Internal Audit Division

AUDIT OF THE QUEBEC REGIONAL OFFICE

FINAL VERSION

NOVEMBER 2016

Recommended for approval to the Director of Public Prosecutions by the Departmental Audit Committee on November 9, 2016.

Approved by the Director of Public Prosecutions on November 9, 2016.

[*] The report has been severed where exempted information has been removed in accordance with the *Access to Information Act*.

Canada

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1.0   EXECUTIVE SUMMARY

1.1 OBJECTIVES AND SCOPE

The overall objective of this audit was to assess the adequacy and effectiveness of the management control framework in support of the Public Prosecution Service of Canada's (PPSC) mandate, mission and values. It also assessed the efficiency of operational processes.

The audit focused on the operations of the Quebec Regional Office (QRO) including reviewing regional adherence to the six principles to better organize work in the future; and interactions with selected Headquarters (HQ) functional areas that provide support to the Regional Office, and with other federal departments and investigative agencies. The audit excluded Information Management, Information Technology and the National Fine Recovery Program.

The audit methodology included:

- interviews conducted with PPSC personnel and senior management in the QRO and HQ;
- a review and analysis of documented policies, practices and procedures, and related corporate documents;
- analysis of financial and human resource system data;
- analysis of workload data;
- a review of prosecution files;
- validation of the litigation process and existing controls; and
- a physical walkthrough of the office.

The planning and conduct phases of the audit were carried out between March and June 2016.

1.2   AUDIT CONCLUSION

The Internal Audit Division (IAD) assessed the adequacy and effectiveness of the QRO's management control framework against predetermined audit criteria based on Treasury Board (TB) policies and directives, PPSC policies, directives, protocols, and procedures / guidelines such as the *Deskbook*, as well as general best practices. Overall, the QRO's management control framework is appropriate however there are opportunities for improvement in the following areas: security and Business Continuity Plan (BCP) plans; and providing agents with access to relevant online materials.

1.3   SUMMARY OF RECOMMENDATIONS

The report includes the following recommendations addressed to the Deputy Director of Public Prosecutions (DDPP) of Regulatory and Economic Prosecutions and Management Branch (REPMB). The DDPP should ensure that:

- security deficiencies are adequately addressed;
- BCP Plans are tested nationally; and,
- agents have access to relevant online materials.

1.4   STATEMENT OF ASSURANCE

In my professional judgment as the PPSC's Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusion provided and contained in this report. The audit findings and conclusion are based on a comparison of the conditions, as they existed at the time of the audit, against pre-established and approved audit criteria that were agreed upon with the PPSC's management. The findings and conclusion are applicable only to the entity examined. The audit was conducted in accordance with the *Internal Auditing Standards for the Government of Canada*.

I appreciate the cooperation and assistance provided to the audit team by PPSC staff in the QRO and HQ.

Julie Betts
Chief Audit Executive

2.0.   INTRODUCTION

2.1.   BACKGROUND

2015-16 Quebec Regional Office Overview[1]

Salary ($)	Operations and maintenance ($)	Total ($)	Full Time Equivalent
8,892,969	836,808	9,729,778	79

The QRO covers the territory of Quebec with its regional office located in Montréal and a local office in Quebec City.

The office works in an environment where the charge approval process enables counsel to advise and work with investigative agencies at the start of operations. This allows for an optimal management of cases.

The office's practice focuses on significant issues ranging from the fight against organized crime to money laundering, tax evasion and the fight against terrorism. In addition, the office has a varied practice in the area of capital markets fraud, offences under the *Fisheries Act* and the *Immigration and Refugee Protection Act*, the *Customs Act* and the *Canadian Environmental Protection Act*.

The IAD conducted this Audit of the QRO in accordance with the PPSC's 2016-2019 Risk-Based Audit Plan, which was approved by the Director of Public Prosecutions (DPP) on March 29th, 2016.

2.2.   OBJECTIVES, SCOPE AND METHODOLOGY

The overall objective of this audit was to assess the adequacy and effectiveness of the management control framework in support of the PPSC's mandate, mission and values. It also assessed the efficiency of operational processes.

The audit focused on the operations of the QRO including reviewing the regional adherence to the six principles to better organize the work in the future; and the interactions with selected HQ functional areas that provide support to the Regional office, and with other federal departments and investigative agencies. The audit excluded Information Management, Information Technology and the Fine Recovery Program.

