



Final Report

2009-724

Audit of PWGSC Governance: Senior Committees

November 3, 2011

Office of Audit and Evaluation



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MAIN POINTS

What we examined

- i. For the purpose of this audit, governance is defined as the combination of processes implemented by management to inform, direct, manage, and monitor the activities of the Department towards effective strategic direction, operational plans, support to the Minister and Parliament, and the delivery of results. Governance is essential to the achievement of Public Works and Government Services Canada's (PWGSC) objective and mandate. When done well, organizations are better able to achieve their objectives through sound decision-making based on clear strategic direction.
- ii. The senior committee structure within PWGSC is a mechanism for exercising governance through the oversight functions it provides. This structure is comprised of ten committees chaired by the Deputy Minister or Associate Deputy Minister who provide direction to the Department in delivering its mandate and achieving its objective. These are the Minister/Deputy Minister Briefings, Deputy Minister Management Committee, Deputy Minister Executive Debriefs, Deputy Minister Strategic Planning Committee, Audit and Evaluation Committee, Service Delivery Committee, Business Operations Committee, Look Ahead Committee, Public Service Alliance of Canada (Government Services Union) National Labour – Management Consultation Committee, and Professional Institute of the Public Service of Canada / Association of Canadian Financial Officers / Canadian Association of Professional Employees National Labour – Management Consultation Committee. The functioning of these committees is based on terms of reference, and supported by the secretariats in Corporate Services and Strategic Policy, Departmental Oversight, and Human Resources branches.
- iii. As part of this audit engagement, we assessed the alignment of the committee structure with the Department's mandate and objective. We analyzed the awareness and fulfillment of committee members' roles and responsibilities. We also reviewed and assessed the timeliness, type and quality of information provided to members for each committee meeting during the period under examination.
- iv. The Audit and Evaluation Committee is one of the ten committees chaired by the Deputy Minister or Associate Deputy Minister. However, given that the Office of the Auditor General's Follow-up Audit of Internal Audit included an assessment of Departmental Audit Committees, the low level of risk, and the potential conflict of interest posed by our Office auditing its own committee, we determined that the Audit and Evaluation Committee would not be included as part of the scope of this audit.
- v. During the engagement, we also assessed the risks associated with the Minister/Deputy Minister and Look Ahead committees. This assessment concluded that these two committees were of lower risk. As part of our examination work, we assessed these committees with respect to their role in the committee structure.

However, we did not conduct as detailed an examination of their operations as we did for the selected committees.

Why it is important

- vi. Governance is essential to the achievement of PWGSC's objective and mandate. Sound governance is not an end in and of itself. Governance is important because when done well, organizations are better able to achieve their objectives through effective decision-making based on clear strategic direction. However, poor governance can hinder the performance of an organization. Sound governance is essential to PWGSC as it provides the framework within which the department can operate effectively. By demonstrating due diligence, sound governance affects public confidence in the Department's capability and integrity; as well as employees' satisfaction levels.
- vii. As part of the Management Accountability Framework, Deputy Ministers are assessed on departments' integrated corporate system of decision-making to enable effective allocation of resources to priorities; and alignment of activities to outcomes and management of accountabilities. To ensure this and that governance within the federal government is adequate and effective, the Treasury Board *Policy on Internal Audit* requires Chief Audit Executives to assess and report annually on governance processes within their organizations.

What we found

- viii. We found that, based on the identified and agreed upon criteria, the senior committee structure is operating effectively.
- ix. We found no gaps in oversight between the committee structure and the departmental mandate and objective. The Corporate Services and Strategic Policy Branch and the Human Resources Branch provide adequate support to the Department's governance committees assessed. While our audit did not identify structural issues with the committee format, the following areas were identified as needing improvement:
 - Attendance and participation at committee meetings needs to be consistent and in accordance with members' roles and responsibilities;
 - Material for committee meetings needs to consistently include key information to support sound decision-making; such as risks, options, costs, and external stakeholder input; and
 - Agenda items need to be re-focused to balance business/functional issues and horizontal problems.

Management Response

- x. Management accepts the findings of the report as being fair and accurate representation of the Department's senior committee operations during the audit period.
- xi. Corporate Services and Strategic Policy Branch will act on the two recommendations where it is identified in the audit as the Office of Primary Interest by implementing the attached Management Action Plan.
- xii. Human Resources Branch will act on the recommendation where it is identified in the audit as the Office of Primary Interest by implementing the attached Management Action Plan.

