June 2012

Report of the Auditor General of Canada to the Standing Senate Committee on Internal Economy, Budgets and Administration

Administration of the Senate of Canada

Office of the Auditor General of Canada

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Auditor General of Canada
Vérificateur général du Canada

To the Chairman, Standing Senate Committee on Internal Economy, Budgets and Administration:

I have the honour to transmit herewith this June 2012 report on the Administration of the Senate of Canada.

Yours sincerely,

Michael Ferguson, FCA

OTTAWA, June 2012

Administration of the Senate of Canada

Table of Contents

Main Points 1

Introduction 3

The roles of a Senator 3
Parliamentary allocations of Senators 4
Administration governance, structure, and services 5
Focus of the audit 6

Observations and Recommendations 8

Strategic and operational planning 8

The Administration has identified corporate and operational risks, but has not prioritized all of them 8
The Administration uses annual planning as a means to align strategic objectives with operational performance 9
The Administration reports on its performance but not on progress toward meeting its overall priorities 10
The Administration uses internal audits appropriately 11

Financial management 12

A reasonable financial management framework is in place 12
The Administration applies its financial management framework 13
Some expense claim files did not contain sufficient documentation 14
The procurement control framework is in place, but the application of internal controls could be strengthened and reporting improved 15
Financial management can be further improved through the use of internal audit 17
The Administration meets most internal reporting requirements, but its public reporting can be improved 18

Human resources 19

The Administration applies a human resource management framework, but its monitoring and review practices need improvement 19
Human resource planning supports operations but focuses less on organization-wide needs 21

Information technology services 22

The Administration meets requirements for delivery and operation of information technology services 23
Policies and procedures governing information technology security are adequate 23
A formal methodology for managing information technology–enabled projects is lacking 24

Security 25

The Administration has mitigating controls for key security risks but no overall security policy 26
Operational coordination between security forces has improved despite some jurisdictional issues 27

Conclusion 28

About the Audit 30

Appendix

List of recommendations 34

Administration of the Senate of Canada

Main Points

What we examined

The Senate of Canada is the upper house of Parliament, comprising 105 members appointed by the Governor General on the advice of the Prime Minister. Senators as a group are responsible for governing themselves and managing the Senate Administration. The Senate Administration serves the Senate and individual Senators in a non-partisan manner. It provides advice and administrative, logistical, and public liaison services in addition to legal and procedural advice to Senators, Senate committees, and the Senate Chamber.

The Administration, through the Clerk of the Senate, reports to the Standing Senate Committee on Internal Economy, Budgets and Administration. This standing committee is also known as the Internal Economy Committee. The Internal Economy Committee is composed of 15 Senators. It reflects the political composition of the Senate and is subject to the rules, direction, and control of the Senate. It has the legal authority to act on all financial and administrative matters respecting the Senate, its premises, its services and its staff, and Senators.

This audit looked at whether the Senate Administration has management policies and control systems in place to support Senators and the operations of the Senate of Canada in the areas of strategic and operational planning, financial management, human resources, information technology services, and security.

Audit work for this report was substantially completed on 15 February 2012. More details on the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report.

Why it's important

The Senate Administration provides Senators, the Senate, and its committees with the advice and administrative and strategic support and services they require to carry out their parliamentary duties. The Administration, in its administration of public funds, develops and implements policies and guidelines, and establishes procedures and practices aimed at ensuring that Senate resources are well managed. For the 2010–11 fiscal year, the budget for

the operations of the Senate, including Senators' salaries and allowances and the Administration, was about $93 million.

What we found

- The Administration has management policies and control systems in place that support Senators and the operations of the Senate in the areas of strategic and operational planning, financial management, human resources, information technology services, and security. However, there are areas for improvement.
- The Senate Administration has begun to implement a strategic planning process. Over 150 corporate and operational risks have been identified, but the Administration has not ranked all of its risks in terms of their likelihood and impact, making it difficult to determine which risks should be given priority to develop mitigation strategies.
- The Administration has a reasonable financial management framework in place and is implementing it. Transactions were properly authorized, but improvement is needed so that documentation is sufficient to demonstrate that transactions meet all requirements. The Administration does not provide the Internal Economy Committee with complete reports on all contracting activity.
- The Administration's human resource management framework is appropriate to the organization's size and the nature of its business. It contains policies dealing with areas such as staffing and recruitment, classification, training, and pay and benefits. However, there are few provisions for monitoring and reviewing human resource transactions to ensure compliance against the policies.
- Operational coordination and communication between the Senate Protective Service and other security services in the Parliamentary Precinct have improved in recent years. To address security risks, the Administration has developed controls, but it has not established an overall security policy defining the security objectives, goals, and reporting requirements.

The Senate Administration has responded. The Senate Administration agrees with all of our recommendations. Its detailed responses follow the recommendations throughout the report.

Introduction

1. The Parliament of Canada is at the core of our Constitution and democracy. The Senate of Canada is the upper house of Parliament, with 105 members appointed by the Governor General on the recommendation of the Prime Minister. Senators are selected on a regional basis, with 24 each from the Maritime provinces, Quebec, Ontario, and the Western provinces, plus 6 from Newfoundland and Labrador, and 1 each from Yukon, the Northwest Territories, and Nunavut. Senators may hold office until the age of 75.

2. The Senate has powers similar to those of the House of Commons in that it can initiate any bill, with one exception: A money bill, that is, a bill to appropriate money or impose a tax, must originate in the House of Commons. No bill can become law unless the Senate and the House of Commons have passed it in identical form.

3. The Senate legislative framework includes the *Constitution Act, 1867* and the *Parliament of Canada Act*. The Rules of the Senate are established by the Senate and set out procedures that apply to the activities of the Senate and its committees. Senators are collectively responsible for governing themselves and managing how the Senate functions.

4. Fifteen Senators make up the Standing Senate Committee on Internal Economy, Budgets and Administration. The Committee oversees the Senate Administration, the organization that provides support to Senators and the Senate as an institution. The Administration reports to the Committee through its head, the Clerk of the Senate and Clerk of the Parliaments.

5. On 2 November 2010, the Internal Economy Committee invited the Auditor General of Canada to conduct a performance audit of the Senate Administration. Our office last completed an audit of the Administration in March 1991.

The roles of a Senator

6. Senators represent the province, region, or territory for which they were appointed. The Leader of the Government in the Senate, and occasionally other Senators, are members of Cabinet. Senators debate bills passed by the House of Commons and can also draft and introduce government and private members' bills in the Senate. Each bill undergoes detailed study in committee, where members may suggest amendments. Most Senators sit on committees and

subcommittees. Committees conduct in-depth studies of numerous subjects, such as agriculture, forestry, and human rights. Senators may also belong to a parliamentary association, such as the Commonwealth Parliamentary Association or the Canada–United States Inter-Parliamentary Group. In this capacity, Senators attend meetings, plan conferences, and occasionally travel to represent the Senate in association activities. Some Senators promote an area of public interest, such as human rights or the armed forces.

7. Senators play a political role and the vast majority are members of the Government or the Opposition. The remainder sit as independent Senators.

8. Some Senators are appointed as House officers; these are the Speaker of the Senate, the Speaker *pro tempore* (the acting Speaker, who presides in the absence of the Speaker), the Leader of the Government, the Leader of the Opposition, the Deputy Leader of the Government, the Deputy Leader of the Opposition, and party whips.

Parliamentary allocations of Senators

9. The budget for the operations of the Senate of Canada for the 2010–11 fiscal year was $92.9 million. This included Senators' salaries, allowances, and office expenses, amounting to $44.5 million, and the budget for the Administration, parliamentary committees, exchanges and associations, amounting to $48.4 million.

10. In addition to a salary, each Senator receives an annual office budget of $153,120 (as of 2010–11) to carry out his or her parliamentary responsibilities. Senators use this budget to pay for office staff salaries, office expenses, and miscellaneous items. Within the annual office budget, each Senator is allowed a maximum of $5,000 annually for miscellaneous expenditures, including hospitality.

11. House officers receive an additional allowance to cover expenses, including staff salaries, research assistance, and office and hospitality expenses. The amount depends on the officer's position.