The audit methodology included:

- interviews with:
  - the Chief Federal Prosecutor (CFP)
  - the Deputy Chief Federal Prosecutor (DCFP)
  - Staff (QRO)
  - Agent Affairs Program staff (QRO and Headquarters)

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[1] Public Prosecution Service of Canada's Financial Situation Summary Report as of December 31, 2015.

- o Internal services managers/staff (Administration services, Finance, etc.)
- review and analysis of documented policies, practices and procedures, and related corporate documents;
- analysis of financial and human resource system data;
- analysis of workload data;
- review of prosecution files;
- validation of the litigation process and existing controls; and,
- a physical walkthrough of the office.

The planning and conduct phases of the audit were carried out between March and June 2016.

3.0   OBSERVATIONS AND RECOMMENDATIONS

3.1   PUBLIC SERVICE VALUES

Employees in the QRO have a high degree of awareness of the *PPSC Code of Conduct* and have received sufficient information on organizational values and ethics.

Explicit, well-communicated and well understood ethical requirements are a key element contributing to the commitment of staff as they set the standard to which all employees must adhere. Reinforced through ongoing communication, training and the organization's policy framework, this foundational element of a control framework is necessary to prevent conflict of interest, to provide guidance for proper behaviour, to identify improper behaviour promptly, to remove temptation for unethical behaviour, and take provide disciplinary measurese, where appropriate.

The audit expected that the *PPSC Code of Conduct* which came into effect on May 1, 2013 is effectively communicated to QRO employees. All PPSC employees were required to sign an acknowledgement form stating that they had received a copy and a mandatory learning activity was developed to ensure that employees have a full understanding of their obligations. As well, all PPSC employees were expected to complete the PPSC Code of Conduct Awareness Presentation before September 2015. In addition, the Corporate Counsel has developed a communication process to increase employee's awareness of their rights and obligations under the *PPSC Code of Conduct*. In addition, as part of TB performance evaluation process, employees have to acknowledge that they "have read the Values and Ethics Code for the Public Sector, the Policy on Conflict of Interest and Post-Employment, and […] organizational code of conduct, and understand that […] required to comply with these terms and conditions of employment*".*

The audit found that QRO employees had signed the acknowledgement form and remembered receiving a copy of the PPSC *Code of Conduct*. Interviewees were aware of the ongoing communication by the PPSC Corporate Counsel related to PPSC's *Code of Conduct* and that it was referenced on iNet and in their Performance Management Agreements. Interviewees also recalled completing the online Code of Conduct Awareness Presentation. As of March 31, 2016, 63% of the QRO employees had completed the online presentation. In addition, the QRO is planning on establishing a Committee on ethics and integrity in the fall of 2016.

The Office of the Corporate Counsel reported that there were no regional issues with respect to Conflict of Interest Disclosures.

3.2   GOVERNANCE

The QRO has appropriate decision making structures in the form of committees and management meetings which are generally viewed as transparent and collaborative.

Governance is the combination of processes and structures implemented by the PPSC to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives. The audit expected the QRO to have appropriate governance established to support effective decision making and communication.

Oversight Bodies

Oversight committees are one of the structures that are important to ensuring that management's direction, plans and actions align with organizational priorities and are communicated effectively. The audit found that the regional office's committees have appropriate membership, meet regularly and receive key information to support effective decision making. The audit noted that the main oversight committee in the QRO, referred to as the Management Committee had no formal mandate. Following the conduct phase of the audit, the QRO drafted the mandate and is in the process of finalizing the document.

Service Standards

In June 2012, the PPSC implemented service standards that establish what police and federal investigative agencies may expect from PPSC prosecutors regarding matters such as the PPSC's normal business hours, timelines for responding to phone calls or e-mails, requests for legal opinions, document reviews or training, and when they can expect to be consulted by the PPSC.

During the September 2014 Senior Advisory Board face to face meeting, QRO management stated that the regional office faces challenges in meeting some of these service standards. Interviews with QRO management and Team Leads (TLs) revealed that the situation has improved since that time because the office was able to hire new counsel to fill positions vacated by counsel appointed to the judiciary.

Respondents to the 2014 PPSC Survey of Investigative Agencies noted that when prosecutors were carrying heavier workloads it negatively affected their ability to meet the service standards.

