



Veterans Affairs
Canada

Anciens Combattants
Canada

May 2013

AUDIT OF VOCATIONAL REHABILITATION

Canada 

Acknowledgements

The audit team would like to gratefully acknowledge the assistance of staff at CanVet Vocational Rehabilitation Services, and the Service Delivery Branch, the Centralized Operations Division, the Policy Division, and the Finance Division of Veterans Affairs Canada. Their contributions were essential to the success of the audit.

Table of Contents

EXECUTIVE SUMMARY	I
1.0 BACKGROUND	1
2.0 ABOUT THE AUDIT.....	2
2.1 AUDIT OBJECTIVES	2
2.2 SCOPE.....	2
2.3 METHODOLOGY	2
3.0 AUDIT RESULTS.....	4
3.1 GOVERNANCE AND RISK MANAGEMENT	4
3.2 COMPLIANCE	7
3.3 FINANCIAL MANAGEMENT AND CONTROL	11
3.4 OPPORTUNITIES FOR IMPROVEMENT	14
3.5 AUDIT OPINION.....	14
4.0 DISTRIBUTION.....	15
APPENDIX A - AUDIT CRITERIA	A-1
APPENDIX B - RISK RANKING OF RECOMMENDATIONS AND AUDIT OPINION..	B-1

EXECUTIVE SUMMARY

Vocational Rehabilitation Services is a component of the Veterans Affairs Rehabilitation Program. It provides vocational assistance services and benefits to eligible Veterans who have a health problem, and their families, to assist them in their re-establishment to civilian life. Vocational services and benefits include vocational assessments, employability skills, training, career exploration, job placement and follow-up support.

In April 2009, CanVet Vocational Rehabilitation Services was contracted to provide the national vocational component of the Rehabilitation Program on behalf of Veterans Affairs Canada. CanVet is a joint-venture among WCG International Consultants, March of Dimes Canada, and Innovative Rehabilitation Consultants.

The purpose of the audit was to provide assurance that financial controls were working as intended, to deliver results in accordance with related authorities. This is the first audit of Vocational Rehabilitation since its inception in 2006.

Overall results

Vocational Rehabilitation and the national contract with CanVet Vocational Rehabilitation Services have matured since April 2009 with early issues resolved and key deliverables being met. However, the audit did identify some areas for improvement. There is a need for additional training in vocational rehabilitation processes, decision making, and increased quality assurance. There is also a need to complete a Privacy Impact Assessment. Additionally, the invoice payment process is not efficient and should be streamlined. Overall, in the opinion of the audit team, the activities were determined to be “Generally Acceptable”.

Recommendations

- R1 It is recommended that the Director General, Service Delivery and Program Management Division in consultation with the Director, Access to Information and Privacy perform a Privacy Impact Assessment on the mechanism for delivering Vocational Rehabilitation Services. (Critical)**

- R2 It is recommended that the Director General, Service Delivery and Program Management Division implement a consistent quality assurance process to ensure vocational rehabilitation decisions are appropriately supported and documented. (Essential)**
- R3 It is recommended that the Director General, Service Delivery and Program Management Division provide training/refresher training in program processes and the six steps to decision making. (Essential)**
- R4 It is recommended that the Director General, Finance Division modify the current account verification process. (Essential)**
- R5 It is recommended that the Director General, Service Delivery and Program Management Division take action to address the identified potential outstanding amounts. (Essential)**

Chief Audit Executive's Signature

Murielle Belliveau
Chief Audit Executive

Date

Audit Team members:

Jonathan Adams, Audit and Evaluation Director

Vaughn Horton, Audit and Evaluation Manager

Lana Wright, A/Sr Audit and Evaluation Officer

Adrienne VanLunen-Gallant, Audit and Evaluation Officer

Jean-Pierre Goudreau, Audit and Evaluation Officer

1.0 BACKGROUND

Vocational Rehabilitation Services is a component of the Veterans Affairs Canada (VAC) Rehabilitation Program implemented as part of the New Veterans Charter (NVC) in April 2006. Prior to a national contract being awarded in 2009, a group of interim providers had been providing services and benefits for Vocational Rehabilitation.

