

Courts Administration Service (CAS)

**Internal audit of program integrity at CAS,
including planning and resource allocation**

Final

20 December 2013

Mr. Daniel Gosselin
Chief Administrator
Courts Administration Service
90 Sparks Street, Room 605
Ottawa, Ontario
K1A 0H9

20 December 2013

Dear Mr. Gosselin:

Please find enclosed our internal audit of program integrity, including planning and resource allocation. The audit was completed as of 20 December 2013. The audit report includes management's response to our findings and is final.

As noted in the report, this was an internal audit, performed in compliance with the Internal Auditing Standards for the Government of Canada. It was not performed with the objective of providing an audit opinion under Canadian Institute of Chartered Accountants (CICA) standards, and therefore no such opinion is given.

Please do not hesitate to contact the undersigned should you wish to discuss any aspect of the report.

Yours very truly,

ORIGINAL SIGNED BY EY

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1. Executive summary

1.1 Background

The Courts Administration Service (CAS) was established in 2003 under the *Courts Administration Service Act* (“the *Act*”) to provide services to Canada’s four federal courts: the Federal Court of Appeal, the Federal Court, the Court Martial Appeal Court of Canada, and the Tax Court of Canada. The *Act* mandates that CAS provide efficient and effective registry, judicial and corporate services to the courts, while at the same time enhancing judicial independence by placing administrative services for the four courts at arm’s length from the Government of Canada.

The *Act* specifies that the Chief Justices of the four courts are responsible for the judicial functions of their courts, while CAS’ Chief Administrator is responsible for the efficient and effective management and administration of all court services. CAS’ support for judicial and registry services is tailored to the particular needs of the individual courts, while for common areas, CAS acts as a provider of shared services to the four courts.

Given the itinerant nature of the four courts, CAS must be able to support members of the courts in preparing files, conducting hearings and writing decisions “anywhere, anytime”. CAS maintains permanent court operations, including registry service points and other services, in 11 locations nation-wide, while in other locations, court accommodations are provided through a variety of other arrangements.

In its business case for program integrity funding, CAS has presented two options for consideration: one that would provide CAS with fully sustainable support (Option A1), and one that would address only CAS’ most urgent and critical requirements (Option A2), which CAS has identified as judicial support systems and security.

1.2 Audit objectives and scope

The objectives of the audit were to provide assurance that:

- ▶ CAS has adopted a planning and resource allocation process aimed at ensuring the delivery of registry and judicial services as well as all supporting corporate services in an efficient manner.
- ▶ CAS has presented a fair and accurate business case for program integrity funding to the Minister of Justice, Finance Canada, and Treasury Board Secretariat.

Audit criteria supporting the audit objectives are presented in Appendix B.

The scope of the audit included planning, costing, resource allocation, financial information and assumptions in the form of a business case for program integrity, as well as the process that supported the business case’s development and reporting to Treasury Board Secretariat and Finance Canada. The audit was performed on the version of the business case entitled “*The Need for Program Integrity Assistance: A Business Case, Revised November 2013*” and delivered on 23 November 2013.

1.3 Acknowledgment

The audit team would like to acknowledge the assistance and cooperation it has received from CAS’ senior management, as well as from all staff in the Finance and Contracting Services Division.

1.4 Overall conclusion

Overall, the audit found that CAS has adopted a planning and resource allocation process aimed at ensuring the delivery of registry and judicial services as well as all supporting corporate services in an efficient manner. Furthermore, it has presented a fair and accurate business case for program integrity funding to the Minister of Justice, Finance Canada, and Treasury Board Secretariat based on the information available at the time and the use of assumptions which appear reasonable under the circumstances. We have made a number of recommendations which can only further strengthen the business case.

1.5 Audit findings and recommendations

CAS' planning and resource allocation process

Key findings

The audit found that, within CAS, there are rigorous planning, budgeting and forecasting processes, with well-documented procedures and a clear timetable in place. Detailed guidance and instructions are developed and provided for CAS' budgeting and forecasting cycles; roles and responsibilities for CAS' planning and resource allocation processes are well-defined; review and approval is conducted by top management (ExCom); and defined budgeting and forecasting responsibilities exist within all organizational units and responsibility centres.

Recommendation

No recommendation required.

CAS' business case for program integrity funding

Key findings

In performing the audit, the business case was divided into three components. Audit criteria were developed for each of the three components:

- ▶ The problem statements defined in CAS in the business case fairly represent the challenges being faced
- ▶ The assumptions used by CAS in developing the program integrity funding request are reasonable under the circumstances
- ▶ The process used by CAS to develop its request for program integrity assistance was robust and well-supported

These criteria were applied across each of judicial support services, judicial support systems, security and facilities. The audit found that the business case was generally well supported, with a number of opportunities for improvement reflected in the form of recommendations. As noted in the overall conclusion of this audit, these recommendations can only further strengthen the business case. We have presented these recommendations below, with a full discussion and analysis provided in the body of the report.

Recommendation related to the overall problem statement

1. We recommend that the Deputy Chief Administrator, Corporate Services consider updating the business case to provide additional details and context supporting the 2% employee attrition rate assumption.

Recommendation related to judicial support services

2. We recommend that the Deputy Chief Administrator, Judicial and Registry Services consider including the tracking of statistics on the amount of time spent serving self-represented litigants in the business requirements for the CRMS in order to better understand the level of service that they require and their impact on Registry Services staff.