Budget Management

A PPSC Announcement dated February 2014 states: "Support requirements to CFPs reflect the amount of management work required in each region […] positions directly reporting to the CFP need to perform duties related to the overall management of corporate functions, including finance, planning, and human resources.". In the QRO, the budget is jointly managed by the CFP and the DCFP, which is in line with the direction communicated by senior management.

Decision Making and Communication

The audit found that management meetings are generally viewed as transparent and collaborative, and decisions are well communicated.

The management team meets regularly with appropriate representation in order to receive and disseminate information. Once a month, there is a meeting chaired by the CFP that includes the DCFP, all TLs and supervisors. In addition, on a weekly basis management and TLs meet to discuss operations. TLs and supervisors reported that this was an effective means of keeping them up-to-date and they in turn would communicate information to their teams during their monthly team meetings. Interviewees stated that their TL/supervisor was very effective at communicating with the team. Interviewees also stated that the CFP/DCFP communicate directly with all staff via email where topics are relevant to everyone and post communiqués on the office SharePoint site.

Support Group Collaboration and Integration

The QRO has organized its administrative support staff differently than other regional offices by grouping several employees together to form a "service center". The service center includes a HR assistant, a financial clerk and an administrative clerk, all of whom report to the supervisor of the group.

The audit found that there is collaboration and integration between the financial clerk and HR assistant but only to a limited degree with the administrative clerk. Interviews indicated that the office is working on better integrating this position. Interviews also indicated that the integration between the financial clerk and HR assistant could be further enhanced through training or job shadowing.

3.3   PEOPLE

Overall the policies and procedures supporting the management of human resources are sound.

An organization's success depends on the people, work environment and focus on building capacity and leadership. Therefore, there should be controls in place to support the development and management of human resources.

Leave Analysis

The audit reviewed Sick Leave, Management Leave and No Vacation Leave recorded and found that:

- Sick leave (certified and uncertified) for the FY 2015-2016 r was slightly higher than the national average: QRO certified and uncertified sick leave were 116 hours and 50 hours per person respectively compared to 112 hours and 49 hours nationally.

- Management Leave for the FY 2015-2016 was approved and recorded according to the PPSC Directive on management leave and was slightly below the national average – 29 compared to 32 hours per employee with approved management leave.

- There were three employees who did not record any vacation leave for the FY 2014-2015. One of these employees was on extended leave without pay for the period in question. The other two employees did not have any duties related to financial expenditures thereby presenting minimal risk.

Occupational, Health and Safety

The audit expected to find that the QRO complies with the policies and procedures governing Occupational Health and Safety (OHS). The regional office has an OHS committee which has been meeting the required nine times per year, as stated in its mandate and a review of the minutes indicates that, in general issues are identified and actioned. All interviewees felt that they had received adequate OHS Training. The audit also reviewed copies of Inspection Reports and

Automated External Defibrillator Inspection Reports. Two incidents were reported in 2016 but none were reported in 2015.

A physical walkthrough of the office was conducted and minor deficiencies were noted such as misplacement of documents, printers and plants. The deficiencies that were noted during the walkthrough had not identified in any of the Inspection Reports completed by the QRO.

Interviewees stated that HQ had rolled out Safe Work Procedures as part of the Hazard Prevention Program without prior consultation or guidelines on their implementation. HQ indicated that this was due to a lack of communication and engagement. All offices volunteered to participate in a working group to develop these procedures but QRO was the only regional office not to appoint representatives. As a result these procedures were unexpected. The Manager, OHS, who initiated communication with the CFP and DCFP, is planning to provide additional training and awareness to QRO staff in order to facilitate the implementation.

Official Languages

The audit examined the QRO's compliance with the *Directive on Official Languages for Communications and Services* and found that the regional office "actively offers" communications and services in both official languages. The office's general number as well as eight of a sample of ten employees in a bilingual position had voicemail messages in both official languages. Signage identifying the PPSC and exit signs were bilingual.

The results of the 2014 Public Service Employee Survey revealed that the QRO compared to other regional offices had the lowest scores for the following question: "When I prepare written materials, including electronic mail, I feel free to use the official language of my choice" (QRO 64 %, PPSC 88 %). Interviewees indicated that when they correspond or request advice in French from HQ, they often receive the response in English or are advised that a response in French would take extra time. During May 11, 2016 Senior Advisory Board teleconference, senior management reminded CFPs and managers that services to all PPSC employees must be offered in both official languages, and that the language quality of each version must be equivalent.