The purpose of Vocational Rehabilitation is to restore the vocational capacity of eligible Veterans¹ with a health problem to become suitably employable given his/her education, training and experience. Vocational services and benefits include vocational assessments, employability skills, training, career exploration, job placement and follow-up support.

In April 2009, CanVet Vocational Rehabilitation Services (CanVet) was contracted to provide the national vocational component of Veterans Affairs' Rehabilitation Program. CanVet is a joint-venture among WCG International Consultants, March of Dimes Canada, and Innovative Rehabilitation Consultants (IRC). The initial contract was for three years with the option of two additional years. The contract is currently in the first option year.

The following table outlines the number of Veterans referred to CanVet for Vocational Rehabilitation Services and costs by fiscal year.

Table 1 – Number of Veterans and Expenditures (2009 – 2012)²				
	2009/2010	2010/2011	2011/2012	Totals
Number of Veterans	604	697	741	2,042
Contract Costs	\$1,308,868	\$3,859,390	\$2,388,129	\$7,556,387
Program Costs	\$86,964	\$1,431,413	\$1,372,362	\$2,890,739

Source: Finance Division

¹ In this report, unless otherwise specified, the term "Veteran" includes all eligible Veterans, as well as CAF members, spouses and survivors.

² Number of Veterans and Expenditures (2009 – 2012) for national contract (CanVet) only.

2.0 ABOUT THE AUDIT

2.1 Audit Objectives

The objectives of the Audit of Vocational Rehabilitation were:

- To assess compliance with policies, regulations and procedures.
- To determine if the Contractor is fully meeting key responsibilities and deliverables.
- To assess the payment process for Contractor invoices.

The audit criteria relevant to each objective are outlined in Appendix A. The audit criteria were sourced from the *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors* (March 2011) published by the Treasury Board Secretariat's Internal Audit Sector, Office of the Comptroller General.

2.2 Scope

The timeframe of the audit covers the period from the beginning of the contract with CanVet, April 15, 2009 to March 31, 2012. Interim service providers were not in scope for this audit. Eligibility for the Rehabilitation Program is not in scope as it is assumed that eligibility has been previously established.

2.3 Methodology

This audit was conducted in conformance with the Internal Audit standards as outlined by the Institute for Internal Auditors, and is aligned with the Internal Audit Policy for the Government of Canada, as supported by the results of the Quality Assurance and Improvement Program.

Interviews were conducted with VAC staff responsible for administering the vocational rehabilitation contract; processing payments to the contractor and program management; and, staff of the contractor (CanVet). During these interviews the following were discussed: key activities, internal controls related to the audit, data requirements and documents for review.

A review of departmental and contractor documentation related to Vocational Rehabilitation was completed to ensure compliance with policies, regulations and procedures, and to ensure that the contractor was meeting their key obligations as set forth in the contract. The documentation review assessed if authority, responsibility and accountability were clear and well communicated; if there was quality and completeness of documentation allowing for effective decision making,

and, if employees had access to sufficient work methodologies and standard operating procedures.

The audit team analyzed program, financial, and contract data to obtain an understanding of the audit entity and used information from the analysis to assess performance against the audit's objectives.

A file review was completed to verify that VAC staff were complying with policies, regulations, and procedures, and to ensure that decisions were adequately documented. A sample of files was chosen based on a 95% confidence interval and a 5% margin of error. This enabled the auditors to provide a high level of assurance of compliance with delegated authorities. The assessment was based on a total population of 2,042 as of March 31, 2012 with a sample of 136 drawn for file review purposes.

The audit team observed invoice processing on site with the contractor and internally at VAC. These walkthroughs of the processes allowed the audit team to get a clear understanding of the basis for steps involved to make payments of invoices from the contractor. Observation of the payment process also allowed the audit team to observe controls in place and to ensure they were working as intended.

3.0 AUDIT RESULTS

3.1 Governance and Risk Management

Organizational structure is clear and authority is appropriately delegated

Governance is defined by the Treasury Board Secretariat's Policy on Management, Resources and Results Structures, as "the processes and structures through which decision-making authority is exercised".