Recommendations related to judicial support systems

3. We recommend that the Chief Administrator ensure that the business case allows for proper change management activities and provides comprehensive training and education to staff on the changes to judicial support systems in order to gain buy-in from CAS employees and realize the full benefits from their implementation.
4. We recommend that the Deputy Chief Administrator, Corporate Services examine the training costs associated with IT employees to ensure that they represent sufficient resources under the circumstances.

Recommendation related to security

5. We recommend that the Deputy Chief Administrator, Corporate Services examine the training costs associated with security employees to ensure that they represent sufficient resources under the circumstances.

Recommendation related to facilities

6. We recommend that the Deputy Chief Administrator, Corporate Services review how the funding request is currently packaged and, if the court facilities screening equipment integration and e-courtroom adaptation leasehold improvements are deemed to be necessary to address CAS' urgent and critical security and judicial support systems requirements, those projects should be incorporated into the security and judicial support systems funding asks, respectively.

1.6 Executive summary of management response

Management agrees with the findings and recommendations and has responded to each of them individually in the body of the report. Appropriate action will be taken to address therecommendations.

1.7 Statement of conformance

The audit was conducted in accordance with the Internal Auditing Standards for the Government of Canada. A practice inspection of the internal audit function of CAS has not been conducted.

2. Detailed report

2.1 Background

CAS was established in 2003 under the *Courts Administration Service Act* to provide services to Canada's four federal courts: the Federal Court of Appeal, the Federal Court, the Court Martial Appeal Court of Canada, and the Tax Court of Canada. The *Act* mandates that CAS provide efficient and effective registry, judicial and corporate services to the courts, while at the same time enhancing judicial independence by placing administrative services for the four courts at arm's length from the Government of Canada.

The general purposes set out for CAS in the *Act* are to:

- ▶ Facilitate coordination and cooperation among the four courts for the purpose of ensuring the efficient and effective provision of administrative services
- ▶ Enhance judicial independence by placing administrative services at arm's length from the federal government and by affirming the roles of chief justices and judges in the management of the courts
- ▶ Enhance accountability for the use of public money in support of court administration while safeguarding the independence of the judiciary

The *Act* specifies that the Chief Justices of the four courts are responsible for the judicial functions of their courts, while CAS' Chief Administrator is responsible for the efficient and effective management and administration of all court services. CAS' support for judicial and registry services is tailored to the particular needs of the individual courts, while for common areas, such as finance, human resources, information technology, information management, security, and facilities, CAS acts as a provider of shared services to the four courts.

Given the itinerant nature of the four courts, CAS must be able to support members of the courts in preparing files, conducting hearings and writing decisions "anywhere, anytime". CAS maintains permanent court operations, including registry service points and other services, in 11 locations nation-wide, while in other locations, court accommodations are provided through arrangements with provincial courts, via commercial leases, or in a variety of other facilities, including hotels and other public spaces.

2.2 Audit objectives

The objectives of the audit were to provide assurance that:

- ▶ CAS has adopted a planning and resource allocation process aimed at ensuring the delivery of registry and judicial services as well as all supporting corporate services in an efficient manner.
- ▶ CAS has presented a fair and accurate business case for program integrity funding to the Minister of Justice, Finance Canada, and Treasury Board Secretariat.

Audit criteria supporting the audit objectives are presented in Appendix B.

2.3 Scope

The scope of the audit included planning, costing, resource allocation, financial information and assumptions in the form of a business case for program integrity, as well as the process that supported the business case's development and reporting to Treasury Board Secretariat and Finance Canada. The audit was performed on the version of the business case entitled "*The Need for Program Integrity Assistance: A Business Case, Revised November 2013*" and delivered on 23 November 2013.

2.4 Methodology

In support of the requirements under Treasury Board's *Policy on Internal Audit*, audit criteria were developed and linked to each audit objective (see Appendix B for detailed audit criteria).

The work for this project was substantially completed on 18 December 2013. Our audit work consisted of a review of CAS' planning, budgeting and forecasting processes, the costing model used to develop the business case, and both internal and external documentation supporting the problem statements, assumptions, and methodology used to develop the business case; analysis of financial and non-financial information; and interviews with departmental officials as well as officials from Treasury Board Secretariat and the Office of the Comptroller General.

Interviews were conducted with staff directly involved with the development of the business case, including the Deputy Chief Administrator, Corporate Services, the Deputy Chief Administrator, Judicial and Registry Services, and the Director of Planning, Budgeting and Analysis.

3. Findings, recommendations and management response

3.1 Introduction

This section presents detailed findings from the audit of program integrity at CAS, including planning and resource allocation. Findings are based on the evidence and analysis from both our initial risk analysis and the detailed audit and relate to CAS' planning and resource allocation processes, as well as to three distinct but inter-related components of the business case:

- ▶ The problem statements
- ▶ Assumptions used in building the business case
- ▶ Program integrity assistance sought by CAS

The audit criteria and sub-criteria are specified in Appendix B and relate to each of the three components being fairly stated. In order to present the report in a logical format, we have organized the report in the same manner as the business case and have drawn a conclusion for each of the problem statements, assumptions and program integrity assistance requested therein.

