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AUDIT REPORT

ON THE MANAGEMENT OF THE INTERCHANGE CANADA PROGRAM

Audit Services Division

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Canada

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Executive Summary

1. The purpose of the internal audit of the Interchange Canada (IC) Program was to determine the extent to which the IC Program is being utilized in a manner that respects the intent of the Treasury Board Policy and benefits the Agency. The Audit included all of the IC assignments in place between April 1, 2006 and July 31, 2008. As of December 11, 2008 the Agency had 34 active IC participants including 24 from other organizations on assignments “in” the Agency and 10 Agency employees on assignments “out” with other organizations.
2. The IC Policy has been in place in the federal government for 35 years. It was modernized in February 2007 to clarify authorities to deputy heads, enhance accountability and improve IC assignment planning. The IC Program is not subject to certain requirements of the legislation governing employment in the Public Service, and is intended to assist departments and agencies to address their priorities and meet their human resources requirements through temporary assignments where there is a capacity gap or staff development requirement. The Treasury Board IC Policy and Directive provides the framework within which the IC Program is administered in the Agency.
3. The Agency depends on the IC Program to acquire skills and expertise that would not otherwise be available. Such skills and expertise are vital to building and maintaining capacity in core functions, and areas of priority. Planning for IC assignments is not being done for the Agency as a whole. Alternatives to the longer-term utilization of IC participants in shortage areas were not always apparent, and in a few cases resulted in successive assignment extensions.
4. In general, IC assignments approved under the modernized Policy, introduced in February 2007, were consistent with the objectives of the Program, properly authorized, and in compliance with the overall requirements and limitations of the Policy. The requirement to be employed with an outside organization for a minimum period of six months before starting an IC assignment with the Agency was not verifiable in one case. Under the former Policy the requirement to demonstrate employee status with the home organization identified in the Letter of Agreement was not met in a number of cases.
5. The documentation in support of Agency employees on IC assignments with other organizations was not always complete. For example, half of the files did not contain information on the purpose or objective of the assignment. The requirement to have a Letter of Agreement in place before the start date was not always met and in a number of cases the reasons for full or partial

funding were not documented.

6. The Agency now uses standard Letters of Agreement which set out the applicable requirements of the IC Policy and Directive related to such matters as security, conflict of interest, and post-employment limitations. However, they did not always address language requirements and privacy matters.
7. Under the modernized Policy the initial assignment and extension time limitations were being respected. However, under the previous IC Policy close to twenty-five percent of the IC assignments exceeded the initial time limit and in a number of cases went beyond five years. In most cases the reasons for the assignment extensions were not stated.

Conclusion

8. Overall, the IC Program is being administered and utilized in accordance with requirements of the Treasury Board Policy and Directives. Roles and responsibilities related to the IC Program have yet to be defined in the context of human resources management in the Agency. With limited exception, IC assignments were being utilized in areas of work consistent with the core functions, and priorities of the Agency.
9. Improved utilization of the IC Program will depend on a planned approach linked to the Agency's Integrated Human Resources Plan as well as improvements to the information systems intended to keep managers and participants informed of the program and its requirements.
10. The documentation in support of IC assignments has improved with the increased use of standard Letters of Agreement and file checklists. Areas of documentation that remain to be strengthened include justification for IC assignment extensions and IC assignments funded in full or in part by the Agency. The information used to monitor IC participation does not provide an overview of how the IC program is being utilized in the Agency as a whole.
11. Key areas recommended for improvement:
 - Managerial and Human Resources Directorate (HRD) roles and responsibilities related to the IC Program should be clearly defined and delineated and easily accessible by all Agency staff members as well as representatives of organizations participating in the program;
 - The Agency's Integrated Human Resources Plan for the next fiscal year should include active and potential IC participant assignments as a possible means of contributing to capacity building requirements and

staff development objectives;

- IC assignments should not be considered until there is confirmation by HRD that the Policy requirements related to the attachment to the home organization have been met;
- All IC assignments and extensions should require an approved justification based on the priorities and objectives of the Agency. IC assignments requiring Agency funding should be supported by a business case; and
- HRD should review and modify IC monitoring and reporting processes to ensure that the information presented to the Human Resources Management Committee (HRC) is up to date, and meeting their requirements.

Management Response

12. The Agency's management agrees with our findings and recommendations and a Management Action Plan is presented in Appendix B.