12. Apart from office budgets, the Senate pays directly for certain expenses, such as travel costs (airfare, accommodation, per diems, and other transportation costs), telecommunications service, and certain office equipment expenses. A Senator whose primary residence is more than 100 kilometres from the National Capital Region is considered to be on **travel status** when in Ottawa, and receives a maximum reimbursement of $25,000 a year for living expenses.

Travel status—Most Senators must travel from their places of residence to carry out their duties. The Senate conducts most of its business from Tuesday to Thursday, with Monday and Friday being travel days for those who do not live in the National Capital Region. When away from home and undertaking parliamentary duties and activities related to their position, Senators are considered to be on travel status.

These include commercial or private accommodation expenses and a daily allowance for food and incidental expenses.

13. Senators each receive 64 travel points per fiscal year to fulfill their parliamentary role (Exhibit 1). The system provides all Senators with the same access to travel regardless of the distance of their home from Ottawa.

Exhibit 1 A point system governs travel reimbursements to Senators

The Senate uses a point system governing reimbursement of Senators' travel claims. Each Senator receives 64 points for travel per fiscal year for parliamentary functions. Should all 64 points be used in the fiscal year, any further travel expenses incurred are not reimbursed. The Senator may use the points or allocate them to a designated traveller (usually the Senator's spouse) and/or to alternates (a dependent child, a staff member, an employee or contractor to the Senate or to the Senator). Points are used for each trip taken by the Senator, alternate, or designated traveller. The number of points used depends on factors such as destination, duration, and mode of transportation. For example, one point must be used for every return trip between the Senator's home region and the National Capital Region. The 64-point system does not include travel for Senate committees or parliamentary associations.

Administration governance, structure, and services

14. Standing Senate Committee on Internal Economy, Budgets and Administration. The Committee is responsible for ensuring that the Senate's resources are managed appropriately and its assets are protected. The Committee has authority to act on all financial and administrative matters respecting the Senate, its premises, its services and staff, and Senators. It establishes and approves administrative policies, reviews and authorizes budgets of the Administration and committees, and sets policies and guidelines on items such as Senators' travel and research expenditures. Neither the Senate nor the Senate Administration is a federal government entity; thus neither is subject to Treasury Board of Canada policies.

15. The Committee also decides on questions or actions of individual Senators concerning the application of the **Senate Administrative Rules**. The Committee's decisions are final. It may decide against reimbursing certain expenses, or it may decide to allow reimbursement, with the possible result of changes to existing rules and policies. By supplying information on individual expenses or trends, the Senate Administration helps the Internal Economy Committee carry out its oversight responsibilities and give direction. The 15 Senators who sit on the Committee are drawn from the different parties in proportion to their representation in the Senate. The Internal Economy Committee has five subcommittees, including a

Senate Administrative Rules—Adopted by the Senate in 2004, the Senate Administrative Rules set out the fundamental principles and rules governing the Senate's internal administration and its allocation and use of resources. They are of equal authority to the Rules of the Senate and other decisions taken by the full Senate.

Subcommittee on Security and Accommodation and an Audit Subcommittee.

16. **Senate Administration.** The Administration serves the Senate and individual Senators in a non-partisan manner. About 430 employees offer confidential advice and administrative, logistical, procedural, and strategic support services to Senators, Senate committees, and the Senate Chamber. The Administration consists of all persons under the direction of the Clerk of the Senate. At the time of our audit, the Administration had three business sectors: Legislative Services, Parliamentary Precinct Services, and Corporate Services (Exhibit 2). Each in turn contained a number of operational divisions or directorates.

17. **Clerk of the Senate.** The Clerk provides procedural and other advice to the Speaker of the Senate and Senators, and is the chief administrative officer responsible for overall management of the Senate Administration. The Clerk reports to the Speaker of the Senate on legislative, procedural, precinct, and other institutional matters. The Clerk is accountable to the Internal Economy Committee on issues related to the Administration.

Focus of the audit

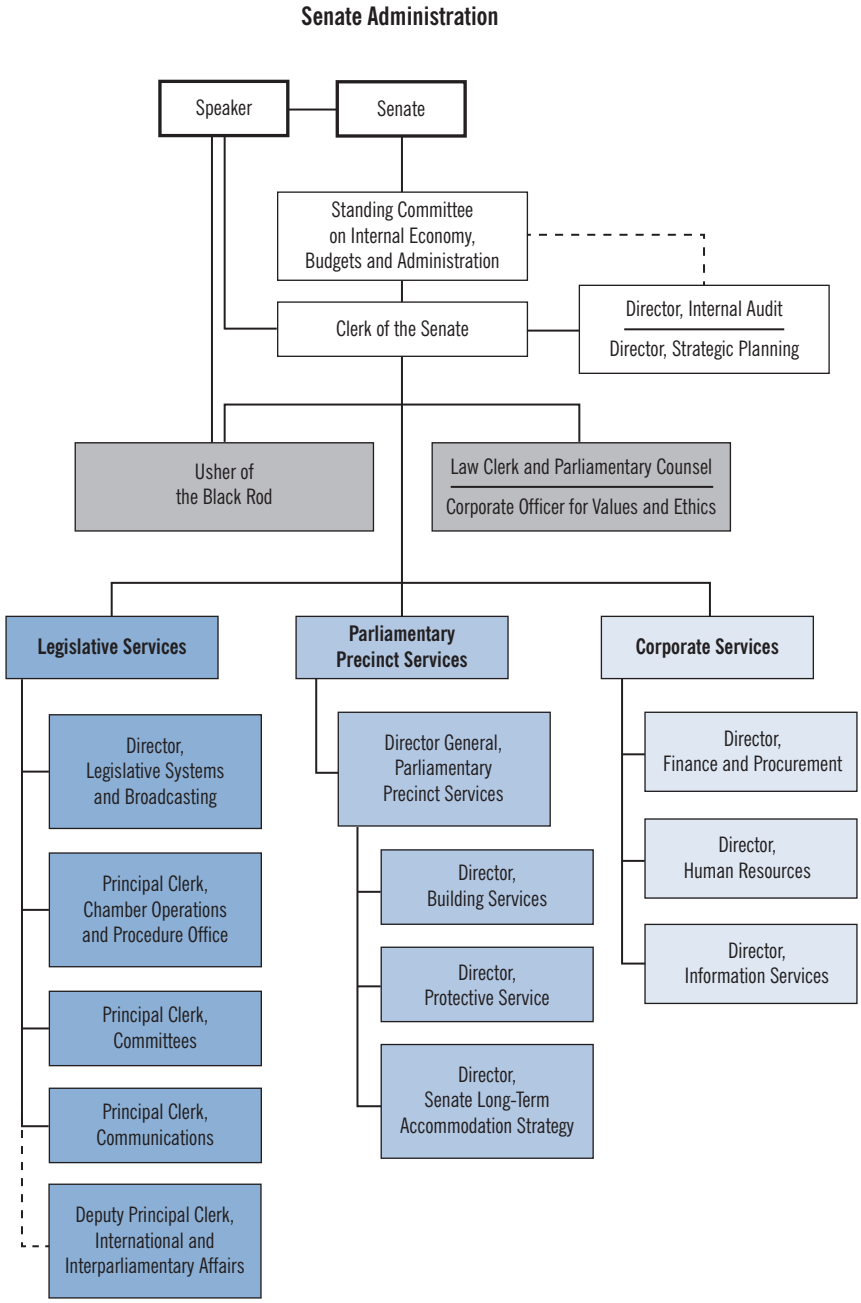
18. Our audit examined whether the Administration of the Senate of Canada has management policies and control systems in place to support Senators and the operations of the Senate in the areas of strategic and operational planning, financial management, human resources, information technology services, and security.

19. As part of our work, we interviewed 13 Senators to obtain their perspectives on the services provided by the Senate Administration. We selected the interviewees to ensure balanced representation of Senators by party affiliation, region, and gender.

20. We did not audit Senators' expenses or the work of their offices, or contracts managed by Senators. However, as part of our audit we tested individual transactions processed by the Senate Administration to determine whether they complied with the Senate's policies and directives in the areas of financial management, including procurement, and human resources. The samples we tested included transactions submitted by Senators.

21. More details on the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report.

Exhibit 2 **Organizational chart of the Senate Administration**



Observations and Recommendations

Strategic and operational planning

22. To meet the ongoing and future needs of Senators and the Senate as an institution, it is important that the Administration of the Senate of Canada provides direction in business planning decisions and resource allocation. Strategic planning includes identifying risks and mitigating strategies, developing corporate and operational plans, and measuring and reporting on progress toward planned objectives.