3.2 CAS' planning and resource allocation process

The audit found that, within CAS, there are rigorous planning, budgeting and forecasting processes, with well-documented procedures and a clear timetable in place. Budget planning principles are developed in accordance with CAS' investment plan assumptions for each budgeting cycle; a detailed call letter that includes these budget planning principles, as well as thorough instructions on preparing the budget, are provided to each of CAS' responsibility centre managers; there are several levels of review, validation and challenge throughout the budgeting process; and budgets and plans are tightly monitored and reported against throughout the fiscal year. Detailed call letters and instructions also exist for CAS' forecasting cycles, which in recent years have focused on identifying surpluses and unfunded pressures in order to reallocate funds to priority areas in-year.

Roles and responsibilities for CAS' planning and resource allocation processes are well-defined. CAS' budgeting process includes review and approval by top management (ExCom), and defined budgeting and forecasting responsibilities exist within all organizational units and responsibility centres. Due to fiscal realities, CAS' budgets fall short of supporting corporate objectives and priorities. We observed that in 2013-14, CAS' priorities included strengthening security for members of the courts, their users and employees, as well as providing a robust, reliable and secure IM/IT infrastructure. Despite these priorities, the non-discretionary judicial and registry operating requirements limited investment in these areas. This is indicative of the circumstances giving rise to the business case for program integrity funding, not a weakness in the planning and resource allocation process.

Recommendation

No recommendation required.

3.3 Overall problem statement and contributing factors

CAS defines the overall problem addressed by the business case as “a serious and growing financial shortfall that makes it impossible to carry out [CAS'] mandate in a sustainable manner and without incurring unmanageable risks to the operations of the courts, the interests of Canadians and the reputation of the Government of Canada”. The audit reviewed the following factors

related to this shortfall:

- ▶ **Underfunding of support costs for judicial appointments:** In order to execute their judicial functions, judges and prothonotaries require a complement of judicial support, including registry officers, law clerks and judicial assistants, as well as computer and office equipment, software licenses, furniture, and supplies. This support model, which is non-discretionary, has been well-defined through needs analysis and documented by CAS, validated by the Department of Justice and is well supported.
- ▶ **Erosion of funding resulting from financial restraint measures and inflation:** The effects of inflation, as well as Government of Canada cost containment measures, have eroded the value of CAS' annual funding. The impact of this erosion has been well-documented and reasonably calculated by CAS.
- ▶ **Reduced employee turnover due to economic conditions and government restraint:** CAS has benefited from a historical attrition rate of 10%, which translates into approximately \$4 million per year in salary savings that can be reallocated to other aspects of CAS' operations. The business case forecasts a decline in this attrition rate to 2% - and a corresponding reduction in savings - due to economic conditions. In the past CAS has been able to "force" a higher attrition rate by delaying the filling of positions and laying off staff. These measures, while freeing up cash, contributed to the service delivery problem expressed in this business case. The audit found that the business case would benefit from a strengthened rationale for the 2% attrition rate and relating it to the negative impact of forcing a higher attrition rate.
- ▶ **Ministerial reporting and accountability obligations:** The introduction of the *Federal Accountability Act* and the Treasury Board policy suite renewal over the past several years resulted in increased requirements for accountability, transparency, reporting and disclosure on the part of all federal departments and agencies - both large and small. These additional policy and reporting responsibilities have drawn on the resources of all federal entities; however, the specific impact of these additional requirements on CAS has not been quantified or documented.
- ▶ **Lack of funding flexibility:** CAS is allotted a fixed operating and maintenance budget each year, and no funding for capital investments. Most of CAS' operational costs relate to the operation of the courts and depend on unpredictable factors such as the number, location, and duration of hearings, but are non-discretionary, as court operations must remain independent of outside influence or control. The interplay between fixed operation budgets and unpredictable expenses has created a lack of funding flexibility.

Conclusion

Recognizing that some of the issues outlined in the problem statement are not quantified, the overall problem statement fairly represents the challenges being faced. The business case would be strengthened if additional details were provided supporting the 2% employee attrition rate. This support could specifically address the fact that higher rates have been achieved in the past, that the measures used to achieve them have created their own issues, and that there is limited flexibility to continue employing these measures in the future.

Recommendation

1. We recommend that the Deputy Chief Administrator, Corporate Services consider updating the business case to provide additional details and context supporting the 2% employee attrition rate assumption.

Management response – Recommendation 1

1. We agree. Using information already available in the supporting files, the rationale will be presented in the business case or in a separate document to be provided on request.

3.4 Judicial support services

3.4.1 Problem statement

CAS' request for program integrity funding as it relates to judicial support services is primarily predicated on the following issues:

- ▶ Varying and expanding workload of the federal courts
- ▶ The evolving needs of members of the courts
- ▶ The call for modernization of court-related systems and infrastructures by court users

Judicial support services include registry services, judicial library services, court reporters, transcripts, simultaneous interpretation, videoconferencing, court registrars, ushers, translation of court decisions, etc. CAS is required to provide support services for whatever hearings are scheduled by the courts, which can vary greatly in terms of number, length, and geographical location. Although costs associated with these hearings are non-discretionary, and both the overall demand for and cost of these support services has increased over the years as the number and complexity of cases dealt with by the courts has gone up, CAS has not been provided with increased funding to address these financial and operational pressures.

Conclusion

The problem statement for judicial support services fairly represents the challenges CAS is facing.