Second Language Evaluation test results were examined for the QRO and it was noted that test results for 31 out of 84 employees have expired (either oral and/or writing and/or reading). Employees are deemed to meet the linguistic requirements of their position as long as these were met upon their appointment to the position. Only when an employee transfers or is appointed to another position is there a requirement to revalidate their expired results. While there is no requirement to test employees whose Second Language Evaluation test results have expired, there is a risk that they will no longer meet the linguistic requirements while still in their current position.

The organization is in the process of developing an *Official Languages Strategic Plan 2016-2019* "to allow the PPSC to achieve its target of complying with the increased requirements imposed on it with regard to fulfilling its mandate in full compliance with the requirements of the *Official Languages Act* […] the PPSC hopes to become a leader and a model of compliance in this respect."

3.4   PERFORMANCE MEASUREMENT

The organization is in the process of developing performance measurement indicators to link planned activities to organizational results.

Effective organizational decision making success is dependent on the processes in place to link planned results with organizational objectives. The audit expected to find that management had established appropriate performance measures and was monitoring actual results and adjusting course as needed.

While senior management has established performance indicators for reporting and resource allocation at the national level, there is no set of indicators expected to be reviewed by regional offices. In addition, a benchmarking exercise based upon the total time charged on the *Controlled Drugs and Substances Act* 4(1) low complexity files with no trial was implemented nationally in 2014 but management decided to discontinue it as they did not find it useful.

The CFP and DCFP indicated that they look at a certain number of indicators such as a report generated by HQ on hours spent by senior counsel on low complexity files. They also review indicators such as the nature and number of stays by the crown, number of files by complexity, and the number of hours by file complexity, etc.

Interviews with the TLs revealed that they rely on a number of indicators that are primarily qualitative to monitor performance. They stated that they would not review specific hours spent per file but rather would examine overall workload and that they do not utilize reports in iCase for this purpose. They will rely on feedback from investigative agencies and defence counsel. They will also evaluate counsel performance when they review files, particularly their written work.

The need to develop, monitor and report on performance measurement was identified in previous audits. In the absence of agreed upon national performance criteria, regional offices are reviewing performance that may or may not support the achievement of PPSC objectives and priorities. At the time of this audit, senior management has started exploring national performance measurement and indicators going forward.

3.5   SECURITY

While recent training has raised employees' awareness of security issues in the region, there are opportunities for improvement in addressing identified deficiencies.

The objective of TB *Policy on Government Security* (the *Policy*) is to ensure that deputy heads effectively manage security activities which will result in information, assets and services that are safeguarded from compromise and employees that are protected against workplace violence. The audit expected to find that the QRO was in compliance with the *Policy* and supporting instruments.

In the last couple of years, awareness sessions and training was provided to all staff regarding employee protection as well as security, including information security. All of the interviewees stated that this training had been adequate and favorable. They were also aware of the availability

of secure briefcases in the event they should require them. Interviews with HQ Security Services identified that the QRO is more engaged and that security is taken seriously by regional management.

A BCP has been prepared in 2012 for the QRO but has not been tested. Without adequate testing, there is a risk that the BCP is incomplete and/or ineffective. The DDPP advised that a cyclical testing plan will be implemented.

A review of security clearances found that clearances for both staff and agents were up-to-date and aligned with the requirements of their position.

During the previous fiscal year, there have been a couple of reported privacy breaches arising from employee/crown agents mishandling information. These were reported as required and dealt with promptly and adequately by regional management.

A physical walkthrough conducted by the auditors after normal working hours revealed security deficiencies in the office including unlocked offices, accessible passwords and unsecured documents. [*] As some of these deficiencies are the same as those identified back in the 2014 Preliminary Survey of Security and in previous inspections, it is clear that security deficiencies have not been addressed. There is a risk that appropriate safeguards are not in place to secure information, assets, and services; and to protect employees from workplace violence.

Physical Security

Interviews revealed that employees feel that any identifiable threats to their security or that of their family are dealt with adequately. The province of Quebec has a program in place called "*Programme de lutte contre l'intimidation*" in which the PPSC takes part and from which staff benefit.