Background

13. This internal audit was carried out in accordance with the approved Risk-Based Audit Plan for financial year 2008-09. This plan identified risks related to non-compliance with Policy, applicable legislation and potential damage to the reputation of the Agency. The audit identified the concern that the Agency is not utilizing the full potential of the Interchange Canada (IC) Program as a capacity building or staff development tool in priority and shortage areas of operation critical to the fulfilment of its mandate.
14. Interchange Canada is the only Program available to public service managers to facilitate skills exchange with a developmental focus between the Federal Public Service and the private, public and not-for-profit sectors in Canada and internationally. This Program is not subject to certain requirements of the legislation governing employment in the Public Service and is intended to assist the Agency to address its priorities and meet its human resources requirements through temporary assignments where there is a capacity gap.
15. The Canada Public Service Agency (CPSA) and federal departments work as partners in delivering the Interchange Canada Program. Federal departments promote the Program within their organization and administer assignments for all levels including executive level. The CPSA provides the Policy framework and direction for the Program and monitors its effectiveness by asking participants to provide them with an assessment at the end of their assignment.
16. The IC Program has been in place for more than 35 years. It was modernized in February, 2007 to clarify authorities to deputies and at the same time ensure greater transparency and accountability. In addition, the new Policy places increased emphasis on human resources planning. Prior to February 2007 the Public Service Human Resources Management Agency of Canada (PSHRMAC), now CPSA, delivered the executive component of the Program.
17. As of December 11, 2008, the Agency had 34 Interchange Canada (IC) assignments in place. Of this number 10 PHAC employees are on an IC assignment in another organization such as a university or an international organization. The remaining 24 are IC assignments for employees of other organizations working in PHAC, primarily in highly specialized areas related to Agency priorities such as health promotion and health protection. During the period April 1, 2006 and July 31, 2008 there were 74 active IC assignments. Fourteen of these IC assignments were initiated by Health Canada and subsequently administered by PHAC. Three of the IC participant files in regions subject to the Memorandum of Understanding

(MOU) with Health Canada were not with the Executive Services Section of the Human Resources Directorate (HRD) at the time of the audit.

18. The responsibility for the administration of the IC Program in the Agency rests with the Executive Services Section of HRD. The Executive Services Section maintains a list of active IC participants. The Human Resources Committee (HRC) oversees the utilization and management of IC participation in the Agency.

Audit Objectives

19. To provide Agency management with the assurance that the IC Program is being administered with due diligence and in compliance with the TB Policy and Directive on Interchange Canada; and, that IC activities and expenditures are aligned with Agency goals and objectives. In addition, an objective was to identify relevant opportunities for improvement

Scope of the Audit

20. The scope of the Audit included all active IC assignments between April 1, 2006 and July 31, 2008. The scope recognized that the IC Policy was revised effective February 15, 2007. We also recognized that for assignments and extensions approved under the previous Policy, the provisions of that Policy are applicable until the end of the assignment. The scope also included active assignments initiated by Health Canada prior to the creation of the Agency.

Approach and Methodology

21. This audit was conducted in accordance with the TB *Policy on Internal Audit* and the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing*, except that no external assessment was performed to demonstrate that PHAC's internal audit function complied with the IIA Standards and Code of Ethics.
22. The approach included a review of the previous and current IC Policies and Directives to identify the purpose, objectives and requirements of the IC Program under the former Policy and guidelines and the current IC Policy and related Directive effective February 15, 2007. Based on the applicable Policies and Directives, an audit program was developed to address the criteria and related sub-criteria identified in Appendix A. A list of IC participants was requested for the period covered by the audit. The IC file

for each participant on this list was requested and reviewed using one of three templates specifically designed to capture and determine the adequacy of the relevant information for assignments “in” and “out” under the current and former Policy.

23. The file review covered 16 IC assignments “out” and 55 IC assignments “in” including fourteen active IC assignments that were approved by Health Canada prior to the creation of the Agency. In the conduct of the file review, evidence was collected as required to support findings. The file review results were discussed with HRD representatives. In addition, interviews were conducted with HR specialists and managers to clarify and obtain additional information and to put the findings into context.
24. The information recorded in the templates used for the file review was consolidated to quantify the extent to which there was compliance with the applicable Policy and the length and nature of the assignments. In addition, we recorded and summarized information concerning the extent to which the assignments were implicitly or explicitly related to the objectives/priorities of the Agency.
25. The IC participant list was tested for completeness. The names on the list of IC participants provided by HRD was compared to the names of IC participants who were in receipt of an IC related payment recorded in the Agency’s central financial system (SAP) during the period covered by the audit. The results of this test, which identified three additional participants, were reviewed with HRD and subsequently included in the audit.

Interchange Participation

26. On December 11, 2008 the Agency had 34 active IC participants. Of this number 24 were IC participants “in” and 10 were IC assignments “out”. In the last four years, up to the end of the period covered by the audit, the number of IC assignments “out” has varied from 3 to 4 cases per year. Since 2005, the number of IC assignments “in” has varied from 14 to 20.
27. Interchange participants represent a variety of occupational groups. The IC participants “in” were placed in positions in 9 occupational groups including ES, MD, SE, EX and PM. More than half of the participants were in the ES, PM and MD occupational groups. IC Participants “out” were classified in 6 different occupational groups, the main occupational groups were ES, MD and EX.
28. Table 1 provides an overview of the numbers of participants under the current and former Policy including the category of the home organization during the audit period. Table 2 shows IC participation rates for the last four years as well as IC participant assignments initiated since April 1, 2008 and

active IC participant assignments initiated before 2004.

Table 1 Interchange Participants by host/home organization

Host/Home Organization	Former Policy "IN"	Former Policy "OUT"	Current Policy "IN"	Current Policy "OUT"	Total
Federal	13	2	4	1	20
Municipal	6	2	3	-	11
Provincial	5	1	3	2	11
University	14	4	2	-	20
International	-	3	-	1	4
Other	4	-	1	-	5
Total	42	12	13	4	71

Table 2: Active Interchange participation rates by calendar year

Calendar Year	"In"	"Out"	Total
2008 (To July 31)	3	2	5
2007	14	4	18
2006	17	3	20
2005	9	4	13
2004	2	3	5
Pre 2004	10		10
Total	55	16	71

Audit Findings and Recommendations

29. To address the audit objective, seven criteria were established along with the applicable sub-criteria. The sub-criteria constitute performance criteria related to stated Policy and Program requirements and the processes. In addition the sub-criteria covered the procedures applicable to the administration of the Program as well as corporate and participant files, checklists, plans, reports, minutes of meetings and assessment information. The criteria and sub-criteria were reviewed and accepted by HRD prior to the audit.