3.4.2 Assumptions used in building the business case for judicial support services funding

There are a number of assumptions that CAS used in building the business case for judicial support services funding:

- ▶ **The current volume and complexity of cases before the four federal courts will continue.** CAS' request for additional judicial support services funding assumes that the four federal courts' workloads (and, consequently, that of the CAS organization) will either remain at or increase from current levels. This assumption is supported by historical data and current trends.
- ▶ **The current trend in a growing proportion of self-represented litigants will continue, increasing the workload of Registry staff.** Between 2007-08 and 2011-12, there was a surge in the proportion of self-represented litigants appearing in the federal courts. This trend was slightly reversed in 2012-13, but a further and significant increase was expected for 2013-14. In its business case for program integrity funding, CAS assumes that the proportion of self-represented litigants will either remain at its current level or continue to grow, and that this in turn increases the workload of CAS' Registry staff. CAS' support for this assumption is that self-represented litigants require much more attention and assistance with filing documents and preparing their cases than do lawyers and other professionals who have traditionally acted on behalf of litigants, and that CAS is required to shepherd these self-represented litigants through the process. While it is logical that self-represented litigants place more burden on the system, CAS does not maintain statistics on the impact of self-represented litigants, as it would not be cost-effective to do so manually. The implementation of the CRMS could potentially automate this tracking and provide useful information for management.

- ▶ **Incremental judicial support services FTEs will enter CAS at the highest step of their respective pay scales.** In calculating the funding required for incremental FTEs, CAS assumed that those FTEs would be compensated at the highest step of their respective classification's pay scales (as defined in the applicable collective agreement). Although for other organizations this would be an oversimplification, this assumption is supported given that the majority of CAS' current employees have reached the top of their respective pay scales and that new employees frequently enter the organization either at or near the top of their pay scales.

- ▶ **The Translation Bureau is expected to increase the hourly rate it charges CAS for translation.** In calculating its request for incremental funding for translation of court decisions, CAS assumed that the hourly rate charged by the Translation Bureau will increase by 3%, or approximately \$2/hour each year for the next five years from the current rate of \$72/hour. This assumption that rates will increase is supported by the fact that the Translation Bureau currently charges similar clients \$87/hour, resulting in a significant deficit on their part.

- ▶ **The cost of paper and electronic judicial publications will continue to increase with inflation at a rate of 6% per year.** In calculating its request for incremental funding for judicial library services, CAS assumed that the cost of paper and electronic judicial publications will increase at a rate of 6% per year for each of the next five years and on an ongoing basis. This assumption is supported by the fact that the prices of academic libraries increased by 6% in 2012 and industry projections forecast a further increase of 6% to 7% in 2013 and anywhere from 2% to 15% for these publications by a variety of publishers in 2014.

Conclusion

The assumptions used by CAS in developing the funding ask related to judicial support services are reasonable under the circumstances.

3.4.3 Program integrity assistance sought

Our audit found that the funding request for judicial support services was largely based on internal information, whereas funding requests for the other three areas were based largely on external information and data.

Given the uncertainty surrounding court hearings in any given year and the fact that they are beyond CAS' control, CAS operates on a cash management basis for court hearings based on a "discount rate" and using best estimates of the number, length and complexity of expected trials. The related budget is established based on overall historical trends. With regards to the incremental funding requested for court hearings, the ask was based on CAS' determination of the margin necessary for prudent risk management – a margin CAS determined to be about 31%. The incremental funding would be used to cover a combination of increase in court hearings, longer hearings and/or additional hearing costs, such as contractual cost increases. While the process used to develop the 31% estimate appeared reasonable, there were no external data points available at the time of the audit to validate it. Subsequent to the completion of the audit fieldwork, additional external support for this estimate has become available.

In calculating the incremental funding required for the translation of court decisions, CAS took into account the average shortfall of hours that it has experienced over the past few years, combined with the increase required to address increasing volumes of translation (i.e., an increase in the number of decisions that has resulted from the increase in the number of hearings) and pressures from the judiciary and public to expedite the process of translating decisions. Funding required was then calculated based on the assumed hourly rate (as discussed above) for translation by Translation Bureau.

In calculating the incremental funding required for the judicial library services, CAS sought to restore its library funding to near

previous levels. Despite the fact that prices have increased and eroded CAS' purchasing power, funding beyond previous levels was not requested. While expenditures on judicial library services has decreased by more than \$300,000 since 2008-09, CAS took a conservative approach and has only requested \$200,000 per year in incremental funding (indexed by the inflation rate discussed above).

With regards to CAS' request for incremental Registry Services funding, the ask was developed by Registry Services based on gaps between existing FTE levels and the FTE levels required to achieve the service standards that Registry Services established as part of a capacity analysis project. Finance then compared Registry Services' requested FTEs against the FTEs that would be required under the existing support model for judges and prothonotaries (discussed earlier in this report) in order to validate the reasonableness of the request.

The costs for judicial support services personnel were calculated based on the rates of pay specified in the applicable collective agreements, and included amounts for the employee benefits plan, bilingual bonus, and PWGSC accommodation charges, as well as estimates for training, travel, employee equipment and expenses, and corporate services expenses related to supporting the FTEs. We observed that there was a detailed process and documentation supporting the calculation of these estimates.

Conclusion

Although largely based on internal information, the process used to develop the request for assistance for judicial support services was robust and generally well-supported.

Recommendation

2. We recommend that the Deputy Chief Administrator, Judicial and Registry Services consider including the tracking of statistics on the amount of time spent serving self-represented litigants in the business requirements for the CRMS in order to better understand the level of service that they require and their impact on Registry Services staff.