23. We examined whether the Administration has identified potential risks and put in place mitigation strategies to provide reasonable assurance that it will achieve its strategic and operational objectives. We also looked at whether the Administration has

- developed sufficiently detailed corporate and operational plans to guide management action,
- measured the achievement of corporate and operational objectives,
- provided appropriate information to support decision making, and
- initiated corrective action as necessary.

The Administration has identified corporate and operational risks, but has not prioritized all of them

24. The Senate Administration has recognized that risk management should be an organization-wide responsibility that is integrated into business planning. Work began in 2008 to develop a risk management framework for the Administration.

25. The Administration's risk management framework includes a risk inventory of 153 corporate and operational risks, a policy on risk management, and training for Administration managers and employees. The Administration has assigned most operational risks to managers for mitigation. We found that the Administration has ranked most of its corporate risks and many of its operational risks in terms of their likelihood and impact. However, since the Senate Administration has not ranked all of its risks, it may be difficult for the Administration to determine which risks should be given priority in developing mitigation strategies.

26. In addition, the Administration conducts limited monitoring to determine whether operational managers are implementing risk mitigation strategies assigned to them for action. For example, for several of the operational risks there is no information available on

what risk mitigation activities have been implemented, what is their implementation status, and whether the risks have been mitigated. As a result, the Administration does not know whether it has addressed all the significant risks identified or the current status of those risks.

27. **Recommendation.** The Senate Administration should prioritize each of its identified risks, ensure that risk mitigation strategies are developed for key organizational risks, and monitor and report on progress in implementing its risk mitigation strategies.

The Senate Administration's response. Agreed. The Senate Administration will prioritize its significant corporate risks and strengthen its identification of risk mitigation strategies, and enhance monitoring and reporting.

The Administration uses annual planning as a means to align strategic objectives with operational performance

28. Corporate and operational planning are important business activities that support resource allocation to mitigate risk and meet organizational strategic objectives. We examined whether the Senate Administration has strategic and operational planning processes in place.

29. We found that the Administration has a corporate planning process. The Administration has articulated its vision, mission, and values, and has implemented an annual planning cycle. Senior management develops the Administration's strategic priorities and presents them in the Senate Administration Strategic Priority Areas and Initiatives, a document that outlines broad areas of focus for the coming fiscal year. The priority areas and initiatives form the basis for the development of operational plans and for management's performance agreements.

30. We noted that most of the Senate Administration Strategic Priority Areas and Initiatives reflect areas of risk that appear in the risk inventory. However, we found no presentation of the resource requirements and time frames for achieving the priorities and initiatives. The Senate Administration's one-year planning horizon does not take into consideration priorities and initiatives that might require more than a year to be completed, such as its succession management program. We found that the Administration has not developed a corporate plan that can be regularly updated, and its operational plans lack details on the financial and human resources required to carry out activities for attaining corporate priorities and

initiatives. The operational plans also lack performance indicators to track and report on progress in implementing the activities. As a result, the Administration does not have a full picture of the resources needed to implement initiatives.

31. **Recommendation.** The Senate Administration should develop multi-year planning as well as an annual corporate plan that assigns resources to implement its priorities and initiatives, and is aligned with operational plans and performance agreements.

The Senate Administration's response. Agreed. The Senate Administration will improve its multi-year planning, which was incorporated into directorate workplans in 2011–12, and will develop a corporate plan to assign resources to implement its priorities and initiatives. Improvements to project management across the Administration are also being pursued, which will result in improved identification of resource requirements, timelines, risks, and deliverables in operational planning.

The Administration reports on its performance but not on progress toward meeting its overall priorities

32. The Senate Administration tracked 27 performance indicators during the 2009–10 fiscal year. The indicators were developed in consultation with senior management and reported in the Senate Administration Performance Report for 2009–10, the most recent report available during our audit. This internal report presents a high-level overview of the Administration's progress toward its 2009–10 strategic objectives. The report also provides details on how operations have met their service-related performance targets. In some cases, the targets have been benchmarked against public service targets.

33. Our analysis of the performance indicators found that they focus mainly on measuring operational activities. Indicators such as "timely publication of support documents for daily sittings" and "percentage of telephone calls resolved within the specified service standard" measure operational efficiency and effectiveness; few indicators measure economy. The existing indicators supply information on success in performing individual activities, but they do not show how the activities contribute to overall priorities, as outlined in the Senate Administration Strategic Priority Areas and Initiatives. As a result, the Administration is unable to assess its progress toward meeting its overall priorities, using its current set of indicators.

34. **Recommendation.** The Senate Administration should refine its performance indicators so that it can track and report on progress toward its key strategic and operational objectives.

The Senate Administration's response. Agreed. The Senate Administration will improve its performance indicators to more fully monitor and report on its progress toward strategic objectives, and to measure economy.

The Administration uses internal audits appropriately

35. An effective internal audit function is an important element of good oversight. Conducting internal audits can provide senior management with objective and independent assurance that the organization's financial, administrative, and operational controls and management practices are efficient and effective. Internal audit can also suggest improvements to these controls and practices, and monitor corrective actions taken by management.

36. In 2009, the Internal Economy Committee established an internal audit function to provide independent and objective assurance, designed to improve the stewardship of Senate operations and resources. The Committee also established an Audit Subcommittee in May 2009. Consisting of three Senators, the Subcommittee oversees and directs the Senate Administration's internal audit function. The Subcommittee recommends approval of the risk-based internal audit plan, reviews and reports on internal audits, and monitors the implementation of management action plans.

37. We found that a number of internal audits have been conducted and that management has developed action plans to address the resulting recommendations. The audits examined issues such as capital assets (2008), job classification function (2010), services contracts (2010), and Senators' office expenditures (2010), in addition to an external audit of the financial statements of the Senate (2010). In December 2010, summaries of the four 2010 audits were made available to the public. In our opinion, these audits are a good step toward examining issues that are significant to the Senate. They provide the Committee and the Administration with information to take corrective action and improve the management of its financial and human resources.

Financial management

38. Financial management involves using guidelines, processes, and information to manage and safeguard public resources. Activities associated with financial management include budgeting, accounting, internal and external reporting, internal control and oversight, analysis, and management of financial systems and transactions.

39. According to the Senate Administrative Rules, good internal administration includes having appropriate policies and reporting mechanisms in place, and conducting regular audits and assessments of those mechanisms. We examined whether the Senate Administration has put policies and control systems in place and properly implemented them to govern its expenditure of funds and its acquisition of goods and services, and whether these financial management policies and systems align with strategic and operational objectives, applicable legislation, and the Senate Administrative Rules and policies. We also examined whether the Administration has put policies and systems in place and properly implemented them, enabling it to report on its financial activities.

A reasonable financial management framework is in place

40. The Senate Administration's financial management framework has four components:

- The *Parliament of Canada Act* sets the categories for entitlements. It also authorizes the Internal Economy Committee to establish annual budgets and rules on expenditures.
- The Senate Administrative Rules govern administrative practice. They codify the fundamental principles and rules for internal administration of the Senate and for its allocation and use of resources.
- Supplementing the Senate Administrative Rules are policies, guidelines, forms, and practices adopted or implemented by the Senate, the Internal Economy Committee, or the Clerk of the Senate.
- The Committee may issue a decision when a Senator or the Administration requests guidance or clarification regarding an existing rule or policy, or a specific expense claim. The directive may modify the existing rule or policy, and the decision may be made public.

41. We found that the framework covers expenditures for the areas we audited. For example, a travel policy sets out the rules, practices, roles, and responsibilities governing the use of Senate resources

for travel by the Senate Administration. Similarly, the Senate Administrative Rules provide policies and guidance for Senators' travel (Exhibit 1). Guidelines give additional details regarding travel by Senators, and the Internal Economy Committee has clarified specific aspects of travel claims for the Administration to administer. Other guidance deals with hospitality expenses for both the Administration and Senators, and living expenses for Senators.

The Administration applies its financial management framework

42. The Administration's Finance and Procurement Directorate processes invoices and reimbursement requests. It advises Senators and the Senate Administration on matters related to financial policies, procedures, and processes, and on issues related to the acquisition of goods and services. The Directorate also supplies information to the Internal Economy Committee about financial performance and trends that may indicate a need for changes to the financial management framework.