As part of the development of prosecution plans, the security component is discussed, and mitigation measures are implemented when required.

Recommendation:

1. *The DDPP of Regulatory and Economic Prosecutions and Management Branch (REPMB)
   should ensure that:*

   - *security deficiencies, noted in the QRO, are adequately addressed; and,*

   - *BCP Plans are tested nationally.*

3.6   PROGRAM ACTIVITIES

Prosecution activities were generally compliant with PPSC policies, guidelines and directives and there are processes in place that support the "guiding six principles" however there are opportunities for improvement in conducting file review to ensure compliance and better stewardship of the prosecution function.

The PPSC Deskbook ("*Deskbook*") sets out the guiding principles for which all federal prosecutors, and persons acting as federal prosecutors, must follow. It contains the directives and guidelines that instruct and guide federal prosecutors, in the exercise of their prosecutorial discretion. The regional office has developed checklists, templates and guidelines and made them available on the shared drive and the regional Knowledge Management site in order to ensure compliance with the *Deskbook* and to promote consistency.

In an effort to reduce work demands and ensure better stewardship of the prosecution function, the PPSC Senior Advisory Board at its September 2014 meeting agreed on six principles to guide the organization of work. The audit expected to find that files are managed and executed in accordance with PPCS's policies and procedures as well as these "guiding six principles":

- Work is assigned to employees at the most appropriate level.
- Work is done as early as possible in the life of the file and managers set deadlines for file review and assignment.
- Managers assign the minimal number of staff required to work on a file.
- The practice of early file ownership is followed and the counsel who spends the most time on the file 'owns' it.
- File review and vetting is done in accordance with nationally agreed upon procedures.
- Counsel is not doing the work of police or investigative agencies, who have been clearly advised of PPSC's expectations regarding disclosure.

Interviews indicated that there are processes in place to support these principles, however file review and analysis of iCase data revealed that they are not fully implemented at this time.

The PPSC litigation process was documented by IAD in a flowchart that was shared with and validated by the regional office management, including the CFP, the DCFP and TLs. The process included controls such as file assessment and assignment based on complexity and seniority of counsel, charge approval, communication with investigative agencies, preparation of prosecution plans, vetting, disclosure management, etc. QRO's processes are in line with the PPSC litigation process.

File Compliance

In August 2012, QRO management issued a communiqué to all staff providing direction on how to manage and organize prosecution files which included references to implementation guidelines and presentations.

The audit team reviewed a judgmental sample of 22 files (four high complexity, 13 medium complexity and five low complexity) in hard copy and iCase format that were closed between April 1, 2015 and March 31, 2016 in terms of their compliance with the *Deskbook* and the relevant directives. The review found the following:

- iCase complexity level did not match the hard copy in one case and there was no complexity level recorded in five hard copy files (two of which were opened prior to the communiqué);
- The decision to prosecute was not documented in 11 files (four of which were opened prior to the communiqué);
- Disclosure documents were not identified in one file and in 11 files (four of which were opened prior to the communiqué) there was no evidence that disclosure documents were sent to defence counsel;
- Overall, file organization could be improved. 11 files with folders and pockets had no index referencing the contents of each pocket (four of which were open prior to the communiqué).

Pre-charge screening and initial file assignment

In general, all files initially go through the CFP's office. During TLs meetings, TLs request the list of files received by the CFP and discuss their assignment amongst the teams based on workload, portfolio, experience and interest. The Agent Supervision Unit (ASU) TL also participates in these meetings since low and medium complexity files may be assigned to agents rather than in-house. TLs then assign the file to their team members using a file assignment form.

The counsel assigned to the file screens the charges and approves them using a charge approval form. In general the investigator recommends offences and counsel decides what charges to approve. The counsel may agree to all charges filed by the investigator and add to them, or may drop charges.

Pre-charge approval of low and medium complexity files

The *Report to Crown Counsel* (RTCC) *Guideline* provides counsel with the authority not to lay charges before all the required information is received. In addition, the province of Quebec is a charge approval jurisdiction and as such no charges can be laid before counsel approval. In cases where information is incomplete, counsel advises the investigator and waits for the missing information before charges are laid.