Management response – Recommendation2

2. We agree.

3.5 Judicial support systems

3.5.1 Problem statement

CAS' request for program integrity funding as it relates to judicial support systems is primarily predicated on the following issues:

- ▶ The courts' current paper-based registry systems are inefficient, unreliable, and fall short of the requirements of the judiciary and court users, including litigants and their lawyers.
- ▶ CAS does not currently have a strong and reliable IT infrastructure platform on which to base all of the increasingly vital technological services to the courts, the judiciary and registry offices across Canada, as well as to lawyers, litigants and the public.
- ▶ CAS' existing IT infrastructure and judicial support systems remain exposed to several key risks to information security and court operations.

- ▶ CAS does not currently have an efficient and effective approach to managing information that addresses planning and systems development as well as the creation, use, safekeeping, and disposal of documents.

There have been numerous complaints – both verbal and in writing – by the judiciary and court users about CAS’ existing paper-based registry systems and a lack of technology in the federal courts. Issues with CAS’ existing IT infrastructure are evidenced by the hundreds of IT tickets relating to the lack of reliability of the infrastructure, internet connectivity issues, etc. Security risks and gaps relating to CAS’ IT infrastructure and judicial support systems were identified and documented in an independent IT threat and risk assessment completed in 2010, and followed up on in 2011, while weaknesses in CAS’ existing information management protocol were identified in a horizontal audit of electronic recordkeeping conducted by the Office of the Comptroller General in 2011.

Implementing a new CRMS, supported by an improved IT infrastructure and enhanced information management and security protocols, is a top priority for CAS and would make possible the efficient receipt, processing, storage and retrieval of electronic court documents and the automation of court and registry workflow rules, processes and procedures, as well as address many of the problems identified. However, a lack of resources for the CRMS project and related IT infrastructure, security, and information management improvements has hindered the project’s progress.

Conclusion

The problem statement for judicial support systems fairly represents the challenges CAS is facing.

3.5.2 Assumptions used in building the business case for judicial support systems funding

There are a number of assumptions that CAS used in building the business case for judicial support systems funding:

- ▶ **Court users and CAS employees will be receptive to technological improvements within the courtrooms and the CAS organization.** The improvements for which funding is requested in the business case will significantly impact operations of the four federal courts, as well as the organization supporting them (CAS). There are numerous letters, articles, etc. in the file substantiating the development of the business case that demonstrate the need and demand by court users for modern, technology-enabled federal courts. However, as with any technology implementation, there have been some frustrations expressed with some of the technologies that have been introduced to date.
- ▶ **Implementation of the CRMS will reduce the need for clerical staff and contract court reporters, allowing CAS to realize FTE savings.** As part of the Deficit Reduction Action Plan, CAS identified a potential savings of 15 FTEs associated with the implementation of CRMS. In calculating its funding request with respect to CRMS, CAS assumed that its request for additional FTEs to support the implementation and ongoing operation and maintenance of CRMS would be partially offset by these FTE savings, resulting in only 1.0 net new FTEs. The staffing mix of the new complement of FTEs would be different than that of the FTEs saved.
- ▶ **Incremental judicial support systems FTEs will enter CAS at the highest step of their respective pay scales.** In calculating the funding required for incremental FTEs, CAS assumed that those FTEs would be compensated at the highest step of their respective classification’s pay scales (as defined in the applicable collective agreement). Although in many organizations this would be an oversimplification, this assumption is supported given that the majority of CAS’ current employees have reached the top of their respective pay scales and that new employees frequently enter the organization either at or near the top of their pay scales.

Conclusion

The assumptions used by CAS in developing the funding ask related to judicial support systems are reasonable under the circumstances.

3.5.3 Program integrity assistance sought

Our audit found the problems relating to judicial support systems identified in the business case and the request for corresponding program integrity funding are well-supported. Many of those problems and the program integrity funding link directly to the findings and recommendations identified in the independent IT threat and risk assessment completed in 2010, and followed up on in 2011.

With regards to the estimates for CRMS, CAS obtained pricing information from three different vendors and compared and assessed the different product offerings and the prices attached to them in order to develop an estimate for a solution that would best suit CAS' needs. Although CAS has not yet developed a detailed project plan for the implementation of CRMS, given that project funding has not yet been secured, a high level guiding document exists that helped CAS determine its FTE requirements.

With regards to IT infrastructure funding, CAS conducted a gap assessment in order to determine what improvements would be necessary to bring CAS' national IT infrastructure to an integrated and standardized level that performs well and is reliable, and that would provide adequate bandwidth and storage capacity to support both current needs and the new, data-intensive applications CAS is seeking to implement. CAS also benchmarked its infrastructure capacity and related spending against other organizations, including courts.

With regards to IT security and information management funding, the measures for which CAS is requesting funding are primarily those that were identified in the afore-mentioned IT threat and risk assessment, as well as the horizontal audit conducted by the Office of the Comptroller General.

The costs for judicial support systems personnel were calculated based on the rates of pay specified in the applicable collective agreements, and included amounts for the employee benefits plan, bilingual bonus, and PWGSC accommodation charges, as well as estimates for training, travel, employee equipment and expenses, and corporate services expenses related to supporting the FTEs. We observed that there was a detailed process and documentation supporting the calculation of these estimates.

Although a comprehensive process was undertaken to calculate the costs associated with these incremental judicial support systems FTEs, we observed that the estimate for training costs for IT employees - \$2,000 per FTE per year - is very conservative. This estimate may be too conservative, given the significant changes to CAS' operations that the program integrity funding will precipitate and the level of new technology that will be introduced.