The organizational structure of Vocational Rehabilitation is clear and encompasses program management under the Case Management, Rehabilitation & Mental Health Directorate, located in Head Office. The Directorate is responsible for the provision of functional direction to the Regional Directors of Client Services, who, in turn, provide functional direction to the front line staff in the District Offices, Client Service Team Managers (CSTMs), Case Managers (CMs) and Regional Rehabilitation Officers (RROs). Due to the complexity of Vocational Rehabilitation, and the varying familiarity with it among CMs, frequent guidance is sought from RROs and Head Office staff.

Further organizational structure is provided via the Contract Management Directorate to the contractor (CanVet) who, through a network of staff and subcontracted resources of Vocational Rehabilitation Specialists (VRS), provides direct vocational services to Veterans in collaboration with CMs.

Authority for Vocational Rehabilitation decisions is authorized in the Delegated Authorities Manual for CMs.

There is inconsistency in the roles of vocational rehabilitation decision makers

The roles and responsibilities of staff in VAC and CanVet are well-structured and effective with clear reporting relationships. Within VAC, there is an effective blend of functional authority being delivered by Program Management and line authority in the field. CanVet authority rests with the Head Office of the joint venture and flows through a Contract Manager to Regional Managers and then to a network of VRSs.

The Contract Management Directorate is charged with over-seeing the activities of CanVet in all aspects with a direct relationship to the contract. Program Management, Contract Management and CanVet meet regularly on issues of common concern and for change management.

There is a strong relationship between CMs and RROs and the consultative process works well; although, as program delivery involves VRSs, the value placed on their input and expertise fluctuates widely across field offices. Some CMs are comfortable with roles and responsibilities and some are not. The same can be said of VRSs, and this mutual discomfort can result in an undue reliance being placed on RROs, challenged relationships between the two groups of professionals, and questionable treatment decisions being rendered.

CMs are the ultimate decision makers but, in the opinion of Program Management, VRSs are the vocational rehabilitation experts and only rarely should their recommendations be questioned, and, even then it should only be done on a consultative basis.

There is a provision within the CFMVRC Regulations which permits the authorization of a higher rate for training-related expenses under certain circumstances. Specifically, 15(3) of the Regulations state: *“The Minister may authorize the payment of costs at a rate that is higher than the rate set out in paragraph (1)-(a) if the Minister is satisfied that the higher rate is necessary in order to provide an appropriate standard of service considering the location and availability of training and any special or extraordinary expenses associated with it.”* Authority to approve 15(3) rates (within limits) has been delegated to Case Managers (CMs), but application of this authority is not well understood by some Case Managers, and has led to some inconsistent decisions and resultant impacts on Veterans. Regions have made some attempt to mitigate this inconsistency and Western Region has ruled locally that all 15(3) decisions must be reviewed by the RRO.

Risk management is informal

Formal risk mitigation strategies are not in place at the region or district level for Vocational Rehabilitation. The audit team noted that some risk management is accomplished informally through a series of regular meetings and check-points throughout the delivery of the program. These include:

- regular case conferencing;
- national program managers meet with RROs; and
- change management meetings that include the contractor (CanVet), the Program Management Directorate, the Contract Management Directorate, and the Finance Division.

A wait-list for case management was being used in Quebec. This is attributable to a number of factors including periodic peaks in CAF releases and staff recruitment challenges. The waitlist was prioritized by health need to ensure that Veterans with the greatest need received access first. A percentage of Veterans on this waitlist

could require rehabilitation and the delay in providing services to some Veterans poses a risk to the success of the program. At the completion of fieldwork, the Case Management, Rehabilitation & Mental Health Directorate was reviewing delays in providing case management services and expect to make recommendations to Senior Management by June 2013.

The audit team also noted a risk with respect to the continuity of service to Veterans, which is fundamental to their success in Vocational Rehabilitation. Turnover rates among CMs and VRSs are impacting progress of participants, but to a degree this is mitigated by the outstanding service provided by the RROs. Management should consider a strategy to mitigate the risk of vacancy in any of the CMs or VRS positions.

In the view of the auditors, completion of a Vocational Evaluation Summary Report (VESR) would serve to mitigate some risk. This report summarizes all available assessment information for a Veteran but, completion of it is not mandatory. The VESR, can add to the understanding of the client's needs and help ensure continuity of service, should there be any staffing changes. The audit team found this as an opportunity for improvement and has identified it as such on page 14.