30. The audit findings are structured to address and conclude on each of the seven criteria established for the audit.

Policies and Procedures

Policy Framework

31. The Agency utilizes the Treasury Board Policy on Interchange Canada. Agency managers have access to this Policy by accessing the (Treasury Board of Canada Secretariat (TBS) website. They can also visit the Canada Public Service Agency (CPSA) website for the Policy, Directives, questions and answers, templates, etc. While the Agency's HRD intranet site identifies a link to the IC Policy on its web page for Executive Services, there is no overall description of the IC Program or its intent and desired application in the context of Agency objectives and priorities. In the absence of such information, there is confusion and uncertainty with respect to eligibility requirements, documentation requirements and reporting requirements (managers, IC participants and participating outside organizations) that detracts from the efficiency of the process and has the potential to reflect badly on the reputation of the Agency.

Recommendation:

32. Human Resources Directorate should update their intranet site to include a description of the Interchange Canada Program, its objectives, how it is expected to be utilized in the Agency and include the applicable processes and procedures. In addition, an information package should be developed and provided to participating organizations so that they are aware of the requirements of the Interchange Canada Program.

Planning

33. The Agency developed its first Integrated Human Resources (HR) Plan in March 2008. This plan identifies the staffing requirements of the Agency. It does not include any reference to the current or planned utilization of IC participant assignments as a means of developing staff or building capacity by acquiring expertise not otherwise available.
34. A number of the managers interviewed stated that IC participant assignments form part of their short-term staffing plans. They also indicated that the IC Program is important to: a) the acquisition of skills otherwise not available; and, b) the building of working relationships with other levels of government. There was no evidence of a planned approach to the utilization of IC assignments at the Agency level.

Recommendation:

35. Human Resources Directorate should ensure that the Agency's Integrated Human Resources Plan for the next financial year describes how current Interchange Canada participant assignments are being applied and where potential future Interchange Canada participant assignments could be considered as a means of contributing to Agency priorities.

Conclusion:

36. The IC Policy is being administered in accordance with the Treasury Board Policy and Directives. However, the Agency's Integrated HR Plan does not include information on IC participation or the potential utilization of IC participant assignments. The information systems in place to keep managers and participants informed of the Program and its requirements are in need of improvement.

Roles and Responsibilities

37. The Agency does not have a structured process in place to ensure that managers involved in the utilization of IC assignments are aware of their responsibilities under the Program. The Executive Services division of the HRD, which administers the Agency's IC Program and maintains files, is expected to provide advice, support and guidance in response to requests, questions and concerns. We noted that in June of 2007, briefing sessions were planned to inform administrative officers of the changes to the Policy effective February 15, 2007. There is no evidence that these briefings actually took place.
38. The requirements of the current IC Program, including roles and responsibilities, are set out in the Treasury Board Policy and related Directives. As previously mentioned, this Policy can be accessed by managers and employees by using the TBS or CPSA website or by going to the Agency HRD intranet site and clicking on Executive Services Section link. The current Policy, compared to the former Policy, is more specific about such matters as objectives, time limits, attachment to home organization, successive assignments, linguistic requirements, deputy head authorities, and when there is a requirement for CPSA involvement.
39. The current and the former IC Directives outline the requirements and content of the standard Letter of Agreement. With respect to the current Policy, templates have been provided by CPSA to help ensure consistency.
40. There was no evidence that IC participants are being provided with

orientation training, as encouraged in the Policy Directive. In addition, performance objectives to be used as the basis for performance agreements, and in some cases, pay for performance by the home organization, were only in evidence in a few cases.

Recommendation:

41. Human Resources Directorate should clearly define managerial and Human Resources Directorate roles and responsibilities related to the Interchange Canada Program and ensure that they are easily accessible by all Agency employees as well as representatives of organizations participating in the Program.

Opportunity for Improvement:

42. Human Resources Directorate should ensure that Interchange Canada participants “in” are provided with orientation training, as encouraged in the Policy Directive.

IC Participant Assessment

43. Under the current IC Policy, participants are expected to complete and submit an assessment of their participation, or achievements, including the extent to which they have met their professional development goals. This assessment process was introduced by CPSA in November 2007. At present, assessments are expected to be submitted to the CPSA, which in turn forwards a copy to the Agency.
44. Since November 2007 IC participants have been asked to complete and submit an assessment of their IC assignment to CPSA. While the Agency has had more than 15 IC participants conclude their assignment, there is no record of any assessment having been completed and submitted to CPSA. Information obtained from CPSA, shows that with the exception of one department, very few participant assessments are being received.
45. At present, there is no process in place to assess the extent to which IC participant assignments contribute to Agency priorities and human resources management objectives. This matter has yet to be addressed as part of the Integrated HR planning process.

Opportunity for Improvement:

46. Human Resources Directorate should modify the Standard Letter of Agreement to include the requirement to complete and submit an Interchange Canada assessment to Canada Public Service Agency at the conclusion of the assignment.

