

Follow-up to the Review of the Learning Fund

October 2003

Audit and Evaluation Branch

Report Clearance Steps

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Acronyms used in the report

AEB	Audit and Evaluation Branch
DAEC	Departmental Audit and Evaluation Committee
EC	Environment Canada
EMB	Environment Management Board
HR	Human Resources
KID	Knowledge Integration Directorate
MAP	Management Administration and Policy
MAP Ops	Management Administration and Policy - Operations

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Follow-up to the Review of the Learning Fund

Originally this follow-up was planned to be conducted two years after the initial Review was completed; however, to accommodate the request of the Director of the Learning Fund, the follow-up was postponed by an additional year. In the interim, the Learning Fund was renamed as the Innovation and Learning Fund in June 2002 and responsibility was transferred from Human Resources Directorate to the Knowledge Integration Directorate thus adding complexity to this follow-up.

The follow-up was done to determine the adequacy, effectiveness and timeliness of management action taken to implement the recommendations made in the initial Review. Follow-ups are important, as they give senior management a crucial indicator as to the implementation rate of recommendations and adjustments made in relation to the management responses.

The actions taken by the Learning Fund have not addressed all of the recommendations; it is recommended that further follow-up actions are taken.

Context and Current Status

At the time of the initial review, the Learning Fund was managed by the Director, Strategic Planning and Development of EC's Human Resources (HR) Directorate; however subsequently, the Learning Fund has been moved from the HR Directorate to the Knowledge Coordination Office of the Knowledge Integration Directorate (KID) under the management of A/Director, Knowledge Strategies Branch in February 2003. The Innovation and Learning Fund built on the experience of the former Learning Fund. As a result of this transition, the management and operations of the Fund have changed.

This follow-up report is based on information collected from both the present and former Fund managers to determine whether the essence of the recommendations was fulfilled; some of the recommendations from the initial review have not been addressed.

Areas Requiring Attention

There has been some progress made on the recommendations however, improvements are still required concerning the assessment of the suite of funded projects to examine their cumulative program effect on a yearly basis, as well as adopting and implementing performance measures and monitoring projects for impact.

Risk

The department annually allocates \$1.25M to provide opportunities for learning and now innovation projects. The process to determine the projects is rigorously established and implemented; however, there is a lack of dedicated management of this portfolio of projects as a program and no on-going structure in place to examine this program's cumulative

impact for the department. There is also a lack of active monitoring and outcome performance-based measurement. The degree of risk presented to the department is low in that funds are internally allocated to departmental projects which have defined deliverables; however, the department is not in a strong position to clearly examine the outcome of this program. This leaves questions on the program's direction and future orientation unanswered. Thus, there is a distinct opportunity to better maximize its annual investment and an opportunity to establish tighter management overview of this Fund.

Status of Initial Recommendations and Actions Taken

Recommendation #1- Met

Recommendation	Management Response	Actions taken
<p>The initial review recommended that a multi-year, strategic, results-based Business plan for the Learning Fund that is linked to departmental priorities should be developed jointly between the program and EMB representatives.</p>	<p>The Learning Fund Management suggested that fostering stronger linkages to existing business planning process and documents would be more appropriate and feasible for EC. They also suggested a mid-year meeting of the Decision Committee to obtain their early involvement in establishing/adjusting annual priorities for the Learning Fund would achieve the desired result with significantly less administrative effort and foster appropriate annual adjustments.</p>	<p><i>The proposed management response was discussed and discarded as an approach by management in 2000; the MAP Table assumed the role of determining the priorities for the Learning Fund. Priorities for the 2002-03 Learning Fund exercise were approved by the MAP Ops and MAP Table in the fall of 2001. Further action to change the approach taken by the Learning Fund in 2001 was deferred pending work to evolve the existing fund into an Innovation and Learning Fund. Terms of reference for the new Fund were developed for the MAP Table and responsibility for the Fund was transferred to the Knowledge Integration Directorate In February 2003. Linkages to Business Line priorities as well as the KISC agenda were built into the new Fund.</i></p> <p><i>The reality for this Fund is that it is unlikely to be able to develop a long term agenda for the foreseeable future. The innovation element of the Fund requires a maximum of flexibility. Business Plans for the Department currently have a life span of three years and are constantly undergoing substantial revisions each year. In addition, business planning for future years seems to take place in fourth quarter of the prior year, when Fund planning should be taking place in the third quarter.</i></p>

Assessment of Actions Taken – Met

Generally, the actions taken meet the spirit and intent of the recommendation. Senior direction and guidance is being offered by the MAP Table process. The Business Plan process and its associated priorities is viewed as being too fluid and undergoing constant change thus negating the opportunity of longer term planning. Now with the additional dimension of innovation this dynamic is further underlined.

