant issues related to the nature of the organization and challenges of integration; limiting the ability of the Sector to deliver on its mandate (a hiring freeze on the Sector has been imposed based on the expected completion of the Settlement Agreement in 2012).
 - Managers spend a significant amount of time and resources on HR “crisis management”.
 - Short term solutions include contract staffing although there are risks associated with developing an employee-employer relationship with longer term contractors, at least one has been working for four years. This risk must be managed.



Observations – Areas for Improvement

- Strategic and Operational Planning:
 - There are currently no formal program objectives in the form of a strategic or operational plan for the Sector.
 - Without formal program objectives, it was not possible to confirm alignment of the individual performance objectives of the two RIAS management representatives selected for testing of their performance agreements.
- Financial Delegation of Authority:
 - Of the five RCMs selected for testing with delegated financial authority, three had delegated financial authority before completing the “Expenditure Management – Overview of Sections 32/33/34” training course.



Observations – Areas for Improvement

- Financial Management:
 - The Sector struggled with generating reliable consolidated financial information for the Sector for fiscal 2008/09; limited financial information could be provided during the course of the MPR.
 - The administrative unit within the Sector is relatively new and continues to develop processes to support compliance with financial management policies and expectations.
 - Financial planning has not been effective, resulting in lapsing of funds.
 - Resource pressures result in backlogs in processing invoices and late payments.



Observations – Areas for Improvement

- Accountability and Authority:
 - Organization structure does not accurately reflect the current activities and appropriate accountability hierarchies (levels and delegations).
- Coordination of Programs/Activities:
 - IRSRC integration has been a difficult transition; limited effective planning was in place prior to the amalgamation to coordinate systems and processes.
 - Transition from a centralized to an amalgamated model is not complete:
 - Delays in gaining access to INAC systems, information and tools to support the new relationship resulted in frustration and confusion.
 - Upon amalgamation, the Sector developed a listing of deficiencies, as a basis for discussion with the CFO Sector and the HRWS Branch – with an aim to improve support to the Sector through the bureaucratic processes within the Department. Process improvements have yet to be identified and/or implemented by all parties.



Observations – Areas for Improvement (HR)

A significant number of HR files sampled could not be located. As a result, feedback on the quality of the staffing actions is limited. With missing HR files, the Department cannot support staffing decisions. The details of the findings are outlined below:

1. HR files selected for staffing actions testing could not be located. From the original selection of 20 files, **15 (75%) could not be located:**
 - four indeterminates;
 - five terms;
 - two actings; and
 - four casuals.

From an additional selection of 11 HR files, **nine (82%) could not be located:**

- two actings;
- four terms; and
- three casuals.



Observations – Areas for Improvement (HR)

2. Based on the seven staffing action files obtained, the following transactions did not comply fully with applicable authorities:
 - In three staffing actions, the request for personnel services was not included in the respective HR files.
 - In one staffing action, a justification was not on file; although it was a non-advertised position.
 - For two staffing actions, the acting appointment was for more than a year; although no HR plan was included in the HR file.
 - In one staffing action, the initial Letter of Offer was not on file.
 - In three staffing actions, the Letter of Offer was dated after the employee start date.



Observations – Areas for Improvement (HR)

2. Based on the seven staffing actions obtained, the following transactions did not comply fully with applicable authorities (continued):
 - In one staffing action, the HR checklist was not included in the file.
 - In one staffing action, the request for personnel services was signed by a director but not dated.
 - In one staffing action, the Letter of Offer for first extension was signed but not dated.
3. There was no evidence of pre-approval of the five overtime transactions tested.
4. Of the five samples selected for classification actions, one classification action was authorized by the delegated authority (signature) but not dated.



Observations – Areas for Improvement (HR)

5. Of the five learning plans tested, the following exceptions were identified:
 - One employee had an approved learning plan but no evidence of courses taken could be provided.
 - One employee had an approved learning plan but had not attended any courses listed; evidence was identified that the individual had attended one alternative course.
 - Two employees who started in October and December 2008, respectively, did not have a learning plan completed within three months of their start date, as required.



Grants & Contributions – Background

- RIAS has a small number of Grant & Contribution (G&C) agreements. The total amount approved for the Sector for 2008-2009 was \$4,000,000 (0.07% of overall G&C expenditure for the Department) representing 27 contributions.
- The largest agreements (three agreements totalling \$1,379,000) in 2008-09 are with the Assembly of First Nations (\$535,000), the Indian Residential School Survivors Society (\$370,000) and the National Residential School Survivors Society (\$474,000).



Observations – Areas for Improvement (G&C's)

- In the detailed review of three G&C files, there was one instance where Section 34 was signed but not dated on the individual payment batch.