The Agency's Priorities

47. We found that IC assignments "in" initiated under the former and the current Policy are mainly aligned with the core functions and priorities of the Agency.
48. We found that 38 out of 42 IC assignments under the former Policy and 10 out of 13 under the current Policy were in areas of work directly related to the priorities of the Agency. In seven cases, the documentation on file was insufficient to conclude on this matter. For IC assignments "out", 9 of the 16 assignments were clearly linked to the Agency's priorities. In seven cases, the reasons for the assignment were not specified including two cases in 2008 that were fully funded by the Agency.

Recommendation:

49. Human Resources Committee should require that approval of all Interchange Canada assignments is contingent on a clear description of the reasons for the assignment as they relate to the priorities of the Agency.

Conclusion:

50. We found that with little exception, IC assignments were being utilized in areas of work consistent with the core functions and priorities of the Agency. However, the Agency does not have a structured process in place to ensure that managers involved in the utilization of IC participant assignments are fully aware of their responsibilities under the Program including the requirement for a statement of the reasons for the assignment and any subsequent extensions. In addition, requirements related to participant orientation, participant performance assessment and assignment assessment by the participant are not being adequately addressed.

Guidelines, Processes and Procedures

51. The Agency is expected to have processes and procedures in place to ensure that all IC Program requirements are being met. The Agency has identified the main requirements for IC participant assignment documentation and approval. These requirements, based on the IC Policy and related Directive, have been listed on a file documentation checklist. The purpose of this checklist is to ensure that procedural and documentation requirements are being met.
52. We found that the participant file checklist and the standard Letter of Agreement are the main tools utilized to ensure that IC Policy requirements are being met. These standard letters of agreement, developed by the CPSA are structured to include all of the pertinent matters related to the

assignment. These matters include reference to the duties of the IC assignment, the duration of the assignment as well as other matters relevant to assignments “in” or “out”. For example, the Standard Letter of Agreement for assignments “out” includes reference to immigration, health insurance, taxes, pension, etc. However, we could not find evidence of a process or procedure to ensure that managers are informed of these requirements.

53. The Agency has plans to develop a manager’s handbook on HR policies and practices. While the contents of this handbook have yet to be determined, the interviews with managers revealed that it should include information on the IC Program mainly to clarify roles and responsibilities and Policy imperatives.

Recommendation:

54. Human Resources Directorate should develop and promulgate information related to the Interchange Canada Policy processes and procedures specifically designed to foster the efficient and effective utilization of the Interchange Canada Program in the Agency.

Attachment to the Home Organization

55. The requirement to demonstrate attachment to the home organization is mandatory. Twelve of the 13 IC assignments “in” established under the current Policy met the requirement to be an employee of the home organization for a period of six months prior to the commencement of the assignment. In one case the file documentation was inadequate for assessing compliance with this requirement. Under the former Policy, about 25% of the IC participants “in” did not meet the requirement of demonstrated attachment to the home organization. We found that in a number of cases, attachment to a home organization, such as a university, was specifically established to facilitate the IC assignment. We also found that for one IC assignment “out”, a term appointment was made to facilitate an international assignment funded by the Agency.

Recommendation:

56. Human Resources Directorate should require that Interchange Canada assignments are not initiated until there is confirmation that the attachment requirement has been met.

Program Objectives

57. We found that 50 of the 55 IC assignments “in” under the former and current Policy were consistent with one or more of the stated objectives of the IC Program. Insufficient information on the file precluded the assessment of this matter in four cases under the former Policy and in one case under the

current Policy.

58. We also found that for eight of the 16 IC assignments “out”, there was evidence that one or more of the stated objectives of the Program were met. For seven of the remaining IC assignments there was no information on how the assignment was linked to the objectives/priorities of the Agency. In one case, the Letter of Agreement was not available until after the conclusion of the examination phase of the audit. We also noted that the benefits to the Agency were not stated in support of one recent two-year assignment where the Agency agreed to pay salary and benefits costs.
59. There was no evidence of information in support of two IC assignment extensions under the current Policy. Under the former Policy, there were 11 cases where there was no evidence of information in support of the assignment and/or an extension of an assignment. We noted, that prior to the conclusion of the audit, assignment justifications were being placed on the IC files.

Recommendation:

60. Human Resources Directorate should ensure that Interchange Canada assignments “out” are supported by a business case including cost considerations. The business case should demonstrate that the objectives of the Program are met and that the assignment is aligned with the objectives and priorities of the Agency.

Documentation

61. We found that the IC files for assignments “in” under the current Policy were generally in full compliance with stated documentation requirements. For example, all of the files contained a standard Letter of Agreement and a checklist. In addition, the start and end dates were specified and an Agency contact point identified. Furthermore 10 of 13 files contained evidence that language requirements were properly addressed. Under the former Policy, language requirements were not mentioned.
62. Documentation in support of IC assignments “in” under the former Policy was less complete. For example, of the 42 files examined, 35 contained a standard agreement and 23 contained a checklist. In one case the start and end date were not specified and in one other case there was no IC Letter of Agreement on file.
63. Documentation in support of IC assignments “out” were not always in compliance with the requirements of the Policy and Directives applicable at the time of the assignment. For example, half of the files examined did not

contain information on the purpose or objectives of the assignment. We noted that a briefing on the revised IC Policy given to managers in the Infectious Diseases and Emergency Preparedness Branch focused on Interchange “in” assignments and did not specifically address the requirements applicable to Interchange “out” assignments.