Recommendations and Management Action Plan

Recommendation 1: The Assistant Deputy Minister, Corporate Services and Strategic Policy Branch, in consultation with the Deputy Minister, Associate Deputy Minister, and committee members, should ensure that:

- Participation and contribution by members is encouraged and fostered; and
- Agenda items are satisfactorily balanced for committee members between corporate and business/functional issues.

Management Action Plan 1.1: On September 12, 2011, methods to improve attendance were implemented. A message was sent from the Deputy Minister Office (DMO) informing members that replacements at executive management meetings (Deputy Minister Management Committee, Deputy Minister Executive Debrief, Business Operations Committee, and Service Delivery Committee) will not be accepted, unless prior approval has been granted by the Deputy Minister or the Associate Deputy Minister. This governance procedure has been adjusted accordingly and shared weekly with branches.

Corporate Services and Strategic Policy Branch (CSSPB) will monitor ADMs attendance at the core Executive Committee meetings for a period of six months and report the results to the Deputy Minister and the Associate Deputy Minister. After this period, CSSPB will determine if further action is needed to address the attendance issue.

Management Action Plan 1.2: During the Third Annual Governance Review, members recommended that modifications occur to Business Operation Committee in order to ensure a better balance is achieved between corporate and functional issues. A presentation was made to Deputy Minister Management Committee on October 24, 2011 providing members with some options. The Deputy Minister Management Committee decided that the Business Operation Committee Terms of Reference (ToR) should be reviewed to reduce the scope of items going to Business Operation Committee to ensure a balance between

business line and corporate needs. These actions will address many of the issues related to attendance.

Recommendation 2: The Assistant Deputy Minister, Corporate Services and Strategic Policy Branch should work with committee members to:

- Review content requirements of discussion material to facilitate the decision-making process – these could include risks, costs, options, and external stakeholder consultations;
- Define responsibilities for ensuring that discussion materials meet content requirements; and
- Re-assess and update the timelines for submitting and disseminating supporting information to committee members and monitor for adherence.

Management Action Plan 2.1: Develop a summary sheet template for all Branches to prepare for their presentations to Deputy Minister Management Committee “For Decision” to systematically consider risks, human resources and financial implications, external and internal stakeholders’ consultation, links to PWGSC priorities and clarify desired outcomes of presentations.

Recommendation 3: The Assistant Deputy Minister, Human Resources Branch should:

- Collaborate with committee members, including Bargaining Agents, to renew, implement, and monitor adherence to requirements for collecting and distributing meeting materials and tracking of action items.

Management Action Plan 3.1: Consult with committee members, including Bargaining Agents, to establish mutually agreed upon processes for collecting and distributing meeting materials. This will include information requirements for submitting agenda items for National Labour Management Consultation Committee (NLMCC) meetings, and establishing timelines for submitting information.

Management Action Plan 3.2: Communicate the agreed upon processes and requirements to all committee members on a regular basis.

Management Action Plan 3.3: Use an updated NLMCC Checklist in preparation for the meetings to provide specific timelines, as well as a list of all actions to be taken prior, during and after NLMCC meetings. The checklist will identify required follow-up action found within the minutes, outline the Office of Primary Interest and associated timelines that are within the Departments control. The updated check list will be used to review adherence to the agreed upon processes and requirements. This will be done jointly by the Bargaining Agents and the Department to increase collaboration between both parties.

Management Action Plan 3.4: Identify action items under a separate document, and monitor for completion.