A Privacy Impact Assessment is required

A Privacy Impact Assessment (PIA) provides decision makers with a logical framework to identify potential:

- privacy issues by assessing compliance with privacy protection legislation, policies, and principles;
- probable impacts associated with issues of non-compliance; and
- actions and strategies to eliminate or reduce privacy risks.

A PIA was performed at the inception of the New Veterans' Charter and it encompassed the Rehabilitation Program as a whole. In 2009, when a national contractor was chosen to deliver the service, a new PIA should have been performed as per the Treasury Board Secretariat's PIA Policy, and VAC's own PIA guidelines. These policies and guidelines require that when there is a significant change in program design (e.g. National Contactor to begin delivering the service) a new PIA should be completed. The Statement of Requirements (SOR) for the CanVet contract also stipulates that a PIA could be required. A PIA was not performed.

Recommendation 1

It is recommended that the Director General, Service Delivery and Program Management Division in consultation with the Director, Access to Information and Privacy perform a Privacy Impact Assessment on the mechanism for delivering Vocational Rehabilitation Services. (Critical)

Management Response

Management agrees with this recommendation. The PIA for the Rehabilitation Services and Vocational Assistance Program was not replaced in 2009, to reflect the change in delivery mechanism following the contracting of vocational rehabilitation and vocational assistance services. A PIA has since been completed reflecting the current delivery mechanism.

Performance Reporting is occurring

Performance measurement reporting is designed to monitor progress, facilitate continuous improvement, and support budgeting and resource allocation decisions. It is also an important part of effective management and accountability. A Performance Measurement Plan (PMP) exists for the Rehabilitation Program and data is reported for 97% of the indicators outlined in the plan. Vocational Rehabilitation is included in this PMP, as it is an offering in the Rehabilitation Program. Analysis and measurements occur on such data as Veteran numbers and profiles, eligibility information, turn-around-times, etc.

3.2 Compliance

There is general compliance with policies and procedures

Compliance is defined as “adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements” by the Institute of Internal Auditors’ International Professional Practices Framework.

Interviews with Vocational Rehabilitation Program staff indicated that policies and business processes are up to date, coordinated, and seem to be working well. It was also noted that searching for information on the VAC intranet has improved since the implementation of the Veterans Services Toolbox. The Veterans Services

Toolbox is a one-stop shop internal tool for VAC employees to search for program-related policies, directives, acts, business processes and guidelines.

Veterans living outside Canada are entitled to the same services and benefits for Vocational Rehabilitation as those living in Canada. At the time of the audit, there were eight Veterans residing outside Canada who were in Vocational Rehabilitation. It was identified that delivery of vocational rehabilitation service and benefits to these Veterans was problematic for the following reasons:

- CanVet can only do business from Canada and, cannot sub-contract to foreign Vocational Rehabilitation providers (under the terms of the contract). Therefore, Veterans residing in other countries are at a significant disadvantage with respect to receiving vocational rehabilitation benefits. The audit team found this as an opportunity for improvement and have identified it as such on page 14.
- There are significant challenges with either VAC or CanVet contacting the Veteran, given the difference in time zones.
- Depending on the country where the Veteran lives these kinds of services may not be available. For example remote location or lack of qualified personnel.

Quality Assurance is required

To assess compliance, a sample of 136 files were randomly selected from the population of 2,042 Veterans referred for Vocational Rehabilitation services as of March 31, 2012.

The sample drawn represented Veterans at various stages in Vocational Rehabilitation and included 45 Veterans who had an Individualized Vocational Rehabilitation Plan (IVRP). An IVRP is a written plan that includes all activities/steps required to reach the participant's Vocational Rehabilitation goal, along with applicable costs and time lines. It is also an agreement between VAC, the service provider and the participants regarding deliverables to be completed in order to enable the participant to reach his vocational rehabilitation goal. The following table presents the results from the file review.