Recommendation:

64. Human Resources Directorate should ensure that the documentation in support of Interchange Canada assignments “out” includes an approved justification.

Length of Assignments and Extensions

65. Under the current Policy IC assignments “in” are expected to be for a period of three years or less. All 16 of the IC assignments approved under this Policy meet this requirement. Under the previous Policy, where the initial assignment was expected to be for two years or less, 11 were for an initial period of more than two years. We also found eight cases where the IC assignment was extended beyond five years.
66. Thirteen of the 16 interchange assignments “out” were for an initial period of two years or less. Of this number, five were extended for an additional year based on accepted justification. There were two assignments for an initial period of three years, one of which was not supported by a justification. There was also one assignment for an initial period of three and one-half years that was not justified.

Recommendation:

67. All Interchange Canada assignments and extensions should require an approved justification.

Previous Participation

68. Under the current IC Policy there is a minimum period of two years before a former participant is once again eligible to participate in the Program. We found that in all but one case there was evidence that the two year minimum was met. In one case, missing documentation precluded this determination.

Appropriate Authority

69. We were able to determine that IC agreements “out” were approved by individuals with delegated authority. In one case, an extension to an IC assignment was not signed by the host organization. There were a number

of cases, mainly related to IC assignment “out”, where approval was obtained subsequent to the start date of the assignment. This matter is addressed in more detail in the following section dealing with Letters of Agreement.

Conclusion:

70. In general, IC assignments “in” approved under the new Policy were found to be consistent with the objectives of the Program, properly authorized, and in keeping with the overall requirements and limitations of the Policy. IC file documentation in support of assignments “out” did not always meet all of the requirements of the Policy. The Agency’s use of file checklists and standard Letters of Agreements help ensure that file documentation requirements are being met.

Letter of Agreement

71. IC participants and representatives of the home and host organization, are required to sign a Letter of Agreement stipulating the terms and conditions of the IC assignment. The Letter of Agreement is the primary means of ensuring that participants, as well as the home and host organizations, are aware of their obligations and responsibilities under the Program. We found that 35 of the 42 files for IC assignments “in” approved under the former Policy contained a standard Letter of Agreement. All 13 IC assignments “in” approved under the current Policy contained a standard Letter of Agreement.
72. A Letter of Agreement must be in place prior to the commencement of an assignment. We found eight cases where the IC Letter of Agreement was signed after the start date of the agreement. Seven of these cases were for IC assignments “out”, and one was for an IC assignment “in”. In the case of the IC assignment “in” there was a misunderstanding related to salary that would have been avoided had the terms of the agreement been agreed to before the start date of the assignment.
73. We found three cases where the IC assignment agreement “in” was not signed by the home organization.

74. The following table shows the extent to which the letters of agreement were consistent with Policy/guidelines related to seven IC Program requirements.

Program Requirements	Current Policy 13 Agreements	Former Policy 42 Agreements
Conflict of Interest	13	41
Post-employment requirements	13	26
Security requirements	12	31
Credentials verified	9	19
Security of Information	13	33
Language requirements	10	--
Privacy disclosure	8	--

75. We found that the content of the IC agreements under the former Policy varied greatly with respect to such matters as security, language requirements, privacy and post-employment. As indicated earlier, under the current Policy, the agreements were more consistent. We also found that agreements are sometimes modified as required to meet the requirements of other levels of government and international organizations. In such cases the modified agreements were considered appropriate.

Conclusion:

76. The Agency now uses a Standard Letter of Agreement that generally identifies all of the applicable requirements related to security, conflict of interest and post-employment requirements. Language requirements were not always addressed and credentials were not always verified. The requirement to have a Letter of Agreement in place before the start date was not always met for assignments "out".

Salary and Benefits Determination

Salary Determination

77. Salary benefit and relocation payments were in keeping with the provisions of the Policy. We found that the salary and benefit cost determination requirements were met for 68 of the 71 IC assignments examined. In two cases, where attachment to the home organization was in question, the requirement to pay an administration fee of 3% as well as a requirement to pay the GST was not in keeping with the intent of the Policy. In one case, where the IC assignment "out" agreement was not on the file, we verified the appropriateness of the salary and benefit costs, by confirming that the pay rate was based on the Agency occupational group and level.

78. We also found that two of the IC assignments “out” did not have a clear justification in support of the decision to fund the assignment. In both cases, justification for salary and benefit costs and benefits to the Agency were not stated.
79. A salary calculation template was sometimes used to demonstrate how the salary and benefit costs were determined and that they comply with the provisions of the Policy.
80. On December 11, 2008 there were 24 IC participants on an assignment “in” the Agency. According to PHAC documents, of this number 17 were in receipt of salary and benefit costs payable by the Agency through their home organization that was less than the salary and benefit costs for the occupational group and level of the position being filled. The remaining seven IC participants “in” were in receipt of salary and benefit costs that exceeded the salary and benefit costs for the occupational group and level of the position being filled. The annualized incremental cost to the Agency for IC assignments “in” was in the order of thirty-two thousand dollars (\$32,000).
81. On December 11, 2008 there were 10 Agency employees on IC assignments with other organizations. According to PHAC documents, of this number one was in receipt of salary and benefits that was being fully recovered from the host organization. The Agency was recovering partial salary costs for five employees and it was fully funding four assignments. The annualized incremental cost to the Agency for IC assignments “out” was in the order of eight-hundred and thirty thousand dollars (\$830,000).