INTRODUCTION

1. For the purpose of this audit, governance is defined as the combination of processes implemented by management to inform, direct, manage, and monitor the activities of the Department towards effective strategic direction, operational plans, support to the Minister and Parliament, and the delivery of results. Governance is essential to the achievement of PWGSC's objective and mandate. When done well, organizations are better able to achieve their objectives through sound decision-making based on clear strategic direction.
2. PWGSC's mandate is to provide support to the daily operations of the Government of Canada in serving the Canadian public. As part of this, PWGSC's roles include being the Government's principal banker, accountant, central purchasing agent, linguistic authority, real property manager and enabler of access to government services online.
3. The Department has more than 14,000 employees working in 19 branches, regions and special operating agencies across Canada that deal with diverse programs to support the provision of services to other government departments and Canadians. Given the size and scope of the Department's operations, PWGSC must have effective governance to fulfill its mandate and achieve its objective of high-quality centralized programs and services that ensure sound management on behalf of Canadians and meet the program needs of federal institutions. PWGSC's effectiveness in these areas of operation is increased with a central governance structure of ten senior committees that provides horizontal oversight over the Department's activities.
4. To help it discharge its responsibilities, PWGSC re-structured its senior governance committees in 2009. Following this re-structuring, there are now five senior committees, as opposed to six, chaired by the Deputy Minister. The secretariat support for these committees is provided by the Corporate Services and Strategic Policy Branch (CSSPB), and the Office of Audit and Evaluation, Departmental Oversight Branch:
 - **Minister/Deputy Minister Briefings** (CSSPB): (detailed examination not conducted) – to advise the Minister on items of interest and to present items for decision;
 - **Deputy Minister Management Committee** (CSSPB): this committee focuses on: strategic direction, management, finance and human resources. It is responsible for basic management issues, and ensures that PWGSC's work reflects the Department's vision and mission as well as its business priorities. This group also monitors and evaluates departmental performance, and helps keep the Department responsive to changes in overall government policies and directions;
 - **Deputy Minister Executive Debriefs** (CSSPB): a weekly meeting for the Deputy Minister to keep senior management informed of the latest

- developments, and allows branch heads to highlight current and emerging items and projects with their colleagues;
- **Deputy Minister Strategic Planning Committee (CSSPB):** meets quarterly to examine longer-term, big picture items, and plays an important role in strategic planning; and
 - **Audit and Evaluation Committee (Office of Audit and Evaluation):** (not included in scope of the audit) provides objective advice and recommendations to the Deputy Minister regarding the sufficiency, quality and results of assurance reports with respect to the adequacy and functioning of the department's risk management, control and governance frameworks and processes (including accountability and auditing systems).
5. Also, of these ten senior committees, there are five chaired by the Associate Deputy Minister supported by CSSPB and the Human Resources Branch (HRB):
- **Service Delivery Committee (CSSPB):** addresses key issues related to the management and delivery of services to clients, client engagement strategies and plans, as well as quality service delivery;
 - **Business Operations Committee (CSSPB):** principal forum to receive debriefs from branch heads on major projects and initiatives, and to monitor progress on the priorities and directions of the Department. This committee is a forum for all business lines and their governance committees to provide updates and address operational and strategic business line requirements as needed;
 - **Look Ahead Committee (CSSPB):** (detailed examination not conducted) - reviews activities for the coming weeks with the Minister's Office, and plans the forward agenda of the Minister with departmental officials;
 - **Public Service Alliance of Canada (Government Services Union) National Labour – Management Consultation (HRB):** the joint committee provides a forum for meaningful consultation between management and union representatives; and
 - **Professional Institute of the Public Service of Canada / Association of Canadian Financial Officers / Canadian Association of Professional Employees National Labour – Management Consultation (HRB):** a forum to discuss strategic issues that have Department-wide implications between management and union representatives (consultation) on various topics.
6. The Strategic Governance and Intergovernmental Affairs Unit provides the secretariat function to those committees supported by CSSPB. The exception is the Business Operations Committee, which is served jointly by the Strategic Governance and Intergovernmental Affairs Unit and the Strategic Policy and Planning group (within CSSPB). The Labour Relations Sector within HRB provides the secretariat function to those committees supported by HRB.
7. In support of the above noted senior committee structure, there are a number of sub-committees chaired by branch heads. These include committees on finance, human resources, and information systems and technologies. These committees represent a

final level of review, recommendation and acceptance of items for discussion and/or decision prior to submission to a Deputy Minister and/or Associate Deputy Minister chaired committee for approval.

