

**ACTION PLAN IMPLEMENTATION STATUS UPDATE  
REPORT TO THE AUDIT COMMITTEE - AS OF SEPTEMBER 30, 2009**

**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"> <li>• 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).</li> <li>• When a recipient's level of intervention should be escalated or de-escalated.</li> <li>• Expectations for a risk-based and integrated strategy and approach to evaluate compliance with</li> </ul>	<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>December 31, 2009</p>	<p><b>Status: Implementation Pending</b></p> <p><b>Update/Rationale: As of 30/09/2009:</b></p> <p>RO, in collaboration with CFO convened a working group for the purpose of reviewing the IP policy, supporting tools and regional practices.</p> <p>A draft IP directive has been developed and is being discussed with the Intervention Policy working group.</p> <p>The changes to CICA standards for reporting impact on IP financial solvency ratio. Based on input received through the working group, and additional research / testing done in parallel, an approach has been identified for further external / regional testing and adjustment. A RFP for pre-qualified third party managers has been posed on MERX.</p> <p>The working group will provide formalized feedback to CFO to support redrafting of the Intervention Policy. An evaluation of the Intervention Policy is currently underway, and should further inform policy revisions. Implementation date will be revised accordingly.</p>

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<p>the IP at a National and Regional level.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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</li> </ul>			

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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>June 30, 2009</p>	<p><b>Status: Implemented</b></p> <p><b>Update/Rationale: As of 31/03/2009:</b></p> <p>IP working group, led by RO, developed a cross walk document to determine where gaps or inconsistencies existed in meeting the intervention policy requirements. This cross walk document demonstrated that while there are regional variations, there is consistency in terms of policy implementation. All regions have developed their own tools for meeting the policy requirements, and adjusted processes to reflect the variations in organizational structures.</p> <p>Through this process, and in collaboration with CFO, the working group identified best practices to develop standardized approach to document management, and IP assessment. Recommended approach is being implemented. Further development of tools / system supports will be aligned with work of CFO on the Intervention Directive.</p> <p>A draft IP Directive has been developed and is</p>

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			being discussed with the Intervention Policy working group.
<p>3. An integrated and standardized Quality Management Program* be developed and operationalized. The QMP to provide, as a minimum, clarity regarding:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities of key stakeholders in regions and at HQ.</li> <li>• 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.</li> <li>• 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</li> </ul>	<p>The Senior ADM, Regional Operations, in collaboration with the CFO and Program ADM's, will develop and operationalize a 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>June 30, 2009</p>	<p><b>Status: Pending Implementation</b></p> <p><b>Update/Rationale: As of 30/09/2009:</b></p> <p>This work is on track for development by December 31, 2009, and completion June 30, 2010.</p> <p>RO, in collaboration with CFO and Programs is in the process of developing a broad QMP framework that will support a consistent, risk-based approach to compliance reviews. A multi-disciplinary QMP working group has been established for this purpose as well as broader direction for the quality planning, quality control, quality assurance and quality improvement of departmental programs and services. This work is being aligned with, and will link to departmental work on implementation of the policy on transfer payments.</p>

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<p>the day-to-day activities)</p> <p>* Quality Management Program components to be tailored to the unique circumstances of Northern Regions.</p>			
<p>4. Standard expectations, guidance and tools be established for the implementation of quality control activities at the regional level, including guidance regarding the monitoring, review and documentation of recipient program reports.</p>	<p>The Senior ADM, Regional Operations, in collaboration with the CFO and Program ADM's, will develop a common set of expectations, guidance and tools for the implementation of quality control activities at the regional level.</p>	<p>June 30, 2009</p>	<p><b>Status: Pending Implementation</b></p> <p><b>Update/Rationale: As of 30/09/2009:</b></p> <p>The QMP working group developed risk based approach for quality control and compliance activities. Regional compliance plans were shared with HQ programs for input and approved regionally. Regions are reporting on progress through the Quarterly reporting process, as well as piloting best practices. Results monitoring of this approach will be incorporated into QMP development. Full implementation will be aligned with the implementation of the Quality Management Program: June 30, 2010.</p>
<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.</p>	<p>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.</p>	<p>June 30, 2009</p>	<p><b>Status: Pending Implementation</b></p> <p><b>Update/Rationale: As of 30/09/2009:</b></p> <p>A survey has been completed by regions and data has been analyzed to create a generic document on commonality &amp; differences in regions. Based on regional practices, a list of minimum requirements for audit review has been drafted and shared with regions and CFO for discussion and approval. Date of implementation will be revised pending approval.</p>

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			Standard requirements for the review of recipient's audited financial statements have been defined and incorporated into the draft IP Directive which is being discussed with the Intervention Policy working group.
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	<b>Status: Implemented</b>  <b>Update/Rationale:</b> <b>As of 30/09/2009:</b>