Opportunity for Improvement:

82. A salary calculation template should be contained on each Interchange Canada assignment file. The checklist should be modified to include this document.

Conclusion:

83. During the period covered by the audit salary and benefit arrangements were in keeping with the calculation requirements of the Policy and Directives. In two cases, where the Agency agreed to pay the whole or part of the salary and benefit costs for IC assignments “out” justification for the decision was not stated.

Management Information

Participant Lists

84. The HRD Executive Services section maintains a list of active IC participants including their organization, name, title, home organization, occupational group and level, start date, end date, length of assignment and comments. This list is reviewed by the HRC as a forward agenda item. While the list contains vital information about the IC participant it does not identify the purpose or reason for the assignment. The list is maintained by HRD because the current Human Resources Information System (HR Advantage) is not structured to report this information.
85. The Agency's central financial system (SAP), which contains information on IC related payments was used to test the completeness of the participant list provided by the HRD. The completeness test identified one SAP coding error and three IC participants who were not included on the HRD list. The three names not on the list were IC participants located in regional offices where Health Canada provides pay services under an MOU. While all three cases had a start and end date within the scope of the audit, they were not active cases when the audit was conducted.

Management Information

86. We found that the information provided to managers in support of IC assignment approval was accurate, but was not always complete. For example seven of the IC assignments approved under the terms of the current Policy did not contain an adequate justification for the IC assignment or IC assignment extension. There was one case where the salary costs were understated and one case where reference to a previous TBS approval was incorrect.
87. The senior managers interviewed expect that when they are asked to sign an IC agreement, all of the requirements have been met. It is the responsibility of the Executive Services Section of HRD to ensure that the agreement is in full compliance with the Policy and that any concerns or missing documents are provided to them before the agreement is presented for approval.

Monitoring and Reporting

88. The primary means of monitoring IC participation is the IC participant list that is systematically reviewed by the HRC. We found that the information provided to HRD used to produce this document was not always up to date. As previously mentioned, the list did not include three IC participants in regions where Health Canada provides human resources management

support services. We also found that the end date was not adjusted for three IC participants whose assignments ended early.

89. We noted that the IC participant list does not contain a brief description of the nature and purpose of the assignment such as capacity building, nor does it include information on how the IC assignment (“out” or “in”) relates to the priorities or staff development plans of the Agency. The inclusion of such information would provide the HRC with a better overview of how the IC Program is being utilized in the Agency.
90. We found that there is no process in place to ensure that the information contained in the participant list is up-to-date. At present, the Executive Services Section of HRD relies on the supervisors of IC participants to keep them informed of changes to the original agreement.
91. The IC Policy requires that all departments and agencies submit a bi-annual and annual report on their IC assignments. There was no evidence that this reporting requirement was being met, nor was there evidence that the CPSA was reminding the Agency of this Policy requirement.

Recommendation:

92. The Agency should strengthen Interchange Canada monitoring and reporting processes to ensure that the information on Interchange Canada participation presented to the Human Resources Committee is complete and up to date. Adjustments to the nature and extent of this information should be considered as it relates to the approval of all Interchange Canada assignments and extensions as well as Interchange Canada Program effectiveness.

Conclusion:

93. The Agency maintains a list of active IC participants which is used to monitor and report on the status of IC assignments. This IC participant list was not always up to date during the period covered by the audit. Furthermore, the list does not include information important to maintaining an overview of how the IC Program is being utilized in the Agency. The monitoring and reporting processes need to be strengthened.

Overall Conclusion

94. The IC Program is being administered and utilized in accordance with requirements of the Treasury Board Policy and Directives. With limited exception, interchange assignments were being utilized in areas of work

consistent with the core functions and priorities of the Agency. Improved utilization of the IC Program will depend on a planned approach linked to the Agency's Integrated HR Plan and improvement to the information systems intended to keep managers and participants informed of the Program and its requirements. The documentation in support of IC assignments has improved with the increased use of Standard Letters of Agreement and file checklists. Areas of documentation that remain to be strengthened include justification for IC assignment extensions and IC assignments funded in full or in part by the Agency. The information now being used to monitor IC participation in the Agency does not provide an overview of how the IC Program is being utilized in the Agency as a whole.

Acknowledgments

95. We wish to express our appreciation for the cooperation and assistance afforded to the audit team by management and staff during the course of this audit.

Appendix A: Audit Criteria

1. Policies and Procedures

The Public Health Agency of Canada (PHAC) has a policy and procedures for Interchange Canada based on the Treasury Board's Policy and Directives and the Public Service Commission requirements of delegated authority.

Sub-criteria

- a. PHAC has an Interchange Canada (IC) policy in place (previous and current Policy).
- b. All Agency managers and employees have access to the IC Policy.
- c. PHAC Interchange Policy is consistent with relevant central agency policy and directives.
- d. Delegated authority requirements related to IC assignments for participants "in" and participants "out" have been specified and are in place.
- e. Managers have been briefed (or have been invited to a briefing) on the new Interchange Canada Policy that was effective February 15, 2007.
- f. Assignments subsequent to April 1, 2008, are consistent with the PHAC Integrated Human Resource (HR) Plan. (The PHAC Integrated HR Plan was completed in March of 2008.)