8. As part of the Treasury Board of Canada Secretariat's Management Accountability Framework (MAF), Deputy Ministers are assessed on departments' integrated corporate system of decision-making to enable effective allocation of resources to priorities, alignment of activities to outcomes and management of accountabilities. Additionally, all levels of management within a Department are expected to implement MAF throughout their operations. To ensure that governance within the federal government is adequate and effective, the Treasury Board *Policy on Internal Audit* requires that Chief Audit Executives assess and report annually on governance processes within their organizations.
9. Additionally, within MAF, accountability is an expected element of sound management. Two criteria to assess this are "executive committee oversight of performance management and regular review", and the "alignment of individual with corporate commitments". The criteria suggest that management should consistently provide their individual functional expertise and carry out their responsibilities as corporate leaders. Given this, committee members are expected to fulfill their roles as functional leaders and corporate leaders, and participate in the committee structure's oversight activities.
10. The members of the senior committees assessed as part of this audit are branch heads. These members are responsible for presenting both functional and corporate leadership. Functional leadership arises from their responsibilities to their respective sectors as branch heads. Corporate leadership is a component of the role branch heads play in guiding the Department to deliver its mandate and achieve its objective. Collectively, when these roles are fulfilled by members, they provide direction to the Department on behalf of their functional sectors and stakeholders.

FOCUS OF THE AUDIT

11. The objective of this internal audit was to determine whether the departmental senior committee structure is operating effectively.
12. The criteria used to assess the effectiveness of the committee structure's operations examined in this audit included whether:
 - The departmental committee structure is aligned with the departmental mandate/objective;
 - There is a formal process to identify, define, assign and communicate roles and responsibilities within departmental committees; and
 - There are tools available to provide quality and timely information to departmental senior committees to support sound decision-making.

13. The audit scope included Deputy Minister and Associate Deputy Minister chaired committees held during the period of January to August 2010, a limited examination of the Minister/Deputy Minister and Look Ahead committees, and excluded the Audit and Evaluation Committee. From this period, a detailed examination of committees' operational effectiveness was conducted. The audit did not assess the committees' decisions.
14. To obtain information on the effectiveness of committee operations, committee members completed a self-assessment questionnaire. The focus of this self-assessment was to obtain their views on the current committee structure in the following areas:
 - Alignment with departmental objective and mandate;
 - Roles and responsibilities of departmental senior committees; and
 - Tools available to provide quality and timely information to departmental senior committees to support sound decision-making.
15. We also conducted interviews with selected committee members to verify the results of the self-assessment questionnaire, and to obtain additional comments and feedback. Moreover, we conducted document reviews and analysis of files associated with committee meetings and support provided to members. Additionally, the audit team attended several committee meetings to observe how they function.
16. More information on the audit objective, scope, approach and criteria can be found in the section "About the Audit" at the end of this report.

STATEMENT OF ASSURANCE

17. This audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.
18. Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the findings and conclusions in this report and to provide an audit level of assurance. The findings and conclusions are based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were accepted by management. The findings and conclusions are only applicable to the secretariats and committees examined and for the scope and time period covered by the audit.

OBSERVATIONS

COMMITTEE FUNCTIONING

Senior committee structure aligned with Department's mandate and objective

19. The senior committee structure within PWGSC is the collective of ten senior committees chaired by the Deputy Minister or Associate Deputy Minister. These committees provide oversight on the Department's: financial management, human resources and strategic planning; business and service delivery; and risk, control, and governance processes. Through this oversight, the senior committee structure guides the Department to deliver its mandate and achieve its objective.
20. Effective governance for PWGSC is predicated on the functioning of these committees that help guide the Department, and advise the Deputy Minister and Associate Deputy Minister. When these committees operate effectively, the Department demonstrates internal coherence, corporate discipline and alignment to outcomes. This alignment guides strategic direction, assistance to the Minister and Parliament, and the delivery of results.
21. As part of this audit, we expected to identify alignment between the committee structure and the Department's mandate and objective. We expected there would be a committee to oversee the activities associated with each role identified in the Department's mandate, and that committee membership would be composed of branch heads charged with the related role. As a collective, the committee structure would provide guidance and oversight to the Department.
22. Based on our analysis, we identified no gaps between the committee structure and the departmental mandate and objective. Committee members' responses in the self-assessment questionnaire that "committees are organized to provide coverage over the departmental objective and mandate" were overwhelmingly positive. These responses were confirmed during follow-up interviews with selected branch heads.
23. In addition, we analyzed committees' mandates and membership against the Department's mandate and objective. PWGSC has six main roles: the Government's principal banker, accountant, central purchasing agent, linguistic authority, real property manager and enabler of access to government services online. Each role is managed by a branch that is either an Office of Primary Interest or Office of Secondary Interest. As a member of senior committees, branch heads ensure that the specific roles they are responsible for are fulfilled at all committees, thereby ensuring the Department's mandate is covered under the committee structure. According to the committees' terms of reference, the committees allow for oversight of PWGSC's roles (i.e. Business Operations Committee and Service Delivery Committee). There is an increased likelihood that the department will achieve its objective, if the activities associated with the roles of PWGSC are addressed and discussed during committee meetings.