File Assignment

The audit expected to find that assignment of cases provides for a fair distribution of workload and takes into consideration counsel's experience and development. The guiding six principles expect that the seniority of a prosecutor is in line with the complexity of files, that the work is done as early as possible in the life of the file, that managers set deadlines for file review and assignment, and assign the minimal number of staff to work on a file.

Interviews indicated that files are assigned during weekly TL meetings based on portfolios, complexity, experience, interest and workload. Agents are generally assigned low complexity files. If a high complexity file is assigned to an agent, the ASU supervises the agent closely. As well, files are generally assigned early to one counsel – i.e. the counsel who approved the charges. Occasionally, files are assigned to a senior counsel but the work would be done by a junior counsel for developmental purposes.

Interviews indicated that counsel rely on the *Deskbook* and practice directives as guides in conducting prosecutions, as well as, using templates and forms to promote consistency in prosecution files.

Analysis of iCase data and file review identified opportunities to improve the management of files in accordance with the six guiding principles. To determine if work was assigned to counsel at the most appropriate level, an analysis of the number of hours recorded on open and closed files, by level of counsel for each complexity level was completed, and the results were converted into percentages. For FY 2014-2015 (presented below), the audit found that the seniority of prosecutors (LP-02, LP-03 and LP-04 levels) was not in line with the complexity of files.

Percentage of hours worked by Complexity level

	Medium	High
LP-04: QRO average (5 LP-04)	6%	93%
Exceptions (2 of 5 LP-04)	14%	85%
LP-03: QRO average (14 LP-03)	18%	82%
Exceptions (3 of 14 LP-03)	43%	56%
LP-02: QRO average (29 LP-02)	37%	60%
Exceptions (4 of 29 LP-02)	4%	96%

The audit analyzed closed files completed by in-house counsel based upon the national averages for low and medium complexity files. The analysis showed that the QRO exceeded the expected hours by 445 hours in 2014-2015 (3 LP-04s in three medium complexity files; one LP-03 in one medium complexity file; eight LP-03s in eight low complexity files) and by 25.5 hours in 2015-2016 (two medium complexity files by 2 LP-04s).

TLs review files during file assignment meeting that takes place once a week and during bilateral meeting with individual counsel. Also ongoing discussion between TLs and counsel allows them to keep track of the progress in the file. Agents send a monthly progress report to the ASU on files assigned to them. As well, during file assignment, the TL indicates on the file assignment form if there are any time limitations. The QRO, however, has no systematic approach such as a bring

forward system that would allow it to closely monitor the progress of a file against predefined deadlines.

The file review also identified the number of counsel working on a file and found:

- More than two counsel worked on 16 out of 22 files.
- In six medium complexity files, six counsel or more recorded their time on a file.
- In three low complexity files, six or more counsel recorded their time on a file.
- In six cases, the lead counsel on the file did not record the highest number of hours on a file. QRO management explained that although a file is assigned to an individual, most of the work will be carried by a less experienced counsel for developmental purposes.
- In one medium complexity file over 1000 hours were entered in the file by 16 different individuals over three years' time.

A more comprehensive review of closed files by TLs could identify items like those observed by the audit team in the review of file compliance and would better ensure the overall quality and consistency of file management within the QRO. A similar observation was already made for the *Audit of the Ontario Regional Office* with the expectation of a national action plan and in September 2013, regional offices were provided with specific instructions on how to implement the new file requirements.

File review and vetting

The audit expected that file review and vetting is completed in accordance with nationally agreed upon procedures. Interviews indicated that counsel applies the *RTCC Guideline* for file review when disclosure is received from investigative agencies and police.

As well, interviews indicated that there is an expectation that investigative agencies undertake the vetting and that vetting is addressed during training to stakeholders. It was noted that significant improvements have been made in recent years with regards to the responsibilities of investigative agencies for providing completed *RTCC* and vetting.

Role of Police and Investigative Agencies

The audit expected that counsel are not doing the work of police or investigative agencies.

Interviews indicated that generally, investigative agencies send the information needed in order to approve the charges. In the event that information is missing, the QRO will advise the investigative agency and expect it to send the missing information before charges are approved.