Conclusion

The process used to develop the request for assistance was robust and well-supported, with the exception of the estimated costs relating to training of IT employees, which may be too conservative.

Recommendations

- 3.** We recommend that the Chief Administrator ensure that the business case allows for proper change management activities and provides comprehensive training and education to staff on the changes to judicial support systems in order to gain buy-in from CAS employees and realize the full benefits from their implementation.

4. We recommend that the Deputy Chief Administrator, Corporate Services examine the training costs associated with IT employees to ensure that they represent sufficient resources under the circumstances.

Management response – Recommendations 3 and 4

3. We agree. We will ensure that these activities are well integrated into technology projects and will be subject to internal audit as part of the multi-year internal audit plan.
4. We agree. We will ensure that an adequate training budget envelope is included in the technology projects detailed plan. This will be complemented by the IT training budget included in the existing CAS base funding.

3.6 Security

3.6.1 Problem statement

CAS' request for program integrity funding as it relates to security is based primarily on the results of a recent threat and risk assessment conducted on the Federal Courts System, in which numerous security threats and gaps to the Federal Courts System and its judiciary were identified. The threat and risk assessment also made several recommendations to CAS and other federal entities to rectify the current security situation. These recommendations were based in part on gaps identified when CAS' existing security measures and legislative framework were benchmarked against other, similar entities (e.g., provincial courts, federal court systems of other Commonwealth countries and the United States).

While the Government of Canada has overall accountability for security of the federal courts, CAS and the Royal Canadian Mounted Police, as part of their respective roles in support of the federal courts, have a shared responsibility to ensure that the assessment of threats is current, that provision for security is commensurate with identified risks, and that government is informed of security risks and the means needed to address them. Multiple security and threat and risk assessments have confirmed that the various aspects of the Federal Courts System, and in particular the judiciary, are potential targets for a variety of perceived and/or real threats, including threats of violence, aggressive behavior, verbal abuse, assault, vehicle tampering, kidnapping, stalking and bodily harm, up to and including loss of life. However, incremental funding has not been provided to allow CAS to increase security for the courts and their members, employees, litigants, lawyers and other court users and the public.

Conclusion

The problem statement for security fairly represents the threats and challenges CAS is facing.

3.6.2 Assumption used in building the business case for security funding

There is an assumption that CAS used in building the business case for security funding:

- ▶ **Incremental security FTEs will enter CAS at the highest step of their respective pay scales, except for those with Peace Officer status, who will enter CAS at the second highest step of their respective pay scales.** In calculating the funding required for incremental FTEs, CAS assumed that those FTEs would be compensated at either the highest or the second highest step of their respective classification's pay scales (as defined in the applicable collective agreement). Although in many organizations this would be an oversimplification, this assumption is supported given that the majority of CAS' current employees have reached the top of their respective pay scales and that new employees frequently enter the organization either at or near the top of their pay scales.

Conclusion

The assumption used by CAS in developing the funding ask related to security is reasonable under the circumstances.

3.6.3 Program integrity assistance sought

Our audit found that the problems relating to physical security identified in the business case and the request for corresponding program integrity funding link directly to the findings and recommendations identified in an independent threat and risk assessment completed in 2013. The security measures for which CAS is requesting funding are those that were identified in the threat and risk assessment as necessary to rectify the currently unacceptable level of security risk facing the Federal Courts System and federal judiciary.

As previously noted, CAS' proposed security measures correspond directly to what the threat and risk assessment recommended, and CAS went through a comprehensive process to calculate the cost of implementing those recommendations. The costs for security equipment are based on comparable projects in other organizations, including the Parliament of Canada, the Supreme Court of Canada and the Canadian Air Transport Security Authority (CATSA). Experience of CAS personnel who have worked in other federal departments and agencies that deal heavily with security matters (i.e., CATSA, House of Commons) was leveraged to determine the kind of equipment required, analyze the available cost information, and ensure that the estimates were reasonable. Industry sources were also consulted.

The costs for security personnel were calculated based on the rates of pay specified in the applicable collective agreements, and included amounts for the employee benefits plan, bilingual bonus, and PWGSC accommodation charges, as well as estimates for training, travel, employee equipment and expenses, and corporate services expenses related to supporting the FTEs. We observed that there was a detailed process and documentation supporting the calculation of these estimates.

Although a comprehensive process was undertaken to calculate the costs associated with these incremental security FTEs, we observed that the estimate for training costs for security employees - \$2,000 per FTE per year - is conservative. This estimate may be too conservative, given the significant changes to CAS' security operations that the program integrity funding will precipitate and the new technology that will be introduced.

Conclusion

The process used to develop the request for program integrity assistance was robust and well-supported, with the exception of the estimated costs relating to training of security employees, which may be too conservative.

Recommendation

5. We recommend that the Deputy Chief Administrator, Corporate Services examine the training costs associated with security employees to ensure that they represent sufficient resources under the circumstances.

Management response – Recommendation 5

5. We agree. Given that the amount involved is relatively small, this matter will be addressed within CAS' existing base funding.