24. We found that PWGSC's committee structure provides oversight to the Department as a whole, and is designed to ensure that the Department is aligned with its mandate and achieves its objective.

Roles of committee members not consistently fulfilled

25. As committee members, branch heads take on two roles: as functional leaders, and as corporate leaders. Committee members develop the skills necessary to contribute to these roles from their experiences. Although these roles describe why members are supposed to be at meetings and their experiences assist in fulfilling them, regular attendance and full participation is also required. When the right collection of members, with the right knowledge, review the right material and ultimately implement decisions in accordance with their roles and responsibilities, committees become appropriate forums in which to identify, set, and guide PWGSC's strategic direction.
26. We expected that as a collective, members would have the appropriate experience and designations to support their dual roles and the decision-making process. We expected for committees that dealt with financial matters, at least one member would have an accounting designation that would enable them to read and understand fundamental financial statements and ask investigative questions on financial information. Also, we expected that members would be informed of and exercise their roles as functional leaders, and as corporate leaders for decision-making, and regularly attended meetings and volunteered their functional and corporate opinions on the items being discussed.
27. During our examination, we noted that committee members had the appropriate experience and designations, as a collective, to support decision-making. Interviewees also indicated that committee members had a diverse set of skills and educational backgrounds that assist in participating effectively in their roles as corporate leaders.
28. As part of our review of the terms of reference for each committee, we noted that members' roles were not outlined consistently for the senior committees. However, comments made by committee members in the self-assessment questionnaire showed that the majority of members are aware of and understand their roles. Moreover, these self-assessment results were confirmed during the follow-up interviews.
29. Although interviewees indicated that members had the knowledge to fulfill their corporate roles, they expressed concern with member participation. These concerns included the lack of attendance by core members (i.e. branch heads) and limited participation by replacements. The members we interviewed expected that replacements would comment and participate as though they were core members – thus enabling more discussions from a corporate perspective. Moreover, interviewees noted that members, in general, need to fulfill their responsibilities as

corporate leaders more frequently. Further to this point, we observed during meetings, and noted during interviews, that although time is allocated for roundtable discussions on each agenda item, committee members generally provide limited corporate input; committee members are more likely to comment when an agenda item affects the member's branch/region, or they are specifically called upon to comment.

30. Included in the analysis of records of decision for June 2010, the audit team examined the core members' attendance levels at committee meetings. These results were positive as there were a number of meetings that a majority of committee members attended. For three of the four Deputy Minister Management Committee meetings we reviewed, on average, 81% of core members attended. For the Deputy Minister Executive Debrief meetings we reviewed, on average 80% of core members attended. For the PSAC/GSU Labour-Management Consultation, 71% of core members attended. Additionally, for the Deputy Minister Strategic Planning Committee, only one committee member did not attend.
31. Conversely, we identified a number of attendance-related issues. There were no regional attendees during the period reviewed for any of the Business Operations Committee meetings. For the Business Operations Committee meetings we reviewed, an average of 63% of core members did not attend committee meetings, and of those absent, only 47% sent substitutes. For the Service Delivery Committee 50% of core members did not attend, and of those absent, only 54% sent substitutes. For PIPSC Labour-Management Consultation, 63% of core committee members did not attend, and of those absent, only 50 % sent substitutes. Also, when all branch heads were required to attend the June 2010 Deputy Minister Management Committee meeting on Finance, 38% of core members did not attend, of those absent, only 11% sent substitutes.
32. The audit team took into consideration absences of core members, and as a result, these statistics include acting branch heads. On average, a branch head spends roughly 7 hours per week attending Deputy Minister and Associate Deputy Minister chaired meetings. In addition to this time, depending on their committee membership, branch heads can also spend between 6 - 12 hours per week attending various branch level and interdepartmental committees. These times do not include pre-meeting briefings and post-meeting follow-up activities related to committees.
33. When consistently applying their roles as functional leaders and as corporate leaders, committee members add value to the department by bringing both perspectives to the table when taking part in discussions and making decisions. With functional and corporate knowledge and experience, committee discussions and decisions take into consideration all possible issues. By practicing both roles as corporate and functional leaders, broader corporate oversight will assist in ensuring that issues of a horizontal nature are sufficiently discussed and addressed.

