



Indian and Northern
Affairs Canada

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Management Practices Review of the Northern Affairs Sector

April 30, 2009

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Canada



Review Objectives

- The purpose of the review was to assess whether management practices and controls in the sector are sufficient to mitigate risks and identify areas where efficiencies and greater economy can be achieved.
- Specifically, the objectives were to:
 - Assist sectorial management in assessing whether the current management practices are designed to achieve objectives efficiently and effectively;
 - Provide information to senior management about areas of strength and weakness with respect to management practices; and,
 - Identify areas and make recommendations for follow-up reviews or audits, if required.



Methodology

- On-site work was conducted from mid-February 2009 to mid-April 2009
- 20 manager interviews were conducted, including DGs, several directors and funding officers.
- The scope included specific activities and processes which were validated through review of documentation and the conduct of interviews, including:
 - Strategic and operational planning;
 - Accountability and authority;
 - Risk management;
 - Financial management;
 - Human Resources management;
 - Co-ordination of programs/activities;
 - Performance measurement and reporting;
 - Monitoring; and,
 - Management of grants & contribution programs.
- In addition to the above, a sample of contracting, acquisition card, human resources and grants & contributions transactions were reviewed. Transactions were selected from the 2008-2009 fiscal year.



Context

- The Northern Affairs Sector is responsible for program and policy decisions related to North of 60°.
- The Yukon, Nunavut and Northwest Territories regional offices report to the Northern Affairs Organization ADM.
- The Sector is divided into four branches:
 - Natural Resources and Environment;
 - Northern Devolution and Territorial Relations;
 - Northern Strategic Policy and Priorities; and,
 - Northern Oil and Gas.
- The International Polar Year Program Office, Circumpolar Liaison Directorate as well as Strategic Arrangement Directorate are part of the Northern Affairs Organization.



Observations – General Management

Strengths

- The Sector prepares a report on a quarterly basis (The Quarterly Report) which summarizes the Sector's key objectives, accomplishments for the current quarter, expected activities in the next quarter, risk associated with achieving the objectives, overall progress on achieving objectives, and person responsible for action items.
- The objectives within the Quarterly Report are aligned with the Department's Strategic Outcomes.
- The Quarterly Report is provided to the Deputy Minister for review.



Observations – General Management

Areas for Improvement

- The Sector follows the department-level processes for business planning and risk management. The Sector would benefit from expanding the business planning process and risk management at the sector-level.



Observations – Human Resources

- The Sector relies on Corporate HR for the execution of staffing actions such as hiring, acting appointments and classifications.
- There is not a central, systematic mechanism to track training taken by staff in the sector.



Observations – Human Resources

- A sample of 10 staffing actions (5 acting appointments and 5 classifications) were reviewed and no exceptions were noted.
- A sample of 5 Learning Plans were reviewed and the following exceptions were noted:
 - In 1 case out of 5, one Learning Plan was not approved; and,
 - In 1 case out of 5, the Learning Plan was not prepared.
- A sample of 5 overtime transactions were tested and in all cases, the pre-approval section was signed but not dated; therefore, it was difficult to determine whether pre-approval was obtained before the overtime occurred.
- A sample of 5 leave transactions were tested and 1 exception was noted: a leave transaction was not approved by the supervisor.



Observations – Grants and Contributions

- The Sector manages few Grants and Contributions (Gs&Cs) programs;
- Of \$53M Gs&Cs funding, \$47M is used for the Food Safety Program;
- The Sector also manages a special fund for Hospital and Physicians in the North (approximately \$45M);
- Manuals and guides to support the management of Gs&Cs programs are not kept up-to-date;
- A payment was made before the program terms and conditions had been finalized.



Observations – Grants and Contributions (cont'd)

- 15 Grants and Contributions transactions were tested and the following observations were noted:
 - In 5 out of 15 cases, the recipient assessment (including recipient's capacity) was not documented;
 - In 2 out of 15 cases, the proposal assessment was not documented;
 - In 2 out of 15 cases, the report from the recipient could not be found in FNITP; and,
 - In 1 out of 15 cases, the contribution agreement there was no evidence of review by Finance.



Observations – Goods and Services

- The Sector does not monitor acquisition card usage to ensure that purchasing is done as efficiently as possible.
- Examined 10 contract files (2-sole source; 5-call-ups; 3-competitive) and noted the following:
 - For 2 out of 10 contract files examined, there was insufficient documentation to support the amendment to the contract.
- A sample of 5 acquisition card payments, were reviewed and the following exceptions were noted:
 - 1 cardholder out of 5 signed S34 for their own acquisition card purchases.



Recommendations

General Management

- The Sector should consider developing a business plan and risk profile at the sector level.

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Recommendations (cont'd)

Human Resources

- Supervisors should ensure that Learning Plans and leave transactions are approved.
- Training should be monitored throughout the year to determine whether training is taking place, as expected.
- Overtime should be authorized ahead of time by having the supervisor sign *and date* the Pre-Authorization Form.



Recommendations (cont'd)

Grants & Contributions (Gs & Cs)

- Manuals and guides for management Gs&Cs should be updated.
- Recipient and proposal assessment should be appropriately documented and filed.
- Terms and conditions of programs should be finalized before payments are made to recipients.
- The Sector should consistently leverage FNITP to store documents for easier access to information.



Recommendations (cont'd)

Goods and Services

- The Sector should monitor purchasing practices to ensure that the most efficient procurement vehicle is being used such as the use of acquisition cards for smaller purchases.
- Justification for contract amendments should be fully documented in the contract files.
- For appropriate segregation of duties, an authorized individual other than the acquisition cardholder should be approving Section 34 of the FAA.