43. Under the Senate Administrative Rules, Senators operate on the honour principle: "Senators act on their personal honour and Senators are presumed to have acted honourably in carrying out their administrative functions unless and until the Senate or the Internal Economy Committee determines otherwise." The Senate Administrative Rules also state that Senate resources shall be used for Senators' parliamentary functions and for the service of the Senate. For reimbursement requests, in most cases Senators are expected to sign expense claim forms attesting that the expenditures have been incurred in carrying out their parliamentary functions. In addition, supporting documentation is required; for example, a travel claim must include a signed expense claim form, boarding passes, hotel receipts, and parking receipts if applicable. Documentation must also accompany hospitality and living expense claims. Senators may claim reimbursement for an expense related to meetings or other small items as part of their parliamentary functions. They must keep records or log details on who they have met with or on items purchased, but they do not need to provide these details to the Administration.

44. We reviewed a statistically representative sample of expenditure transactions of the Administration and Senators for the 2010–11 fiscal year. Our aim was to determine whether the Administration ensured that expenses were eligible for reimbursement under the financial management controls in place, whether the Directorate had sufficient information to assess the reasonableness of claims submitted for reimbursement, and whether the control framework gave clear

guidance. The transactions had to do with travel, hospitality, payroll, Senators' pay and pension, office expenses, and Senators' living expenses (see About the Audit for details on sampling methodology).

45. Overall, we found that the items we tested were properly authorized and had sufficient documentation to support the amount of the transaction (Exhibit 3). We also found that the Administration had reviewed and properly recorded the transactions. Finance and Procurement Directorate staff reviewed individual reimbursement requests and brought certain issues to the attention of senior management. For example, staff raised questions regarding specific expense claims and whether they were allowable, and sought guidance regarding whether an expense was reasonable.

Exhibit 3 There was adequate documentation to demonstrate compliance

Documentation demonstrates that the transaction was …	Overall compliance (%)
authorized: timely approval by individual with financial signing authority	92.6%
supported: the amount of the expenditure evidenced by receipts or invoices	94.4%
reviewed: by the Senate Administration before payment	99.4%
recorded: properly coded and entered into the financial system	98.8%
for intended purposes: related to parliamentary function and in accordance with the rules	93.8%

Some expense claim files did not contain sufficient documentation

46. We found that some expense claim files did not contain sufficient detail to explain the intended purpose of the transactions. For example, a Senator who, in addition to a primary residence, owns a secondary residence in the National Capital Region is reimbursed a flat rate for each day that the residence is available for the Senator's occupancy. Annually, the Senator must provide proof that he or she owned the secondary residence throughout the year. In two of the seven cases we tested, we found insufficient evidence to determine whether the Administration had ensured that the Senator had complied with the policy.

47. Of the 25 hospitality transactions tested, 3 concerned expense claims for purchases from the Parliament Hill Boutique. The boutique sells books, clothing, and various mementoes. We found that Senators are not required to confirm that purchases of small gifts from the

boutique were expenses related to the Senator's parliamentary functions. Senators are supposed to keep documentation for hospitality expenses and gifts worth more than $50, but the Finance and Procurement Directorate does not have access to this information.

48. As noted earlier, Senators operate on the honour principle, with their signatures attesting that the expenditures have been incurred in carrying out the performance of parliamentary functions. From the 36 travel and 24 living expense claims that we examined, we found no purpose stated in 4 claims for travel between the home of the Senator and the National Capital Region. These travel claims were in accordance with the directives, as the Senate Administration assumed that the travel to Ottawa was for parliamentary business.

49. In addition, we found one living expense claim that had no purpose stated. In other cases, there was limited information to support the purpose of the travel or living expense transaction. For example, one travel claim for a trip to Washington, D.C., provided no details beyond stating that it was for parliamentary business.

50. Because some of the expense claim files do not always contain sufficient documentation, it is difficult for the Administration to clearly conclude that expenses are appropriate. Further, there is a risk that the Administration's interpretation of certain rules may not be in accordance with the intent of the Internal Economy Committee.

51. **Recommendation.** The Senate Administration should ensure that it has sufficient documentation to clearly demonstrate that expenses are appropriate. Further, the Administration should bring to the attention of the Internal Economy Committee any cases in which the Administration believes that required documentation is not sufficient to clearly demonstrate that expenses are appropriate.

The Senate Administration's response. Agreed. The Senate Administration has taken steps to clarify the types of documentation required to demonstrate that expenses are appropriate. The Senate Administration will report on instances and trends regarding the sufficiency of documentation.

The procurement control framework is in place, but the application of internal controls could be strengthened and reporting improved

52. During the 2010–11 fiscal year, approximately $7.9 million was spent on goods and services contracts for the Senate Administration and Senators. Approximately 70 percent of the value of all contracts was for consulting and personnel services. At the time of the audit,

the Finance and Procurement Directorate and the Human Resources Directorate were responsible for issuing the contracts. We examined the Senate Administration's procurement control framework, including the procurement policy and guidelines and their implementation, to determine whether the Administration has policies and control systems in place to govern its procurement of goods and services, and whether the Administration has properly implemented policies and systems that enable it to report on its procurement activities. We also reviewed a sample of competitive and sole source contracts.

53. We found that the Administration has directives, a contracting policy, and a control framework to manage the procurement of goods and most services. For example, the Senate Administrative Rules and the Senate Administration's General Materiel Management Policy require, among other things, that procurement of goods and services be used only for Senate purposes. The General Materiel Management Policy also states that the procurement of goods and services will provide the best overall value to the Senate and will allow qualified suppliers the opportunity to have access to Senate business. The directives outline who can initiate and approve contracts, and set the dollar limits for different types of contracts. However, we noted that none of the directives includes a provision for independent monitoring to ensure that the contracting of goods and services is being conducted in accordance with the directives. Further, the policy on materiel management is the only directive that includes a provision for reporting.

54. In our testing of the awarding and management of 26 completed contracting files, we noted that the appropriate approvals were sought, commitments were established, and specified thresholds were respected. We noted, however, varying practices with regard to the use of a formal contract, documentation of the request and requirements for a contract or a purchase order, and evaluation of the service rendered. Following the period of our audit, the Administration centralized its contracting function in its Finance and Procurement Directorate, a move that was designed to improve the consistency of its practices.

55. Under the General Materiel Management Policy, the Senate Administration is required to provide quarterly reports to the Internal Economy Committee. The Committee receives quarterly reports on contracts with a value greater than $10,000 and on competitive contracts issued by the Finance and Procurement Directorate.

56. We found that quarterly reports on competitive contracts were incomplete. They did not include information on the value for certain contracts similar to standing offers. In addition, the reports on contracts over $10,000 provided limited information on sole source contracting activity. In the 2010–11 fiscal year, sole source contracts had an estimated value of $6 million and represented approximately 80 percent of all contracts issued, with an average value of less than $3,000. The quarterly reports covered only about a third of the sole source contracts by value. The reports did not include information on sole source personnel service contracts issued by Human Resources for Senators and the Administration. As a result, the Internal Economy Committee does not have the information needed to provide oversight of the Administration's procurement activities.

57. **Recommendation.** The Senate Administration should provide complete information to the Internal Economy Committee on its contracting activity, including the volume, the value, and the use of competitive and non-competitive processes for all types of contracts being issued.

The Senate Administration's response. Agreed. The Senate Administration will provide complete information to the Internal Economy Committee on its contracting activity, including the volume, the value, and the use of competitive and non-competitive processes for all types of contracts being issued.

Financial management can be further improved through the use of internal audit

58. An important component of managing and safeguarding public financial resources is the ability to conduct systematic reviews for the purpose of determining whether financial transactions have followed the Senate Administrative Rules. Results of these reviews can be used to identify potential improvements to the financial management framework.

59. In many organizations, an internal audit function performs independent verification. We found that the Senate Administration does not conduct systematic independent verification of past transactions. This limits its ability to provide assurance that transactions have been consistently documented, authorized, and properly recorded in compliance with the Senate Administrative Rules. There is an opportunity for the Senate's internal audit function to augment the work that it conducts as part of its risk-based audit plan. The Internal Audit unit reports its findings to the Internal Economy Committee. The Internal Audit unit could provide

independent assurance on the verification of past transactions, and have access to the information noted previously that Senators do not provide to the Administration.