Table 1 – Compliance with key policy and business process requirements

Key requirements tested	Percentage	Number
Signed copy of the authorization to enter Vocational Rehabilitation is maintained on file ¹	19%	26 of 136 files
Decision follows all six steps in the decision making process ²	2%	1 of 42 decisions
Exceptional decisions are supported with sufficient rationale ³	43%	3 of 7 decisions
IVRP is in compliance with policy	93%	42 of 45 IVRPs
IVRP is submitted within 55 days from date of referral to the Contractor	53%	24 of 45 IVRPs
Copy of the decision letter that was sent to the Veteran is maintained on file	62%	26 of 42 decisions

Source: Analysis from the File Review

Notes:

1. This is a key control highlighted as part of the Auditable Financial Statements project, but the requirement was not clearly described in the CCU business processes.
2. Guidance on decision making was issued in January 2010. In the sample, there were 42 decisions made after this date.
3. In the sample there were seven files with exceptional decisions.

The review process in place was not adequately addressing control issues as identified by the file review. At the time of the audit, CSTMs indicated that they reviewed two to three randomly chosen Rehabilitation Program decisions on a monthly basis. Vocational Rehabilitation is only one component of the Rehabilitation Program and the likelihood of a vocational rehabilitation decision being reviewed is relatively low.

Recommendation 2

It is recommended that the Director General, Service Delivery and Program Management Division enhance the quality assurance process to ensure Vocational Rehabilitation decisions are appropriately supported and documented. (Essential)

Management Response

Management agrees that a regular quality assurance process is important. A compliance review schedule for the Rehabilitation Services and Vocational Assistance Program is contained within the Program's Performance Measurement Plan (PMP).

In 2011, to facilitate the implementation of a national quality review and performance monitoring process, a "Measuring Program Decisions Compliance Framework" was developed and has since been implemented.

Service Delivery and Program Management Division will review the adequacy of the Compliance Framework and confirm a national approach to effective and continuous Quality Assurance by July 2013.

Additional training is required

Evidence gathered in the file review and through extensive interviews points to a need for increased training of the intent and application of the 15(1) and 15(3) decision-making authorities:

- When to use each?
- What is the required information to support each decision?
- Where to record the supporting information?

Not only are there case by case differences in the application of this authority but, there are also regional variances and limited sharing of best practices.

VAC employees initially received training in 2006 on the Rehabilitation Program (as part of the NVC roll-out) and more recently on the decision-making process. However, employees have indicated there is a need for follow-up training sessions.

Policy and business processes were clear and easy to find, but staff indicated that there was a tendency for Head Office to implement changes without adequate notice to the field. Interviews noted that sometimes changes were implemented on the basis of an urgent email and, on occasion, staff first learned of policy and process change through the media.

Recommendation 3

It is recommended that the Director General, Service Delivery and Program Management Division provide additional training in program processes and the six steps to decision-making. (Essential)

Management Response

Management agrees that additional training and/or refresher training on program processes and decision making is required.

The Rehabilitation Services and Vocational Assistance Program has established a national training plan whereby all Case Managers will be mandated to participate in training related to the Program. The training will also be offered to other VAC staff involved in Program processes, including decision making.

The first deliverable has been completed. The series of e-learning Orientation Modules have been developed and posted to the VS Toolbox. Case Managers are to complete the Orientation Modules by September 2013. These modules cover topics including:

- *Program Foundation (policy intent; scope and parameters of program; key legislative requirements);*
- *Program Performance and Compliance expectations and monitoring processes; and*
- *Roles of Professionals who may be involved in rehabilitation or vocational assistance plan development and implementation.*

The second deliverable is skills based training for Case Managers and other staff with respect to decision making and case planning within the Rehabilitation Services and Vocational Assistance Program. This training will be developed by December 2013, and delivered nationally by January 2014. This training will be mandatory for all Case Managers and other VAC staff involved in the delivery of the Rehabilitation Services and Vocational Assistance Program.

3.3 Financial Management and Control

Efficiencies required for invoice payment process

Interviews and observations of the invoice payment process for CanVet invoices revealed inefficiencies and administrative burden. The root of the problem is the duplication of effort created during the 100% pre-verification of all invoices.

There are three separate groups at VAC involved in the payment of the CanVet invoices. These groups include Contract Management, Client Contact Unit (CCU) and Finance. There are several spreadsheets maintained between the Contract Management and CCU groups, used mainly for tracking purposes. Tracking items include payee, expenditures, invoices, Veteran, draw down amounts, and referrals. The audit team noted duplication of effort in the maintenance of the spreadsheets and processes to ensure proprietary information is protected.