Recommendation #2 – Partially Met

Recommendation	Management Response	Actions taken
<p>The initial review recommended that a cumulative outcome and yearly analysis at the program level should be conducted and that the results are to be incorporated into the annual report to the EMB.</p>	<p>Management agreed with the need to critically analyze the outcomes derived from the program, which would be incorporated into the annual report to EMB, and they proposed to review the requirements and the funding implications in the context of other operational and strategic priorities for the 2001- 02 fiscal year.</p>	<p><i>HR Directorate has been publishing year end reports on projects for several years but lacked the resources to do a summative evaluation of the results obtained by LF projects or their long term impacts.</i></p> <p><i>This concept has been built into the terms of reference of the new Innovation and Learning Fund which calls for an annual report and a follow-up meeting with project leads to facilitate the transfer of knowledge, experience and expertise to other parts of the Department.</i></p> <p><i>The Knowledge Co-ordination Office has assigned dedicated resources to undertake such analyses.</i></p>

Assessment of Actions Taken – Partially Met

The cumulative outcome of the portfolio of projects funded yearly has not been assessed and the initiative looks like a series of disconnected projects; there has yet to be a report detailing the collective outcomes of the fund in terms of results for achieved for the department. This is an important facet to address if the department wants to maximize the annual investment and be capable of learning from year to year. Currently, the department is not in a strong position to examine the outcome of this program, leaving questions on the program’s direction and orientation unanswered. Although this concept is built into the new Innovation and Learning Fund, it is premature to demonstrate such analysis due to the recent start-up of the new Fund.

The lack of funding had been cited as the constraint in the original Learning Fund. That Fund had been managed voluntarily on an ad hoc basis; the Fund’s management had not been considered on the manager’s performance review. Currently, the Director General of KID of the new Innovation and Learning Fund does formally recognize the need for dedicated management and has dedicated resources.

Should management or resourcing still pose concerns, we would suggest that the specific assignment of duties to an individual position (such as a full or part time Fund manager with some support) be undertaken. This position would be responsible and accountable for the Fund, as part of his/her job responsibilities. For a fund that allocates \$1.25M on learning and innovative projects in the department, it is reasonable to suggest that assignment of duties to a permanent position which would improve the success of this Fund. It would also reduce the risk to the department. Should the Fund experience financial difficulties, perhaps a small portion of the Fund could be allocated for operational costs.

Recommendation A:

The Director General, Knowledge and Integration Directorate should strengthen the management of the Fund by February 2004 before the next round of funding.

Management Response:

The Knowledge Integration Directorate did not receive a dedicated funding allocation for KISC work (including management and administration of the Innovation and Learning Fund) until late spring 2003. Part of the work planning process for the Knowledge Coordination Office function (started in August 2003) includes planning for dedicated resources to work in the three key areas of the Fund: administration & management; assessment of the process; and, learning from each of the projects. The Knowledge Integration Directorate agrees with the recommendation, and will endeavour to put in place a cumulative outcome and yearly analysis at the program level prior to the next planning cycle.

Recommendation #3a - Met

Recommendation	Management Response	Actions taken
It is recommended that the following improvements to the process be undertaken: a) Review project selection criteria and ensure alignment with the newly developed business plan for the Learning Fund;	a) Management agreed to review the project selection criteria and to strengthen the alignment with departmental business planning using existing documentation and making adjustments to the role of the Decision Committee.	a) <i>See the response to recommendation 1. The new Innovation and Learning Fund is in alignment with departmental priorities as a requirement for project selection. The new evaluation criteria are based on the KISC agenda and other departmental priorities. The main funding criteria are that the project supports departmental priorities, innovativeness and learning.</i>

Recommendation #3b - Not Met

Recommendation	Management Response	Actions taken
It is recommended that the following improvements to the process be undertaken: b) Maintain a baseline database on the Fund (sample built);	b) Management agreed in principle to the on-going maintenance of a baseline database and set a revised date of implementation for June 30, 2001.	b) <i>The model developed by the review team was cumbersome and too labour intensive to be used as a database for the Learning Fund. Its implementation was contingent on senior management agreement and the dedication of additional human and financial resources to the management of the Learning Fund. Neither of which were forthcoming. It seemed the proposed methodologies for monitoring and managing were excessive when compared to the size of fund being managed and the fact that there were no significant concerns regarding the current methodology for managing the fund. The database was not passed onto the new Innovation and Learning Fund and it was therefore not maintained.</i>