60. **Recommendation.** The Senate's Internal Audit unit should institute a systematic review of past transactions and perform sufficient reviews to provide assurance that transactions and contracts comply with the Internal Economy Committee's Senate Administrative Rules and policies for managing financial assets.

The Senate Administration's response. Agreed. The Internal Economy Committee has agreed to implement regular reviews of past financial transactions and audits of Senators' expense claims. These reviews will be identified in the Multi-year Audit Plan on an ongoing basis.

The Administration meets most internal reporting requirements, but its public reporting can be improved

61. Canadians today expect greater transparency and accountability from their public officials, including parliamentarians. They are demanding more information about officials' activities and their use of public funds. The Senate has acted by making more information on Senators' expenses as well as internal audits conducted in the Senate and Audited Financial Statements available on the Internet, and disclosing information related to the Clerk's expenses and Senate contracts.

62. We examined whether the Senate Administration has policies and control systems in place that enable it to report on its financial activities. Notwithstanding our earlier comments on incomplete reporting of its contracting activity, we found that the Administration is meeting its requirements by reporting to management and the Internal Economy Committee on its financial activities. For example, the Administration's directorates are able to access information electronically on actual expenditures. The Finance and Procurement Directorate gathers information on Senators in categories such as living and travel expenses, and their use of the 64-point travel system. House officers also receive information comparing budgeted to actual spending. The information provides the basis for periodic reports comparing expenses with budgeted amounts, and examining expenses from statutory budgets and monthly use of travel points under the 64-point system.

63. In January 2011, the Administration began to post quarterly reports of Senators' office, travel, hospitality, and living expenses on the Senate website. It also posts quarterly reports of contracts over $10,000 and the Clerk's expenses on the website.

64. The Senate and the Internal Economy Committee have stated their commitment to improving transparency and public understanding of the Senate and its work. The increased public disclosure of Senators' expenses contributes to those aims. However, the Administration does not publicly disclose information about Senators who assume other roles within the Senate, such as House officers. The result is an incomplete picture of expenses, limiting the public's understanding of the workings of the Senate.

65. Transparency also involves ensuring that the rules are clear and publicly available. The Senate Administrative Rules are not posted on the Senate website; instead, members of the public wishing to consult them must submit a request to the Administration. Making the Senate Administrative Rules more accessible would enhance transparency with regard to Senators' entitlement to allowances and would complement the public disclosure of Senators' expenses.

Human resources

66. Within the Senate Administration, the Human Resources Directorate develops and administers human resource policies and practices. It also gives advice and guidance to managers and Senators about how to apply these policies.

67. An organization's well-being depends on its ability to attract, develop, and retain qualified personnel. To do this properly, the organization needs an effective human resource management regime. The Administration has stated that it is committed to ensuring that it has a representative, well-trained, and productive workforce so that it can support Senators in carrying out their responsibilities. We examined the Senate Administration's human resource management framework, policies, planning, monitoring, and reporting activities.

The Administration applies a human resource management framework, but its monitoring and review practices need improvement

68. We examined whether the Senate Administration has policies and control systems in place to ensure that it has the right number of qualified people, in the right place, and at the right time to meet its strategic and operational objectives, while complying with applicable legislation, administrative rules, and policies. Among the elements of a framework for managing human resources would be policies,

guidelines, and procedures, as well as monitoring, review, and reporting practices that align with Senate legislation and the Senate Administrative Rules.

69. For Administration staff, we found that the Administration has elements of a human resource management framework that is appropriate to the organization's size and activities. The Administration has established a policy approval framework. It has defined terms and conditions of employment for most of the Administration's employees and for Senators' contractual and term staff. The Administration is implementing policies for the delegation of human resource management authorities, staffing and recruitment, classification, training, performance management, and pay and benefits. Other policies and guidelines focus on the management of Senators' staff; they cover staffing, leave, training, and pay and benefits.

70. We examined the Administration's guidance, tools, and practices for monitoring and reporting on human resource activities. We noted that few of the human resource policies include a provision for monitoring and/or review to ensure that transactions comply with policy directives. In the case of policies that include such a provision, the Administration has not monitored or systematically reviewed transactions to ensure that they complied with policy directives.

71. For example, the Administration's policy on staffing and recruitment emphasizes the merit principle in filling positions and stresses the need to adhere to the values of fairness, transparency, and access. In 2009, the Human Resources Directorate conducted a policy review, which noted reductions in the time needed to fill positions and the use of term employees, as well as progress in opening competitions to the public. However, the review did not examine whether staffing actions complied with the merit principle and staffing values.

72. Similarly, the policy on classification calls for ongoing monitoring and cyclical reviews to avoid inaccurate job descriptions, artificial raising of levels, and other inconsistencies. A 2010 internal audit noted that effective controls were in place to manage the risks associated with job classification but that there had been no systematic review of classification decisions since the 2004–05 fiscal year.

73. We reviewed a sample of 17 of the Administration's staffing files and 23 of its classification files. We examined whether they provided documentation demonstrating compliance with the requirements of the policy directives. All of the files contained information indicating

that appropriate approvals had been provided, but some files had documentation gaps. This suggests the need for the Senate Administration to determine what information should be documented to ensure that transactions are in compliance with the policy and procedures.

74. For example, we found documentation gaps in five staffing files concerning such matters as notification to unsuccessful candidates of their right to file a grievance, evaluation of candidates for linguistic competency, completion of the candidate assessment form, and updates of job descriptions. There were also documentation gaps with respect to the information important to a classification action—for example, the use of a personnel services request form to initiate the classification action, an approval for funding form, records of interviews with individuals and managers when the criteria for the position were being updated, and the linguistic requirements of the position.

75. **Recommendation.** The Senate Administration should monitor and regularly review its human resource management policies. In addition, it should establish guidelines for actions and information to be documented so that transactions and decisions comply with policy directives.

The Senate Administration's response. Agreed. The Senate Administration will enhance its monitoring and review of the Human Resources Management Policy suite. Current controls and procedures used to validate that transactions and decisions comply with policy directives will be reviewed. Additional controls and procedures will be implemented as determined by the review.

Human resource planning supports operations but focuses less on organization-wide needs

76. We looked at the Senate Administration's human resource planning practices. These practices enable the Administration to identify its human resource requirements, and also to implement strategies for recruiting, retaining, and developing employees with the aim of meeting operational needs. We found that operational managers were responsible for their own human resource planning, but they did not identify their needs in their operational plans. Operational managers increase the risk of not meeting their operational and strategic objectives as noted in their workplans if they do not identify human resource requirements at the outset.

77. The Administration's human resource planning activities have focused on improving employment equity representation, developing a corporate-wide succession management program, and providing operational managers with demographic information to assist with their human resource planning.

78. We found that the succession management program has enabled the Administration to identify critical positions and key management competencies. The Human Resources Directorate is planning to identify possible strategies for recruitment and staffing to ensure that critical positions are filled when required. However, we found that the critical positions identified by the program do not include those of the Clerk of the Senate and the Deputy Clerk. The latter position was vacant over the period of our audit. Both of these positions require specialized knowledge and skills, acquired through extensive experience in a parliamentary setting. In addition, key competencies for management positions across the Administration do not include the need for professional competencies that would help the organization acquire the latest knowledge in professional standards and practices.

79. **Recommendation.** The Senate Administration should include all the positions, including that of the Clerk, in the succession management program and should emphasize the need for professional competencies for management positions.

The Senate Administration's response. Agreed. The Senate Administration will include all positions in the succession management program. The Senate Administration will identify and document professional competencies in the competency profiles of management positions, for integration into the Senate Administration's training and development program.

Information technology services

80. The Senate Administration is responsible for delivering high-quality information technology (IT) services to its organization and Senators. It meets its responsibility through the Information Services Directorate, which plans, develops, implements, and manages corporate information technology services. We examined whether the Administration has policies and control systems in place to ensure that information systems are available and usable when required, and that the systems are designed to prevent unauthorized access, resist attacks, and recover from failure. We also examined whether the Administration's strategic and operational requirements for IT align with its corporate objectives.