3.7 Facilities

3.7.1 Problem statement

CAS' request for program integrity funding as it relates to facilities is primarily predicated on the following issues:

- ▶ Due to the itinerant nature of the 4 federal courts that CAS serves, in order to provide access to courtrooms and registry services across the country, CAS has 11 permanent offices in 10 cities, all located in leased buildings. Where CAS does not have local offices, court accommodations are provided through formal and informal arrangements with provincial courts, via commercial leases or in a variety of other facilities throughout Canada. However, CAS has no capital funding for investment in facilities. In some cases provincial court availability is being curtailed due to the organizations' own space requirements.
- ▶ CAS' financial situation has required it to take a fragmented approach to facilities repairs and renovations and deferral of required upgrades.
- ▶ The lease on the current Montreal courtroom and office building expires in 2019, and PWGSC has indicated that renewal will not be possible. Unless PWGSC receives a commitment from CAS by the end of the current fiscal year to fund its share of the costs of a new courthouse facility, PWGSC will stop work on the project.
- ▶ The National Judges Committee on Accommodations has identified several facilities leasehold improvement projects as high priorities for the courts.

Conclusion

The problem statement for facilities fairly represents the challenges CAS is facing.

3.7.2 Assumptions used in building the business case for facilities funding

There are a number of assumptions that CAS used in building the business case for facilities funding:

- ▶ **Facility renovations are required in order for the courts to provide service and comply with health, safety and accessibility requirements.** In requesting program integrity funding for facilities, CAS has assumed that renovations are necessary in order to ensure the continued operation of the four federal courts for which it provides support services, particularly to ensure access to the courtrooms and associated facilities for mobility-impaired persons (as required by the Canadian Human Rights Commission), as well as to meet health and safety requirements. With regards to the portion of the funding sought for a new courthouse facility in Montreal, CAS has no choice but to relocate to a new facility or to shut down permanent court operations in Montreal, as the lease on the existing facility will not be renewed. In the case of the projects to integrate screening equipment into courtroom facilities and to adapt courtrooms for technology, these projects will be necessary to court operations if CAS receives the program integrity funding relating to security and judicial support systems that it has requested.
- ▶ **CAS' share of the costs for a new courthouse facility in Montreal is estimated at \$7.0 million.** As previously noted, the lease on the current Montreal courtroom and office building expires in 2019 and renewal will not be possible. In relocating the facility to new premises, the cost for the judicial and special purpose construction, fit-up and furniture will be the responsibility of CAS. Even though these costs will depend on location chosen for the new courthouse and that location has not yet been chosen, CAS has projected the amount required to be \$7.0 million for the purposes of the business case. It is not possible to test the validity of this assumption, given that the location for the new courthouse has not been determined.

However, there was documentation on file attesting to the fact that PWGSC informed CAS that the total cost could be \$7.0 million in 2010.

- ▶ **Court users and CAS employees will be receptive to technological improvements within the courtrooms and the CAS organization.** The improvements for which funding is requested in the business case will significantly impact operations of the four federal courts, as well as the organization supporting them (CAS). As previously discussed, there is substantial evidence that court users will embrace the improvements, but it is difficult to assert whether CAS employees will embrace the changes.

Conclusion

The assumptions used by CAS in developing the funding ask related to facilities are reasonable under the circumstances.

3.7.3 Program integrity assistance sought

The projects for which CAS is seeking funding have been identified as priorities by the National Judges Committee on Accommodations. These projects will not only help CAS meet its mandate but, in some cases, to meet security needs and the duty to accommodate access for disabled persons.

The process that CAS employed to develop its facilities funding ask was comprehensive. All funding relating to facilities is operations and maintenance funding; no incremental FTEs were requested. The bulk of the funding requested relates to the relocation of the Montreal courthouse, as noted above in section 3.7.2. With regards to the remainder of the projects for which funding is requested, the Facilities Services Section of CAS was requested to cost out those projects identified by the National Judges Committee on Accommodations as priorities.

In its business case for program integrity funding, CAS has presented two options for consideration: one that would provide CAS with fully sustainable support (Option A1), and one that would address only CAS' most urgent and critical requirements (Option A2), which CAS has identified as judicial support systems and security. Under Option A2, no funding would be provided for judicial support services or facilities; however, there is funding requested under the "Facilities" envelope that supports both the judicial support systems and security improvements detailed in the business case. As previously noted, some of the priority leasehold improvement projects that would be undertaken using facilities program integrity funding include court facilities screening equipment integration – which has implications on security – and e-courtroom adaptation for technology – which has implications on judicial support systems.

Conclusion

The process used to develop the request for program integrity assistance was robust and well-supported. However, given the way that CAS has currently packaged its funding request, there is a risk that it will not receive all of the funding it needs to address its urgent and critical security and judicial support systems requirements if it only receives funding for Option A2.

Recommendation

6. We recommend that the Deputy Chief Administrator, Corporate Services review how the funding request is currently packaged and, if the court facilities screening equipment integration and e-courtroom adaptation leasehold improvements are deemed to be necessary to address CAS' urgent and critical security and judicial support systems requirements, those projects should be incorporated into the security and judicial support systems funding asks, respectively.

Management response – Recommendation 6

- 6.** The impact represents a one-time cost estimated at \$900k. We will undertake discussions with Central Agencies on the matter.