Prosecution Plans

Chapter 3.1 of the *Deskbook* requires the preparation of prosecution plans for 'major cases' that address among other requirements, the likely resource demands of the prosecution. As well, the communiqué issued to all staff in August 2012 instructed employees to prepare prosecution plans for high and mega complexity files. The audit reviewed four high complexity files and noted that

only one had a prosecution plan and the other three did not have one as the files were opened prior to the issuance of the communiqué.

3.7   PERFORMANCE OF AGENTS

Overall, there are adequate systems in place to monitor and support agents however they do not have access to relevant online materials.

The Agent Affairs Program (AAP) at HQ is responsible for the overall management of agents. Each regional office (excluding the northern regions) has an ASU to handle the day-to-day supervision of agents and to support them in their work. In the QRO, the ASU consists of a TL who oversees the work of a paralegal, a legal assistant and five counsel who supervise the agents throughout the province. Counsel within the ASU handle files in jurisdictions where there are no agents.

Agent Expenditures and Fees

The audit found adequate systems in place to monitor the expenditures, fees and timekeeping of agents. The ASU TL approves travel and exceptional expenses such as when an agent conducts additional research and also reviews and approves agents' accounts.

The AAP verifies expenses, monitors billings, expenditures and timekeeping for every file. It also has set thresholds for files based on complexity. If the ASU is notified by AAP HQ of an agent who has exceeded the limits, the ASU TL's knowledge of the files enables her to have the requisite information to understand why. The AAP expressed a favourable view of the ASU in the QRO and its handling of agents.

Agent Support and Communication

The audit found that:

- Agents have been provided with the opportunity to participate in a number of training sessions including two days of training upon their appointment, as well as, training on the *Code of Conduct* and security. For the PPSC School for Prosecutors, they receive the invitation from the AAP and then recommend one agent to attend.
- Contact counsel are assigned and agents deal with them on a day-to-day basis. Upon appointment, agents are instructed to communicate with the ASU before they take any important decision on a file such as laying charges, withdrawing them, etc. This process is set in advance for every agents taking into consideration their experience.
- Case specific litigation advice to enforcement and concerned agencies is provided on an ongoing basis.
- When agents are appointed, the ASU TL conducts on-site visits to examine security issues and storage of files, etc.
- Communication with agents is ongoing.
- The Knowledge Management site contains checklists, policies, directives, guidelines, etc., that help promote consistency, compliance and cost savings. However, it is not

accessible to agent firms. The regional office requested access but was denied by HQ. HQ management is exploring ways to grant access to material relevant to agents.

Agent Performance Assessment

The ASU monitors significant cases that are handled by agents by assigning an experienced counsel to oversee the work closely. In addition, the TL monitors agents through the questions they ask, the documents they send, the feedback from the team and feedback from investigative agencies. Occasionally, the TL listens to tapes to assess agents' performance in court. Two years after their appointments the TL assesses them against the criteria in the *Terms and Conditions of Fixed-Term Agreements of Agents*.

In addition, agents send a monthly progress report on their files to the ASU.

Recommendation:

2. *The DDPP of REPMB should ensure that agents have access to relevant online materials.*

3.8   STEWARDSHIP

There were compliance issues with regards to proper authorities as per the *Financial Administration Act (FAA)* and the application of the hospitality requirements of the *Directive on Travel, Hospitality, Conference and Event Expenditures*.

Sound stewardship is the result of an organizational control regime (assets, money, people, services, etc.) that is integrated and effective, and where the underlying principles are clear to all staff. The audit expected to find that expenditures are managed in compliance with the *FAA* and applicable TB/PPSC directives and guidelines.

Directive on Travel, Hospitality, Conference and Event Expenditures

The *Directive on Travel, Hospitality, Conference and Event Expenditures* came into effect as of April 1, 2013 and was implemented in the PPSC as of October 2013. Given the level of scrutiny these expenditures receive, the DPP requested that IAD perform a limited review of these transactions.

A judgmental sample of 29 transactions processed between April 1, 2013 and December 31, 2015 was selected for testing. The review found that two of the 21 (7%) transactions were non-compliant with the *Directive*. Seven of the 29 (24%) transactions did not have the appropriate authority under section 32 of the *FAA*. One of the 29 transactions (3%) did not have the appropriate authority under Section 34 of the *FAA*. Nine of the 29 transactions (29%) did not have supporting documents.