Finally, we reviewed a sample of IT–enabled projects and service-level agreements for their adherence to planned timelines, costs, and deliverables.

The Administration meets requirements for delivery and operation of information technology services

81. We found that the Senate Administration's IT governance and service delivery are sufficient for an organization of its size. Several senior committees play a role in the Administration's IT governance structure, including an IT steering committee. Their involvement helps in guiding the information management and information technology function within the Administration.

82. We found that the Administration properly implements its policies and systems to ensure that information technology activities support its strategic and operational requirements. For example, the Senate Administration Information Management and Information Technology Vision and Strategy 2007–2010—a document developed to provide a strategic framework for delivering information technology and solutions—presents high-level priorities that align with corporate objectives. The Administration also has an IT asset investment framework and plan. This document provides information on the governance of projected IT initiatives and ways to evaluate and prioritize the investments.

83. To meet strategic objectives and key initiatives for IT, the Administration has established service-level agreements and working partnerships with the House of Commons, the Library of Parliament, and outside organizations (for example, Public Works and Government Services Canada). The agreements dictate the level of IT services that the service provider is expected to supply to the client organization.

Policies and procedures governing information technology security are adequate

84. Public- and private-sector organizations alike face an increase in cyber security incidents. New potential risks to information assets can impede an organization's normal business operations. Security incidents and breaches of privacy can result in the release of information meant to be confidential.

85. From our review of the information technology security policy and supporting procedures, incident handling methodology, and the disaster recovery plan, we found that the Senate Administration has an adequate security framework for information technology.

In October 2010, the Administration updated its policy to reflect the need for an IT security awareness program. The program consists of training modules that focus on best practices and ways to apply relevant security policies. As of early 2011, over 95 percent of Administration employees had completed the program.

A formal methodology for managing information technology–enabled projects is lacking

86. In developing and implementing IT–enabled systems and applications, it is important for an organization to exercise proper oversight so that it can meet planned timelines, costs, and deliverables. Among the key elements that contribute to a project's success are a governance framework, a detailed business case, sufficient skilled resources, and a risk management plan.

87. In 2009, the Senate Administration adopted an application development methodology. As part of our examination, we looked at a sample of 12 ongoing or completed small- and medium-sized IT–enabled projects managed by the Senate Administration in the 2010–11 fiscal year. We reviewed the projects' costs, resource requirements, and duration. However, despite the introduction of the methodology, we found that most of the projects lacked a business case or equivalent documentation. Also not documented were aspects such as project scope, timelines, key success factors, projected costs, deliverables, and options analysis. We noted that the Administration had not identified project-specific benefits and risks at the outset of the projects, and that progress reporting was irregular or non-existent. Without a project management methodology that addresses these factors, including reporting, it is difficult for management to monitor whether projects are being carried out on time and within budget, and whether they achieve the planned results.

88. **Recommendation.** The Senate Administration should improve its project management methodology for information technology–enabled projects. Elements of the methodology should include, at a minimum, clear and measurable objectives; an analysis of costs, options, quantifiable benefits, and key risks; and a requirement for periodic reporting.

The Senate Administration's response. Agreed. The Senate Administration recognizes the need to improve its project management methodology for its information technology–enabled projects. In the past year, the Information Services Directorate has improved its approach by developing business cases and project

charters for all its projects. The Directorate is committed to maintaining and improving this aspect by integrating other elements of project management methodologies.

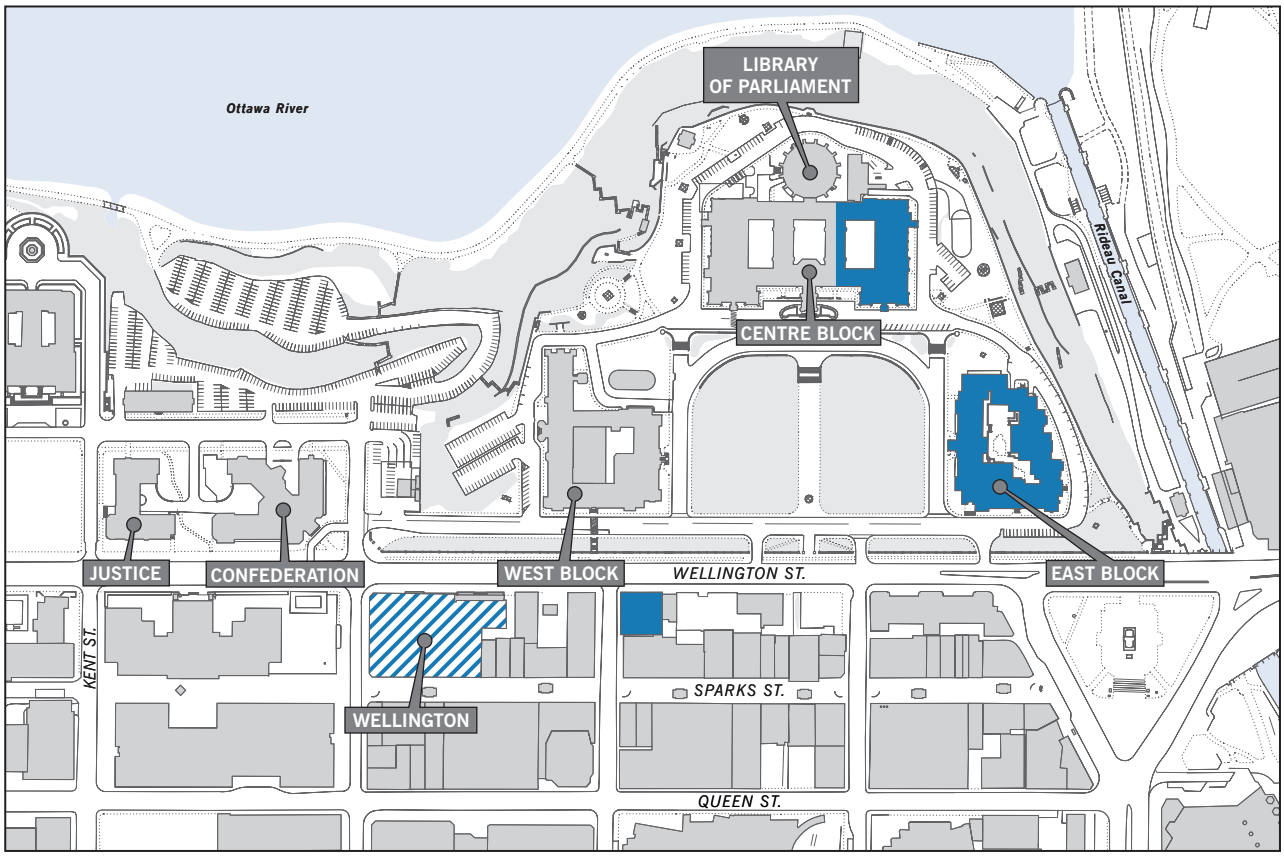
Security

89. The Senate Protective Service and the House of Commons Security Services share responsibility with the Royal Canadian Mounted Police (RCMP) for protecting lives and property and maintaining peace, order, and ceremonial traditions within the Parliamentary Precinct (Exhibit 4). Each chamber of Parliament has exclusive jurisdiction over security in its area. The 101 members of the Senate Protective Service are responsible for providing a safe, secure, and accessible environment for the portion of the Centre Block under the jurisdiction of the Senate, as well as the East Block and the Victoria Building. The House of Commons Security Services is responsible for the remaining sections of the Centre Block, as well as other buildings occupied by House of Commons Members and staff. The RCMP is responsible for the grounds as well as the safety of the Prime Minister and visiting dignitaries when outside the Parliamentary Precinct buildings. The areas under the jurisdiction of the three security forces extend across a number of city blocks. The streets, including Wellington Street, are under the jurisdiction of the Ottawa Police Service.

90. The Senate Protective Service is responsible for mitigating security-associated risks, while maintaining a desired level of access. On the one hand, members of the public are entitled to have access to Senators individually, observe the Senate at work, and visit the historic buildings within which Senators work. On the other hand, it is essential to protect individuals and assets within the jurisdiction of the Senate Protective Service. The Service has the task of balancing these requirements, while coordinating its activities with its security partners.