Information to support decision-making sometimes incomplete

34. Supporting material for agenda items includes background information and context so that committee members have a complete view of the agenda item up for discussion or decision. With appropriate information provided prior to meetings, committee members can prepare for meaningful discussions and deliberations. Although this information may be thoroughly discussed and vetted at branch-head chaired committees that support the senior committee structure, this information should be provided to Deputy Minister or Associate Deputy Minister chaired committees. This approach allows those members that are not participants of the initial branch-head chaired committee(s) associated with the agenda item to be informed of all relevant matters, and provide input and advice from a corporate perspective. The absence of complete supporting documentation during presentations at committee meetings may lead to decisions being made without all required information.
35. We expected to find sufficient information for decision-making. Key information in support of decision-making includes items such as: examination of risk, internal and external environmental assessments, costs, options, and regional and external stakeholder perspectives. This type of information should be incorporated into supporting material to help the committee have meaningful discussions and ultimately make informed decisions.
36. The results of the self-assessment questionnaire indicated that members only somewhat agreed that the briefing material provided to them for meetings is consistently complete, and useful for decision-making. Only half of the respondents indicated that risk information related to agenda items is formally identified and communicated to committee members. In our follow-up interviews with selected committee members they consistently expressed concern regarding the amount and type of risk information provided. A number of them suggested that having costs and options for each item would assist them in making added-value comments. Also, members felt that stakeholder input could be sought more often - especially from external stakeholders, such as other government departments and industry associations.
37. The majority of material we examined demonstrated that external and internal environments were taken into consideration for decision-making. However, we found that supporting material inconsistently provided results from regional and external stakeholder consultation and did not always identify risk considerations. This was further supported by our observation of committee meetings, where we observed first-hand that risk information is provided inconsistently and not always in sufficient detail.
38. By identifying key information to support decisions, the presenting members demonstrate that they have considered a number of factors to assist with decision-making. Additionally, with this information, committee members who did not assist

in developing the agenda item will be able to adequately perform their corporate roles of providing a corporate challenge to the presented item.

Committee members concerned with the focus of agenda items

39. Agenda items for senior committees, according to terms of reference, are to be developed based on the needs identified by the Chair, members, and the mandated areas of oversight each committee is responsible for. PWGSC's committees are aligned with and support the achievement of the Department's mandate and objective.
40. The individual mandates for each committee are designed to, as a collective, ensure that the committees support the department's mandate and objective. To ensure they fulfill their mandates, individual committee meetings must have agenda items that support their roles in the collective committee structure. With appropriate agenda items, committees meet to accomplish an activity that adds value to the governance of the Department as a whole.
41. We expected that committees had core agenda items that reflected the committee's purpose and pertained to its stated mandate.
42. We found that each committee had a defined purpose - which included oversight areas. To fulfill the defined purpose and provide appropriate oversight, the majority of committees' terms of reference identified core agenda items. Through our analysis, we determined that what was presented during committee meetings reflected the mandates and core agenda items identified. As noted in the next section, committee members are satisfied with the agenda setting process.
43. However, members noted that there could be a better balance between business/functional items and horizontal-corporate items. Committee members explained that agenda items focused on issues common to various business lines would allow for more meaningful discussions and actions taken on horizontal issues facing PWGSC.
44. To ensure adequate coverage of issues faced by sectors and the Department, a blend of business/functional issues and horizontal themes should be presented. There is no definitive composition as to what this combination should be, however it must be satisfactory to chairs and committee members. By focusing agenda items on both of these areas, committees are better placed to resolve and discuss issues that are business/functional and/or related to PWGSC as a whole. With adequate attention paid to horizontal-corporate issues, PWGSC's strategic planning and direction could be strengthened.