2. Roles and Responsibilities

Roles and responsibilities are clearly defined, delineated and effectively communicated.

Sub-criteria

- a. Processes are in place to ensure that managers are aware of their responsibilities under the Program and the mandatory requirements including:
 - o eligibility requirements
 - o conflict of interest (values and ethics requirements)
 - o time limits
 - o security requirements
 - o language requirements, limitations and related approval processes
 - o exceptions and related CPHO approval requirements

- CPHO authorities and limitations (Where CPSA authority was required under the former program.)
 - leave and leave recording requirements
 - performance agreements and assessments
 - PSC authorities related to Executive assignments under the former policy
- b. Participants are aware of their responsibilities under the Program and mandatory responsibilities related to:
 - security
 - language
 - conflict of interests (values and ethics)
 - leave reporting
 - performance expectations
 - provide an annual progress report on the assignment and a post-assignment report
- c. PHAC Interchange Policies and Directives define and delineate the roles and responsibilities of participants, managers and central agencies.
- d. Managers and participants have access to information applicable to all of the mandatory requirements of the Interchange Canada Program.
- e. PHAC is meeting the current reporting requirements of the CPSA for assessing compliance and evaluating the Program's performance against expected results.
 - how assignments contribute to PHAC priorities and HR objectives as reported at the end of the assignment
 - number and nature of planned assignments based on the Integrated HR Plan vs. the number of unplanned assignments reported bi-annually
 - number and kinds of exceptions granted as compared with total assignments as reported bi-annually
 - number of assignments terminated earlier along with the reasons as reported annually
 - extent to which participants are satisfied that they have met their professional development goals as reported the end of each assignment

3. Guidelines, Processes and Procedures

Guidelines, processes and procedures are in place to ensure that all Interchange Canada program requirements are being met.

Sub-criteria

- a. Interchange Canada Program requirements are being met as described under the Policy and guidelines applicable at the time of the assignment.
 - program eligibility requirements are clearly defined;
 - program eligibility requirements are being applied in a fair and consistent manner;
 - program eligibility requirements are met;
 - appropriate authority is obtained;
 - assignment is specified;
 - conflict of interest, post-employment and security requirements comply with Agency policy/guidelines; and,
 - participant salary and benefits are specified and comply with guidelines

4. Letter of Agreement

Letters of agreement are complete, consistent and the terms of the agreement have been respected.

Sub-criteria

- a. For each participant there is a completed and signed Letter of Agreement.
- b. The Letters of Agreement are consistent with the applicable policy. Reasons for any variance in the terms of the agreement, such as those applicable to language or potential conflict of interest are fully documented.
- c. The Letters of Agreement and/or related attachments clearly define the assignment and the applicable terms and conditions.
 - agreements are properly authorized (delegated authority);
 - address conflict of interest, post-employment and security requirements to ensure compliance with policy/guidelines;
 - specify participant salary and benefits

5. Salary and Benefits Determination

Salary, benefit and relocation arrangements are in accordance with the Interchange Canada Policy and Directives in effect at the time of the assignment.

Sub-criteria

- a. The Letter of Agreement is in compliance with the terms of the Policy and

Directive with respect to salary, benefits and relocation. (Note: In cases where the provisions or limitations of the Policy were in question, determine if clarification was sought and an acceptable solution was found.)

- b. Payment and recovery comply with the Letter of Agreement and any exceptions to the Policy regarding remuneration or extraordinary compensation are properly documented and authorized.

6. Management Information

Management information systems provide timely and accurate information important to the effective management of the Interchange Canada Program.

Sub-criteria

- a. Management Information systems are meeting Interchange Canada Policy and Directive requirements and PHAC management requirements (Note: Management is defined as: Planning; Organizing; Directing; Controlling; and Evaluating.)
- b. Financial and non-financial information systems and processes are in place to record, track and report on Program performance.

7. Monitoring and Reporting

Monitoring and reporting activities are carried out to ensure compliance with the Interchange Canada Policy.

Sub-criteria

- a. A checklist is being used to ensure that the participant files contain the information and documentation required by the Interchange Canada Policy and Directive.
- b. A monitoring system is in place to maintain awareness of the status of Interchange participation.
- c. The monitoring system is meeting the information requirements of the Human Resources Management Committee.
- d. The Agency completes and submit's the bi-annual and annual reports required by the CPSA.
- e. Information on the current status of Interchange Canada participation is available to management upon request.