Acquisition Card Expenditures

A judgmental sample of 16 acquisition card transactions processed between April 2015 and February 2016 was selected for testing based on a number of criteria such as weekend transactions, suspect vendors, suspect duplicates and transactions completed by a non-card holder.

The review found that out of the 16 transactions, three (19%) did not have proper section 32 of the FAA approval and three (19%) did not have supporting documents.

Non-compliance with the *FAA* and the *Directive* could potentially result in a loss of financial delegation.

As of April 1, 2015, the issuance of bulk commitments was implemented nationally within PPSC and should address the issues related to section 32 of the FAA. A similar observation of missing documentation was also noted in the *Audit of the National Capital Region* and HQ management is taking steps to address this finding.

4.0 CONCLUSION

The IAD assessed the adequacy and effectiveness of the QRO's management control framework against predetermined audit criteria based on TB policies and directives, PPSC policies, directives, protocols, and procedures/guidelines such as the *Deskbook*, as well as general best practices. Overall, the QRO's management control framework is appropriate however there are opportunities for improvement in the following areas: security and BCP plans; and providing agents with access to relevant online materials.

5.0 MANAGEMENT ACTION PLAN

RECOMMENDATIONS	MANAGEMENT RESPONSE AND ACTION PLAN	OFFICE OF PRIMARY INTEREST	TARGET DATE
1. *The DDPP of Regulatory and Economic Prosecutions and Management Branch (REPMB) should ensure that security deficiencies are adequately addressed.* *Risk: Medium*	The PPSC Security Services will develop and implement a three year plan for security sweeps of each regional office and Headquarters	DDPP, REPMB Departmental Security Officer	Plan development – March 31, 2017 Sweeps completed by end of 2018-19
2. *The DDPP of REPMB should ensure that BCP Plans are tested nationally.* *Risk: Medium*	The national BCP Coordinator will develop and implement a three year plan for testing of the national plan, including all of the regional sub-plans, by way of table top exercises. A tabletop exercise will be completed in the QRO.	DDPP, REPMB BCP Coordinator	Plan development – March 31, 2017. QRO tabletop exercise – March 31, 2017.
3. *The DDPP of REPMB should ensure that agents are granted access to relevant online materials.* *Risk: Medium*	Agents can be granted access to online materials in the KM site other than Part two of the Deskbook, and opinion libraries which are subject to privilege.	DDPP REPMB Law Practice Management AAP	March 31, 2018

APPENDIX A – LINKS TO RELATED LEGISLATION, POLICIES, DIRECTIVES AND GUIDELINES

PPSC Code of Conduct

PPSC Deskbook

Financial Administration Act

Policy on Internal Control

Directive on Travel, Hospitality, Conference and Event Expenditures

Internal Auditing Standards for the Government of Canada

APPENDIX B –- AUDIT CRITERIA

Lines of Enquiry	Audit Criteria
1.Governance	1.1 The organization has appropriate structures in place to support PPSC's objectives.
	1.2 PPSC's Values and Ethics/*Code of Conduct* are communicated internally and to key stakeholders.
2. Program Activities	2.1 Prosecution files are managed and executed in compliance with PPSC's policies and procedures.
	2.2 Prosecution files are managed and executed in accordance with the "guiding six principles".
3. Results and Performance	3.1 Agents are adequately supported and monitored.
	3.2 A performance management framework is in place to support effective decision-making.
4. Compliance	4.1 Travel, Hospitality, Conference and Event expenditures are managed in compliance with the amended Directive.
	4.2 Security practices are in compliance with the TB *Policy on Government Security* and PPSC directives.
5. People	5.1 Policies and practices support the development and management of human resources.

APPENDIX C – LIST OF ABBREVIATIONS

AAU	Agents Affairs Unit
ASU	Agent Supervision Unit
BCP	Business Continuity Plan
CFP	Chief Federal Prosecutor
DCFP	Deputy Chief Federal Prosecutor
DDPP	Deputy Director of Public Prosecutions
DPP	Director of Public Prosecutions
FAA	*Financial Administrative Act*
HQ	Headquarters
IAD	Internal Audit Division
OHS	Occupational Health and Safety
PPSC	Public Prosecution Service of Canada
REPMB	Regulatory and Economic Prosecutions and Management Branch
RTCC	Report to Crown Counsel
QRO	Quebec Regional Office
TB	Treasury Board
TL	Team Leader