91. We examined whether the Senate Administration has properly implemented policies and control systems enabling it to identify key risks and threats to the safety and security of Senators, staff, visitors, and assets, and to develop and implement appropriate mitigation strategies. We also examined whether the Administration has properly implemented policies and control systems to ensure effective communications and coordination with security partners. Since security is a shared responsibility, our interviews included representatives of the Administration, the House of Commons, and the RCMP. Further, we observed how security operations are conducted throughout the Parliamentary Precinct.

Exhibit 4 **The Parliamentary Precinct occupies a substantial part of Ottawa's downtown core**



The Parliamentary Precinct consists of all Crown-owned buildings occupied by the Senate, the House of Commons, and the Library of Parliament. Current and planned jurisdiction areas of the Senate Protective Service are highlighted on the map. Jurisdiction for the Wellington Building is planned to be shared with the House of Commons Parliamentary Precinct Services.

Source: Public Works and Government Services Canada

The Administration has mitigating controls for key security risks but no overall security policy

92. We found that the Administration has developed mitigating security controls for identified key risks. It has based the controls on accepted security practices, including those of the RCMP, as well as security standards of the Government of Canada. At the same time, the controls are consistent with the Senate's jurisdictional independence. The Administration has also adjusted its security posture in light of shared intelligence received from security partners. We noted that the Senate Protective Service does not have the same response capacity as security officers of the House of Commons and the RCMP, who carry weapons. However, memoranda of agreement call for the House of Commons and the RCMP to provide armed assistance if needed.

93. The Administration has established security procedures, objectives, and some targets for security operations. However, there is no overall security policy tying these security aspects together. Such a policy would clearly communicate to Senators, the Administration, and security partners what are its objectives and goals, how they will be accomplished, by whom, and how progress will be measured and reported.

94. **Recommendation.** The Senate Administration should develop an overall security policy summarizing the objectives, goals, measures, and reporting for its security operations.

The Senate Administration's response. Agreed. While the Senate Administration has an operational security policy, objectives, and targets, it will develop an overall policy to improve them and to better enable it to measure the effectiveness of its mitigating controls, evaluate progress, and implement corrective action if necessary.

Operational coordination between security forces has improved despite some jurisdictional issues

95. We examined the procedures in place for communications and coordination between the Senate Protective Service and other security services in the Parliamentary Precinct. We found an improvement in communications and cooperation between Senate and House services and the RCMP in recent years, since the implementation of the Master Security Plan and the establishment of a joint Master Security Planning Office. Many of the planned security improvements are linked to upcoming renovations of buildings within the Precinct. We found that the Master Security Planning Office is helping to identify and address security issues as part of the renovations.

96. In December 2009, security forces worked together to deal with an incident in which demonstrators scaled the exterior of the Parliament Buildings. Subsequent analysis revealed that the mandates of the Senate Protective Service and the House of Commons Security Services covered the area inside buildings under their respective jurisdictions, and the RCMP's mandate covered the grounds, but no organization had a clear mandate for the roofs of the buildings.

97. The Parliamentary Precinct security partners have agreed on operational procedures for responding to future incidents that occur within each other's jurisdiction. However, the jurisdictional issue has not been resolved. Although the security partners have agreed that the partner nearest to an incident would respond, there is no security

force that has accepted primary responsibility for the roofs of buildings in the Precinct.

98. In 2010, members of the Internal Economy Committee's Subcommittee on Security and Accommodation and their counterparts in the House of Commons examined options for a unified security force for the Parliamentary Precinct. They agreed on proposed changes to resolve the jurisdictional issues that we have noted. The proposal involved integrating the three partners' security services for the entire Parliamentary Precinct. A single point of command and control accountable to both the House and the Senate would provide for more effective and efficient response. The Senate's Internal Economy Committee has given its approval in principle but the proposal has not progressed beyond this stage.

99. **Recommendation.** The Senate Administration should continue its efforts to work toward a unified security force for the Parliamentary Precinct.

The Senate Administration's response. Agreed. The Senate Administration will continue to work toward integration of the three partners' security services to create a security service for the entire Parliamentary Precinct, including the buildings and the grounds.

Conclusion

100. The Senate Administration is responsible for supporting Senators and the operations of the Senate itself; the Administration's head is the Clerk of the Senate. We audited the administrative functions for which the Clerk is responsible: strategic and operational planning, financial management, human resources, information technology services, and security. These functions include providing support to the Senate, its committees, and Senators' offices, as directed by the Standing Senate Committee on Internal Economy, Budgets and Administration.

101. We found that the Administration has management policies and control systems in place that support Senators and the operations of the Senate in the areas of the Clerk's responsibility. However, there are areas for improvement.

102. The Administration has taken steps to implement a strategic and operational planning process, including identifying risks. Remaining tasks include prioritizing all identified risks and defining mitigation strategies for key organizational risks, improving

multi-year planning and aligning it with annual operational plans, and improving performance indicators to track progress in priority areas.

103. The Administration has a reasonable financial management framework in place, but improvement is needed so that documentation is sufficient to demonstrate that transactions meet all requirements. The Administration also needs to provide complete reports on all contracting activity to the Internal Economy Committee. In addition, the Administration would benefit from a post-transaction verification of its financial and human resource transactions.

104. The Administration's human resource management framework is reasonable for an organization of its size, but monitoring and reporting need improvement to ensure that policies are being implemented as intended. Compliance audits have not been conducted, and we found documentation gaps in the staffing and classification files. The Human Resources Directorate supports operational planning, but operational managers have not identified human resource requirements in their workplans. A succession management program has identified critical positions; it could be enhanced by including the position of the Clerk of the Senate and the need to maintain professional competencies.

105. The Administration's information technology governance and service delivery are adequate to meet its needs. However, information technology projects do not have a methodology to guide their timelines, costs, and deliverables.

106. The Administration has improved security operations, including coordination and communications with security partners in the Parliamentary Precinct. However, it does not have an overall security policy that defines the security objectives, goals, or reporting requirements for security operations. It has participated in discussions about a unified security force, and we encourage its efforts to work toward this goal.

107. Overall, the comments of Senators we interviewed indicated a high level of satisfaction with the way in which the Senate Administration provided services, as well as agreement that the services were appropriate to meet their needs.

About the Audit

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set by The Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

Objective

The objective of this audit was to determine whether the Administration of the Senate of Canada has management policies and control systems to support Senators and the operations of the Senate in the areas of strategic and operational planning, financial management, human resources, information technology services, and security. We define management policies and control systems as those that are appropriately designed and operating effectively to support Senators and to assist the organization in meeting its objectives in compliance with applicable legislation and the Senate Administrative Rules.

Scope and approach

Our audit focused on the actions of the Administration of the Senate of Canada in five areas: strategic and operational planning, financial management, human resource management, information technology services, and security.

To determine whether actions of the Senate Administration were in compliance with applicable legislation, policies, and the Senate Administrative Rules, we also examined transactions submitted by Senators. We did not audit cases in which Senators had the authority to act independently, without the involvement of the Administration.

Sample and corresponding population sizes

The sampled population consisted of actions/transactions active at any point from 1 April 2010 to 31 March 2011.

Five separate representative samples were drawn using Monetary Unit Sampling (MUS). These samples plus a separate random sample for Senators' pay and pension were used to conclude on financial management. Monetary Unit Sampling was used to select financial transactions for testing. MUS selects a randomized representative sample, where the probability of selecting a transaction is proportional to the dollar amount of that transaction. We also ensured that the items selected reflected a balanced representation of party affiliation.

These samples considered expenditures, specifically travel, living expenses, hospitality, pay (other than Senators), and other expenses not included in the previous categories. A separate sample was drawn for Senators' pay and pension.

The sample size was sufficient to conclude on the sampled population with a margin of error within 5 percent, 19 times out of 20.

Financial management samples

Category	Number of transactions in sample
Travel	36
Living expenses	24
Hospitality	25
Pay (other than Senators')	24
Other expenses not included in the previous categories	41
Senators' pay and pension	12
Total	**162**

Simple random sampling was used to select samples of procurement transactions (contracts) and service area purchase orders. We selected 26 procurement transactions.

Simple random sampling was also used to select samples of human resource management actions/transactions. For staffing, we selected a random sample of 17 of the 43 actions/transactions. For classification, we selected a representative sample of 25 of the 41 actions/transactions.

Sample sizes for procurement and human resources were sufficient to conclude on the sampled population with a margin of error within 10 percent, 18 times out of 20.