Section 5.1 of the Treasury Board Directive on Account Verification (October 1, 2009), states, *“To ensure that accounts for payment and settlement are verified in a cost-effective and efficient manner while maintaining the required level of control to ensure prudent management of financial resources.”* As noted by the audit team, modification of the current account verification process for CANVET invoices is required as the process is not efficient. Verification of the invoices should be streamlined and consideration given to exercising section 33 of the Financial Administration Act to ensure there is auditable evidence that account verification has taken place and the payment has been certified by a delegated signing authority.

It was explained that initially, invoices received from CanVet were problematic which resulted in the need for rigorous pre-verification of all invoices. However, the billing process has matured and the number of invoice errors is reported to be significantly improved. The audit team attempted to assess the current error rates; however, this information is not tracked nor was it readily available.

Recommendation 4

It is recommended that the Director General, Finance Division modify the current account verification process. (Essential)

Management Response

Management agrees with the recommendation that transactions should be verified in a cost-effective and efficient manner while maintaining the required level of control. A full assessment of the payment process will be undertaken with the objective of ensuring a level of effort that is reflective of the inherent financial risks and to eliminate the duplication of work identified in the audit. By October 2013, a risk based quality assurance approach will be implemented.

Action required to address potential financial liability

As a contracted service provider, CanVet invoices VAC for services rendered. In the course of the audit, amounts were identified which related to previous years but were not yet invoiced. These unreported potential liabilities from previous fiscal years are contrary to the intent of the Policy on Payables at Year-End (PAYE). The policy's objective is *“To ensure that liabilities existing at the fiscal year-end for work performed, goods received, services rendered, transfer payments and other items are recorded in the accounts and financial statements of Canada.”*

Table 2 - Potential Liability as of September 19, 2012

CanVet Fiscal Year April 15 - April 14	Claims Declined at CanVet	Invoices Rejected by VAC	Total
2009-2010	\$58,248.06	\$347.45	\$58,595.51
2010-2011	\$23,432.99	\$2,905.30	\$26,338.29
2011-2012	\$36,511.47	\$16.03	\$36,527.50
Total	\$118,192.52	\$3,268.78	\$121,461.30

Source: Executive Director, CanVet Vocational Rehabilitation Services (September 19, 2012)

As noted in the table above, claims declined at CANVET are claims submitted by CANVET staff to CANVET administration for payment, but sent back to staff for error correction (e.g. supporting documentation). These claims are not invoiced to VAC until supporting documentation is in order. It is unclear if VAC will be invoiced for all declined claims as some claims have no supporting documentation. Claims that will be invoiced should be confirmed as soon as possible in the interest of VAC budgeting and forecasting. Invoices rejected by VAC are amounts that have been invoiced, sent to VAC for payment, rejected by VAC, and sent back to CANVET for error correction.

Recommendation 5

It is recommended that the Director General, Service Delivery and Program Management Division take action to address the identified potential outstanding amounts. (Essential)

Management Response

Management agrees that there may be potential liability. The Department has undertaken discussions with the Contractor to resolve the outstanding invoices/claims they have rejected internally. CanVet has advised that all invoices/claims will be resolved by the end of May 2013.

3.4 Opportunities for Improvement

The results of the audit team's work indicate that the following activities would have the potential of allowing VAC to further improve its delivery of Vocational Rehabilitation.

- Implement a formalized tool for assessing risk as part of strategic and operational planning. Formal risk mitigation strategies are not in place at the region or district level for vocational rehabilitation. (Page 5)
- Ensure completion of VESR. This summary report synthesizes and summarizes all available information available to date and helps to ensure continuity of service to the Veteran. (Page 6)
- Mitigate the effect of staff turnover rates of CMs and VRSs. Turnover rates among these groups are impacting chances for the success of participants in the program. Management should consider a strategy to mitigate the risk of vacancy in any of these positions. (Page 6)
- Seek resolution to problems offering vocational rehabilitation to Veterans living outside Canada. Information to help field staff support Veterans is slow to come from Head Office. (Page 7)

3.5 Audit Opinion

In the opinion of the audit team, the national contract with CanVet Vocational Rehabilitation Services has successfully evolved since its inception in April of 2009, and key deliverables are being met. However, the audit did recommend some areas for improvement; notable among them are:

- Additional training is required in the processes involved in delivering Vocational Rehabilitation and decision making;
- Quality assurance specific to Vocational Rehabilitation is required;
- There is a need to complete a Privacy Impact Assessment; and
- The invoice payment process is not efficient and should be streamlined.