Appendix A

List of senior management and staff interviewed

Senior Management:

Daniel Gosselin, Chief Administrator

Chantelle Bowers, Acting Deputy Chief Administrator, Judicial and Registry Services

Francine Côté, Deputy Chief Administrator, Corporate Services

Paul Waksberg, Director General, Finance and Contracting Services Division

Finance and Contracting Services Division:

Josée Dubé, Director, Planning, Budgeting and Analysis

Appendix B

Audit criteria

Audit criteria	Sub-criteria
A rigorous budget process with well-documented procedures and a clear timetable exists within CAS.	Not applicable
Roles and responsibilities for planning and resource allocation are well-defined.	<ul style="list-style-type: none"> ▶ CAS' budgeting process includes appropriate levels of review and approval. ▶ Documented guidance to budget preparation has been developed. ▶ Defined budgeting responsibilities within all organizational units exist.
CAS' budgets support corporate objectives and priorities.	Not applicable
The problem statements defined by CAS in the business case fairly represent the challenges being faced.	<ul style="list-style-type: none"> ▶ The overall problem statement fairly represents the challenges being faced. ▶ The problem statement for judicial support services fairly represents the challenges being faced. ▶ The problem statement for judicial support systems fairly represents the challenges being faced. ▶ The problem statement for security fairly represents the challenges being faced. ▶ The problem statement for facilities fairly represents the challenges being faced.
The assumptions used by CAS in developing the program integrity funding request are reasonable under the circumstances.	<ul style="list-style-type: none"> ▶ The assumptions used by CAS in developing the funding ask related to judicial support services are reasonable under the circumstances. ▶ The assumptions used by CAS in developing the funding ask related to judicial support systems are reasonable under the circumstances. ▶ The assumptions used by CAS in developing the funding ask related to security are reasonable under the circumstances. ▶ The assumptions used by CAS in developing the funding ask related to facilities are reasonable under the circumstances.
The process used by CAS to develop its request for program integrity assistance was robust and well-supported.	<ul style="list-style-type: none"> ▶ The process used by CAS to develop its request for judicial support services assistance was robust and well-supported. ▶ The process used by CAS to develop its request for judicial support systems assistance was robust and well-supported. ▶ The process used by CAS to develop its request for security assistance was robust and well-supported. ▶ The process used by CAS to develop its request for

	facilities assistance was robust and well-supported.
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Appendix C

Detailed management action plan

<p><u>Recommendation #1</u></p> <p>We recommend that the Deputy Chief Administrator, Corporate Services consider updating the business case to provide additional details and context supporting the 2% employee attrition rate assumption.</p>		
<p><u>Management Action Plan</u></p> <p>We agree. Using information already available in the supporting files, the rationale will be presented in the business case or in a separate document to be provided on request.</p>	<p><u>Responsible Official</u></p> <p>Francine Côté</p>	<p><u>Target Completion Date</u></p> <p>N/A</p>
<p><u>Recommendation #2</u></p> <p>We recommend that the Deputy Chief Administrator, Judicial and Registry Services consider including the tracking of statistics on the amount of time spent serving self-represented litigants in the business requirements for the CRMS in order to better understand the level of service that they require and their impact on Registry Services staff.</p>		
<p><u>Management Action Plan</u></p> <p>We agree.</p>	<p><u>Responsible Official</u></p> <p>Chantelle Bowers</p>	<p><u>Target Completion Date</u></p> <p>N/A</p>
<p><u>Recommendation #3</u></p> <p>We recommend that the Chief Administrator ensure that the business case allows for proper change management activities and provides comprehensive training and education to staff on the changes to judicial support systems in order to gain buy-in from CAS employees and realize the full benefits from their implementation.</p>		
<p><u>Management Action Plan</u></p> <p>We agree. We will ensure that these activities are well integrated into technology projects and will be subject to internal audit as part of the multi-year internal audit plan.</p>	<p><u>Responsible Official</u></p> <p>Daniel Gosselin</p>	<p><u>Target Completion Date</u></p> <p>N/A</p>
<p><u>Recommendation #4</u></p> <p>We recommend that the Deputy Chief Administrator, Corporate Services examine the training costs associated with IT employees to ensure that they represent sufficient resources under the circumstances.</p>		

<p><u>Management Action Plan</u></p> <p>We agree. We will ensure that an adequate training budget envelope is included in the technology projects detailed plan. This will be complemented by the IT training budget included in the existing CAS base funding.</p>	<p><u>Responsible Official</u></p> <p>Francine Côté</p>	<p><u>Target Completion Date</u></p> <p>N/A</p>
<p><u>Recommendation #5</u></p> <p>We recommend that the Deputy Chief Administrator, Corporate Services examine the training costs associated with security employees to ensure that they represent sufficient resources under the circumstances.</p>		
<p><u>Management Action Plan</u></p> <p>We agree. Given that the amount involved is relatively small, this matter will be addressed within CAS' existing base funding.</p>	<p><u>Responsible Official</u></p> <p>Francine Côté</p>	<p><u>Target Completion Date</u></p> <p>N/A</p>
<p><u>Recommendation #6</u></p> <p>We recommend that the Deputy Chief Administrator, Corporate Services review how the funding request is currently packaged and, if the court facilities screening equipment integration and e-courtroom adaptation leasehold improvements are deemed to be necessary to address CAS' urgent and critical security and judicial support systems requirements, those projects should be incorporated into the security and judicial support systems funding asks, respectively.</p>		
<p><u>Management Action Plan</u></p> <p>The impact represents a one-time cost estimated at \$900k. We will undertake discussions with Central Agencies on the matter.</p>	<p><u>Responsible Official</u></p> <p>Francine Côté</p>	<p><u>Target Completion Date</u></p> <p>N/A</p>