Twelve projects were selected judgmentally (ongoing or completed projects) for the examination of information technology services.

Criteria

Criteria	Sources
To determine whether the Senate of Canada's Administration has management policies and control systems to support Senators and the operations of the Senate of Canada in the area of strategic planning, we used the following criteria:	
Potential risks are identified and mitigation strategies are in place to provide reasonable assurance that the Senate Administration will achieve its strategic and operational objectives, appropriately manage its resources, and protect its assets.	• Senate Administrative Rules • Senators' Resource Guide (updated 2010) • Policy on Risk Management (2008)
Plans that provide strategic and operational direction are developed in sufficient detail to guide management action, and are communicated to Administration staff.	• Senate Administrative Rules • Report on Priorities and Initiatives (2010–13)

Criteria	Sources
To determine whether the Senate of Canada's Administration has management policies and control systems to support Senators and the operations of the Senate of Canada in the area of financial management, we used the following criteria:	
Policies and control systems are in place and properly implemented by the Senate Administration to govern the proper expenditure of funds and the acquisition of goods and services in accordance with strategic and operational objectives, applicable legislation, the Senate Administrative Rules, and policies.	• *Parliament of Canada Act* • Senate Administrative Rules
Policies and systems are in place and properly implemented so that the Senate Administration reports on its financial activities.	• *Parliament of Canada Act* • Senate Administrative Rules
To determine whether the Senate of Canada's Administration has management policies and control systems to support Senators and the operations of the Senate of Canada in the area of human resources, we used the following criteria:	
Policies and control systems are in place and properly implemented by the Senate Administration so that it has the right number of qualified people, in the right place and at the right time, to meet its strategic and operational objectives.	• *Parliamentary Employment and Staff Relations Act* • *Parliament of Canada Act* • Senate Administrative Rules
Policies and control systems are in place and properly implemented by the Senate Administration to govern human resource management in accordance with applicable legislation, the Senate Administrative Rules, and policies.	• *Parliamentary Employment and Staff Relations Act* • *Parliament of Canada Act* • Senate Administrative Rules
To determine whether the Senate of Canada's Administration has management policies and control systems to support Senators and the operations of the Senate of Canada in the area of information technology services, we used the following criteria:	
Policies and control systems are in place and properly implemented so that information systems are available and usable when required.	• Senate policies: – Information Management Policy (2009) – Information Management Charter (2009) • IT Governance good practices • Information Management and Information Technology Vision and Strategy 2007–10
Policies and control systems are in place and properly implemented so that information systems are designed to prevent unauthorized access, resist attacks, and recover from failures.	• Information Technology Security Policy (2010) • IT Governance good practices
Policies and control systems are in place and properly implemented so that information technology services activities support the Senate Administration's strategic and operational requirements, provide quality service, and satisfy operational requirements.	• Information Management Policy (2009) • IT Governance good practices

Criteria	Sources
To determine whether the Senate of Canada's Administration has management policies and control systems to support Senators and the operations of the Senate of Canada in the area of security, we used the following criteria:	
Policies and control systems are in place and properly implemented so that the Senate Administration identifies key risks and threats to the safe and secure environment of its Senators, staff, visitors, and assets, and develops and implements appropriate mitigation strategies.	• Master Security Plan (Senate of Canada, House of Commons, RCMP) • Information Security Policy (June 2005) • Parliamentary Precinct Construction Site Security Requirements • Senate Protective Service, Operational Manual • Immediate Security Measures
Policies and control systems are in place and properly implemented to ensure effective communications and coordination with appropriate security partners/stakeholders.	• Master Security Plan (Senate of Canada, House of Commons, RCMP) • Business Continuity Management Program, Program Directive

Management reviewed and accepted the suitability of the criteria used in the audit.

Period covered by the audit

This audit covered the period from April 2010 to March 2011. Audit work for this report was substantially completed on 15 February 2012.

Audit team

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Appendix List of recommendations

The following is a list of recommendations found in this report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Strategic and operational planning	
27. The Senate Administration should prioritize each of its identified risks, ensure that risk mitigation strategies are developed for key organizational risks, and monitor and report on progress in implementing its risk mitigation strategies. **(24–26)**	Agreed. The Senate Administration will prioritize its significant corporate risks and strengthen its identification of risk mitigation strategies, and enhance monitoring and reporting.
31. The Senate Administration should develop multi-year planning as well as an annual corporate plan that assigns resources to implement its priorities and initiatives, and is aligned with operational plans and performance agreements. **(28–30)**	Agreed. The Senate Administration will improve its multi-year planning, which was incorporated into directorate workplans in 2011–12, and will develop a corporate plan to assign resources to implement its priorities and initiatives. Improvements to project management across the Administration are also being pursued, which will result in improved identification of resource requirements, timelines, risks, and deliverables in operational planning.
34. The Senate Administration should refine its performance indicators so that it can track and report on progress toward its key strategic and operational objectives. **(32–33)**	Agreed. The Senate Administration will improve its performance indicators to more fully monitor and report on its progress toward strategic objectives, and to measure economy.

Recommendation	Response
Financial management	
51. The Senate Administration should ensure that it has sufficient documentation to clearly demonstrate that expenses are appropriate. Further, the Administration should bring to the attention of the Internal Economy Committee any cases in which the Administration believes that required documentation is not sufficient to clearly demonstrate that expenses are appropriate. **(46–50)**	Agreed. The Senate Administration has taken steps to clarify the types of documentation required to demonstrate that expenses are appropriate. The Senate Administration will report on instances and trends regarding the sufficiency of documentation.
57. The Senate Administration should provide complete information to the Internal Economy Committee on its contracting activity, including the volume, the value, and the use of competitive and non-competitive processes for all types of contracts being issued. **(52–56)**	Agreed. The Senate Administration will provide complete information to the Internal Economy Committee on its contracting activity, including the volume, the value, and the use of competitive and non-competitive processes for all types of contracts being issued.
60. The Senate's Internal Audit unit should institute a systematic review of past transactions and perform sufficient reviews to provide assurance that transactions and contracts comply with the Internal Economy Committee's Senate Administrative Rules and policies for managing financial assets. **(58–59)**	Agreed. The Internal Economy Committee has agreed to implement regular reviews of past financial transactions and audits of Senators' expense claims. These reviews will be identified in the Multi-year Audit Plan on an ongoing basis.
Human resources	
75. The Senate Administration should monitor and regularly review its human resource management policies. In addition, it should establish guidelines for actions and information to be documented so that transactions and decisions comply with policy directives. **(68–74)**	Agreed. The Senate Administration will enhance its monitoring and review of the Human Resources Management Policy suite. Current controls and procedures used to validate that transactions and decisions comply with policy directives will be reviewed. Additional controls and procedures will be implemented as determined by the review.

Recommendation	Response
79. The Senate Administration should include all the positions, including that of the Clerk, in the succession management program and should emphasize the need for professional competencies for management positions. **(76–78)**	Agreed. The Senate Administration will include all positions in the succession management program. The Senate Administration will identify and document professional competencies in the competency profiles of management positions, for integration into the Senate Administration's training and development program.
Information technology services	
88. The Senate Administration should improve its project management methodology for information technology–enabled projects. Elements of the methodology should include, at a minimum, clear and measurable objectives; an analysis of costs, options, quantifiable benefits, and key risks; and a requirement for periodic reporting. **(86–87)**	Agreed. The Senate Administration recognizes the need to improve its project management methodology for its information technology–enabled projects. In the past year, the Information Services Directorate had improved its approach by developing business cases and project charters for all its projects. The Directorate is committed to maintaining and improving this aspect by integrating other elements of project management methodologies.
Security	
94. The Senate Administration should develop an overall security policy summarizing the objectives, goals, measures, and reporting for its security operations. **(92–93)**	Agreed. While the Senate Administration has an operational security policy, objectives, and targets, it will develop an overall policy to improve them and to better enable it to measure the effectiveness of its mitigating controls, evaluate progress, and implement corrective action if necessary.
99. The Senate Administration should continue its efforts to work toward a unified security force for the Parliamentary Precinct. **(95–98)**	Agreed. The Senate Administration will continue to work toward integration of the three partners' security services to create a security service for the entire Parliamentary Precinct, including the buildings and the grounds.