Overall, in the opinion of the audit team, the activities were determined to be "Generally Acceptable".

4.0 DISTRIBUTION

Deputy Minister

Associate Deputy Minister

Assistant Deputy Minister, Human Resources and Corporate Services

Assistant Deputy Minister, Policy, Communications and Commemoration

Assistant Deputy Minister, Service Delivery

Director General, Service Delivery & Program Management

Director General Information Technology, Information Management and
Administration Division

Director General, Finance

Director General, Communications

Director General, Transformation

Executive Director and General Counsel, Legal Services Unit

Executive Director, Bureau of Pension Advocates

Executive Director, Ste. Anne's Hospital

Director General, Field Operations

Area Directors

Director, Payments & Collection Management

Director, Case Management, Rehabilitation & Mental Health

A/Director, Contract Management and Business Systems

A/Director Policy

National Manager, Rehabilitation & Career Transition Services

Manager Mental Health and Rehabilitation

Senior Analyst, Contract Management and Business Systems

Director, Statistics

Strategic Advisor to the Deputy Minister

Senior Communications Advisor

Office of the Comptroller General of Canada

Office of the Auditor General of Canada

Appendix A – Audit Criteria

Objective 1: To assess compliance with policies, regulations and procedures	
Audit Criteria	Result
Authority, responsibility, and accountability are clear and communicated	Partially Met
Controls described in policy manuals are applied the way that they are supposed to be (COSO)	Partially Met
Decisions are adequately documented to ensure a sound rationale for regular payments	Not Met
Decisions are adequately documented to ensure a sound rationale for exceptional payments	Partially Met
Compliance with policy and financial management laws, policies and authorities is adhered to	Partially Met
Compliance with policy and financial management laws, policies and authorities is monitored regularly	Partially Met
VAC and the Contractor provide employees with the necessary tools, resources and information to support the discharge of their financial responsibilities	Partially Met
Management appropriately communicates its risks and risk management strategies to key stakeholders	Met
Planning and resource allocations consider risk information	Partially Met
Objective 2: To determine if the Contractor is fully meeting key responsibilities and deliverables	
Authority, responsibility, and accountability are clear and communicated	Partially Met
There is appropriate segregation of duties	Met
Records and information are maintained in accordance with laws and regulations	Met
The Department regularly monitors contract performance and takes corrective action, where necessary, to ensure services are rendered effectively and economically	Partially Met
Objective 3: To assess the payment process for Contractor invoices	
Transactions are coded and recorded accurately and in a timely manner to support accurate and timely information processing	Partially Met
Payments are duly supported and appropriately approved	Met

Effective process exists to rectify incorrect payments	Met
Appropriate and timely financial and non-financial reporting is communicated between the Contractor and VAC	Met

Appendix B - Risk Ranking of Recommendations and Audit Opinion

The following definitions are used to classify the ranking of recommendations and the audit opinion presented in this report.

Audit Recommendations

- | | |
|------------------|--|
| Critical | Relates to one or more significant weaknesses for which no adequate compensating controls exist. The weakness results in a high level of risk. |
| Essential | Relates to one or more significant weaknesses for which no adequate compensating controls exist. The weakness results in a moderate level of risk. |

Audit Opinion

- | | |
|-----------------------------|--|
| Well Controlled | Only insignificant weaknesses relating to the control objectives or sound management of the audited activity are identified. |
| Generally Acceptable | Identified weaknesses when taken individually or together are not significant or compensating mechanisms are in place. The control objectives or sound management of the audited activity are not compromised. |
| Requires Improvement | Identified weaknesses, when taken individually or together, are significant and may compromise the control objectives or sound management of the audited activity. |
| Unsatisfactory | The resources allocated to the audited activity are managed without due regard to most of the criteria for efficiency, effectiveness and economy. |