Observations – Areas for Improvement (Contracting)

A significant number of instances of non-compliance with procurement policies were highlighted as a result of our review, including missing documentation and possible contract splitting. The detailed results are as follows:

1. Of five of the **sole source contracts** tested:

- For three contracts, no requisition form was on file documenting Responsibility Centre Manager (RCM) approval (Section 32) to commit the funds.
- For two contracts, the contracts signed were those of the vendors and the files did not include a SOW.
- For three contracts, the individuals who signed the contract did not have contracting authority.
- For one contract, the invoice was not in accordance with the terms of the contract.
- For one contract, the Section 34 approval was on the fax cover letter and not on the original invoice.



Observations – Areas for Improvement (Contracting)

2. Of the 10 contracts **awarded competitively** that were tested (over \$25,000), many did not fully comply with contracting policies:

- For eight contracts, there was no requisition on file.
- For three contracts, there was no evidence of posting on MERX (for one sample, this was as a result of a missing RFP file and for the other samples the evidence of MERX posting was not on file).
- For five contracts, there was no justification demonstrating that the services are required and linked to program objectives, due to the missing SOW.



Observations – Areas for Improvement (Contracting)

2. Of the 10 contracts **awarded competitively** that were tested (over \$25,000), a number did not fully comply with contracting policies (continued):
 - For two contracts, there was no evidence of tenders (envelopes) date & time stamped upon receipt & open only after bid closing deadline (for one sample due to missing RFP file).
 - For two contracts, no evidence of technical evaluation of the proposal was included in the file.
 - For three contracts, there was no SOW included with contract.
 - For one contract, the individual who signed the contract (RCM) did not have contracting authority.
 - For one contract, the contractor's signature does not appear on the contract in the file.



Observations – Areas for Improvement (Contracting)

2. Of the 10 contracts **awarded competitively** that were tested (over \$25,000), several did not fully comply with contracting policies (continued):

- For two contracts, the start date was in advance of the date that the contracting authority signed the contract.
- For two contracts, the Section 32 approval was signed subsequent to the signing of the call-up.
- For one contract, the corresponding invoices could not be located.
- For one contract, the corresponding invoices were signed by an RCM; however, no evidence was available to support his delegation of authority for that time period.



Observations – Areas for Improvement (Contracting)

2. Of the 10 contracts **awarded competitively** that were tested (over \$25,000), two did not fully comply with contracting policies (continued):
 - For one contract, the amendment form was not signed by the contracting authority.
 - For one contract, an amendment was made to adjust a per diem rate, however this is not an appropriate justification for an amendment according to contracting rules.



Observations – Areas for Improvement (Acquisition Cards)

- For the five acquisition cards tested to confirm whether due diligence was exercised in the management of acquisition card expenditures, the following was noted:
 - In one sample, payment was not made on a timely basis (interest fees of \$16.36 noted on the monthly statement); and
 - In one sample, Section 34 was signed but not dated on the acquisition card statement.



Recommendations

Overall, we recommend the following:

- The Sector should work with internal services and escalate, as necessary, to resolve ongoing issues of compliance while meeting the mandate of RIAS.

We recommend the following in the area of strategic and operation planning:

- The Sector should develop a strategic and operational plan, aligned to the Departmental priorities.

We recommend the following in the area of delegation of financial authority:

- Required training should be completed and confirmed before granting financial delegation of authority.
- Delegation should be withdrawn when compliance is not evident or ignored.



Recommendations

We recommend the following in the area of financial management:

- The Sector should implement financial processes to ensure compliance with INAC policies and practices.
- Formal compliance testing should be enhanced.

We recommend the following in the area of accountability and authority:

- Sector representatives should develop a final approved organization chart aligned with the current activities of the Sector.
- As the structure continues to evolve, the organization should allow for appropriate oversight activities.

We recommend the following in the area of coordination of programs/activities:

- Integration should be completed in a timely fashion, including PeopleSoft, CDIMS and other key systems.



Recommendations

We recommend the following in the area of HR:

- The Sector and HRWS Branch should work to document complete, accurate and up to date HR files and that all policies/requirements have been met.
- To ensure appropriate monitoring of training against committed plans, RCMs and Senior Managers should be provided with status or review reports on a regular basis to facilitate monitoring of training progress against plans.



Recommendations

We recommend the following in the area of contracting:

- Sector representatives should ensure that RCMs are appropriately trained by the CFO to ensure that financial management and procurement policies are understood and applied. Specifically to ensure that:
 - Only a delegated contracting authority (Procurement) signs a contract on behalf of the Crown, with the exception of Low Dollar Value (LDV) contracts.
 - A signed copy of the requisition and contract are included in the contract file.
 - Only standard INAC contract templates and Terms and Conditions are used to enter into a contract by an RCM.
 - Complete documentation is maintained in the contract file outlining all relevant approvals and decisions.
 - Ongoing cooperation between RCMs and Procurement to plan for contracting needs to ensure sufficient time to identify and select the most appropriate contracting vehicle that meets the needs of the RCM and ensures value for the Department.