Recommendation #3c - Partially Met

Recommendation	Management Response	Actions taken
It is recommended that the following improvements to the process be undertaken: c) Define program performance measures;	c) The Learning Fund management agreed to strengthen the project performance measures, as they proposed to also require performance measures in project proposals.	c) <i>Little concrete action was taken on this front as the MAP Table decided not to make changes to the terms of reference for the Learning Fund in 2001 and further work was deferred pending the development of the new terms of reference for the Innovation and Learning Fund. Additional performance measure requirements were built into the terms of reference for the Innovation and Learning Fund. Under the new Fund, documenting and evaluating projects is a critical step in the Funding criteria and for perpetuating innovation in EC.</i>

Recommendation #3d - Partially Met

Recommendation	Management Response	Actions taken
<p>It is recommended that the following improvements to the process be undertaken:</p> <p>d) Monitor sample of projects for impact.</p>	<p>d) If additional resources were allocated in fiscal year 2001-02, management agreed to monitor a sample of projects for impact. Alternately, they suggested that this recommendation could be selected as a follow-up project for the Audit Group in future years.</p>	<p><i>d) No additional resources were allocated to the management and administration of the Learning Fund, therefore no action was taken on this recommendation.</i></p> <p><i>The new Fund was started in the 2003-2004. None of these projects have been completed so it is premature for impact to be measured. This is planned for next fiscal once this round of projects have been completed</i></p>

Assessment of Actions Taken – 3a Met; 3b Not Met; 3c, 3d Partially Met

Recommendation 3a has been met, 3b has not been met and 3c and 3d has been partially met. Several of the dimensions of managing the operations of the new Innovation and Learning Fund as a program are premature to assess.

Despite a database that was delivered to help the Learning Fund maintain a constant and reliable source of information about its operations, no actions have been undertaken. It is premature to assess the implementation and use of performance measures; since the new Fund's operation start-up was in 2003 no reporting has yet been possible. Similarly, it is too early to assess the forthcoming analysis of projects as to their impact. Today, information about the program and its operations is even more important especially that the innovation dimension has been added to the Fund.

Recommendation B:

The Director General, Knowledge and Integration Directorate should re-examine the suite of management operations that the Fund should consider (database, performance measures and monitoring) as part of the Fund operations and management by February 2004 before the next round of funding.

Management Response:

We agree with the recommendation and Knowledge Integration Directorate intends to establish a database or other appropriate means of successful Innovation and Learning fund projects and will be sure to consult the review team for the sample they had provided to the Learning Fund manager to see what elements can be properly incorporated. In the interim, an electronic spreadsheet is being used to track all projects, from proposal through to funding.

Measurement could only reasonably begin once the new Fund was in place and by specifying such measurement criteria to applicants as they receive funding; performance measures have now been built into the conditions of such funding. This is planned within the 2003-2004 Fund framework. In addition, we plan to consult with the Internal Audit and Evaluation Branch as we move through this process for guidance.

The submission process for 2003-2004 required applicants to indicate what possible results they will be able to show from their project. Keeping in mind that applicants did not have any previous year's material to use as a model, what has been obtained in each project will be able to be used to monitor a sampling of the projects to determine impact. This has been incorporated in workplans for the Knowledge Coordination Office for 2003-2004 (to establish the framework) and 2004-2005 (to analyze the 2003-2004 projects once they are completed)

Conclusion

The follow-up finds that it is necessary to fulfil the original review recommendations to reduce the risk of the now Innovation and Learning Fund for the department. In order to fulfil the outstanding recommendations, greater attention to the management and operation of the Fund must be established. In light of the recent operational changes in the Fund, it is suggested to take management action to ensure greater stability in the fund, so that some of the initial review recommendations may be fulfilled. A precondition to the success of the Fund is ongoing management attention, which would provide stability and preserve the corporate memory of the Fund.

There are indications that that the personnel involved in the management of the Fund have still not stabilized and personnel could again change; it is suggested that there is a transfer of knowledge between the managers so that the corporate memory of the Fund is preserved. Transferring knowledge between managers permits greater consistency and more room for program improvement.

The two new recommendations (A&B) for greater stability and the improvements to the management operations are directed to the Director General of the Knowledge Integration Directorate, before the next funding round in February 2004.