Appendix B: Management Action Plan

Recommendation	Management Response	Officer of Prime Interest	Target Date
32. Human Resources Directorate should update their intranet site to include a description of the Interchange Canada Program, its objectives, how it is expected to be utilized in the Agency and include the applicable processes and procedures. In addition, an information package should be developed and provided to participating organizations so that they are aware of the requirements of the Interchange Canada Program.	Agree. Human Resources Directorate will modify its website to include information on the Interchange Canada Program and how it is expected to be utilized and administered in the Agency. In addition an information package will be developed and provided to participating organizations so that they are aware of their responsibilities as the home organization of an Interchange Canada participant.	Director of Executive services and Interchange Canada Program	June 31, 2009
35. Human Resources Directorate should ensure that the Agency's Integrated Human Resources Plan for the next financial year describes how current Interchange Canada participant assignments are being applied and where potential future Interchange Canada participant assignments could be considered as a means of contributing to Agency priorities.	Agree. The Integrated Human Resources Plan for 2009-10 will explore the potential utilization of Interchange Canada assignments as a means of contributing to Agency priorities.	DG, Human Resources Directorate	May 30, 2009
41. Human Resources Directorate should clearly define managerial and Human Resources Directorate roles and responsibilities related to the Interchange Canada Program and ensure that they are easily accessible by all Agency employees as well as representatives of organizations participating in the Program.	Agree. The Human Resources Directorate will ensure that the Manager's Handbook now being developed in response to a previous audit recommendation will include information on roles and responsibilities vis-a-vis the management and administration of the Interchange Canada Program.	Director of Executive services and Interchange Canada Program	October 31, 2009

Recommendation	Management Response	Officer of Prime Interest	Target Date
49. Human Resources Committee should require that approval of all Interchange Canada assignments is contingent on a clear description of the reasons for the assignment as they relate to the priorities of the Agency.	Agree. Human Resources Directorate will inform managers in the Agency that all Interchange Canada assignments will require a statement of justification which includes due consideration to the priorities of the Agency. Proposed Interchange Canada assignments that lack adequate justification will be brought to the attention of Human Resources Committee. Otherwise, Human Resources Committee will be provided with assurance that this requirement is being met.	DG, Human Resources Directorate	March 31, 2009
54. Human Resources Directorate should develop and promulgate information related to the Interchange Canada Policy processes and procedures specifically designed to foster the efficient and effective utilization of the Interchange Canada Program in the Agency.	Agree. Please see item 41. This information will be included in the Manager's Handbook.	Director of Executive services and Interchange Canada Program	October 31, 2009
56. Human Resources Directorate should require that Interchange Canada assignments are not initiated until there is confirmation that the attachment requirement has been met.	Agree. This matter will be addressed in conjunction with the response to recommendation 49. In addition this requirement will be stated in the Manager's Handbook.	Director of Executive services and Interchange Canada Program	January 1, 2009

Recommendation	Management Response	Officer of Prime Interest	Target Date
60. Human Resources Directorate should ensure that Interchange Canada assignments “out” are supported by a business case including cost considerations. The business case should demonstrate that the objectives of the Program are met and that the assignment is aligned with the objectives and priorities of the Agency.	Agree. This matter will be addressed in conjunction with the response to recommendation 49. In addition this requirement will be stated in the Manager’s Handbook.	DG, Human Resources Directorate	October 31, 2009
64. Human Resources Directorate should ensure that the documentation in support of Interchange Canada assignments “out” includes an approved justification.	Agree. This matter will be addressed in conjunction with the response to recommendation 49. In addition this requirement will be stated in the Manager’s Handbook.	Director of Executive services and Interchange Canada Program	January 1, 2009
67. All Interchange Canada assignments and extensions should require an approved justification.	Agree. This matter will be addressed in conjunction with the response to recommendation 49. In addition this requirement will be stated in the Manager’s Handbook.	Director of Executive services and Interchange Canada Program	January 1, 2009

Recommendation	Management Response	Officer of Prime Interest	Target Date
92. The Agency should strengthen Interchange Canada monitoring and reporting processes to ensure that the information on Interchange Canada participation presented to the Human Resources Committee is complete and up to date. Adjustments to the nature and extent of this information should be considered as it relates to the approval of all Interchange Canada assignments and extensions as well as Interchange Canada Program effectiveness.	Agree. Human Resources Directorate will consider and recommend changes to the information used by Human Resources Committee to monitor Interchange Canada participation. In addition, the managers of Interchange Canada participants will be asked to periodically verify the status of Interchange Canada participant assignments.	Director of Executive services and Interchange Canada Program	March 31, 2009
Opportunity for Improvement	Management Response	Officer of Prime Interest	Target Date
42. Human Resources Directorate should ensure that Interchange Canada participants "in" are provided with orientation training, as encouraged in the Policy Directive.	Agree. Interchange Canada participants will be invited to orientation training.	DG, Human Resources Directorate	March 31, 2009
46. Human Resources Directorate should modify the Standard Letter of Agreement to include the requirement to complete and submit an Interchange Canada assessment to Canada Public Service Agency at the conclusion of the assignment.	Agree. The Standard Letter of Agreement will be modified to include this requirement.	Director of Executive services and Interchange Canada Program	April 1, 2009
82. A salary calculation template should be contained on each Interchange Canada assignment file. The checklist should be modified to include this document.	Agree. This document will be completed and placed on the Interchange Canada participant file.	Director of Executive services and Interchange Canada Program	January 1, 2009

Appendix C: List of Acronyms

Agency	Public Health Agency of Canada
CPSA	Canada Public Service Agency
HR	Human Resources
HRC	Human Resources Committee
HRD	Human Resources Directorate
IC	Interchange Canada
IIA	Institute of Internal Auditors
MOU	Memorandum of Understanding
PHAC	Public Health Agency of Canada
PSHRMAC	Public Service Human Resources Management Agency of Canada
SAP	Systems Applications Products
TB	Treasury Board
TBS	Treasury Board of Canada Secretariat