COMMITTEE SECRETARIATS

Committee secretariats provide adequate support

45. There are two secretariats that support the committees we examined. These secretariats are part of the Corporate Services and Strategic Policy Branch (CSSPB) and the Human Resources Branch (HRB). To assist in ensuring that PWGSC's senior committees operate effectively, the secretariats provide logistical assistance and coordinate the committees' activities. When support is adequate, chairs and committee members can focus on meeting preparation, and ensure that their contribution adds value to the discussions and decisions.
46. We expected that the secretariats would have processes and procedures to manage and ensure effective committee support. These processes and procedures would guide the secretariats' actions in providing advanced planning and decision action-tracking.
47. CSSPB maintains evolving forward agendas known as Advanced Planning Agendas, based four-weeks in advance. The Advanced Planning Agendas are provided to members in advance for discussion and planning purposes. We determined that this process was adequately implemented. The Deputy Minister Executive Debrief does not use Advanced Planning Agendas, as its agenda items are more ad hoc in nature and determined based on the current needs of the Deputy Minister and his office.
48. The committees supported by HRB have agendas based on requests from union representatives and senior management. This process has been implemented by HRB to identify and select agenda items through consultations with departmental and union representatives in advance of committee meetings.
49. In addition to the results of our testing, the self-assessment indicated that the majority of committee members believe the processes used by both secretariats to establish agenda items, including the forward agenda, are satisfactory. Although, some members commented that they would like the opportunity to discuss forward agendas during committee meetings.
50. Although CSSPB and HRB have different methods of planning, both methods support the senior committees. Advanced planning ensures members are aware of upcoming agenda items, material can be submitted in advance to allow members time to prepare, and secretariats can coordinate committees' activities.
51. We also expected that the secretariats would have processes in place to track and follow-up on decisions and requests made during committee meetings. CSSPB uses an Action Tracking Report which is distributed to committee members on a weekly basis. We reviewed the Action Tracking Reports for the committee meetings assessed, and determined that most decisions were tracked, monitored, implemented, and followed-up on for those committees supported by CSSPB.

52. HRB had an alternative method for tracking decisions. Their process entails reviewing minutes of the last meeting and determining if any follow-up items were identified. If there were, a check is conducted to determine if follow up action was taken. When reviewing the decision tracking document for the Labour-Management Consultation Committee meetings, we found that although it contained the Office of Primary Interest and related action items, it did not identify due dates. In addition, there was no indication that actions had been completed, or if there were additional outstanding items. Although this information was not included in their tracking tool during the audit, since May 2010, HRB has been revising their support procedures, and has now incorporated the requirement for this information into their most recent Labour-Management Consultation Committee preparation checklist.
53. With a functioning action tracking system, the Deputy Minister and Associate Deputy Minister are provided with an additional level of control to ensure that their decisions are tracked and implemented. We found that the approach used by CSSPB is formal, well defined, and adequately implemented. The approach used by HRB is less formal and is not done as an ongoing practice. HRB's approach did not identify all information required to track the status of action items following decision-making. However, HRB has now incorporated this information into their updated preparation checklists.

Members do not always receive timely information for committee meetings

54. Supporting material for agenda items include agendas, tables, decks, and reports which are provided to committee members to assist in their meeting preparation and to help facilitate committee discussions. This material is provided by presenters to the secretariats for dissemination to committee members in advance of scheduled meetings. Member preparation for meetings can include reviewing material, obtaining input from staff, consulting with branch stakeholders, and having bilateral discussions with other committee members. These activities take time to complete, and require that material be provided in advance of committee meetings. For members who may not be familiar with an agenda item, receiving material in advance will afford them sufficient time to prepare in advance and to participate as effective corporate leaders.
55. The amount of time needed to review supporting material varies for each committee member and the member's respective committees. We expected that committees had established guidelines for the timely provision of information, and that presenters and secretariats followed these guidelines.
56. The results of the self-assessment indicated that briefing materials for committee meetings were not being provided in a timely manner to allow for a meaningful review. Subsequently, during our follow-up interviews, members indicated that although they received material in advance of meetings, there was insufficient time for a thorough review.

57. We noted that most committees do not have formal time requirements for the provision of supporting material to committee members. One committee's Terms of Reference identified the period of time that material is to be provided to CSSPB for dissemination (i.e. ten days), while another identified timelines for transmittal to members from CSSPB (i.e. one day). Additionally, CSSPB has internal documented procedures, including timelines for submitting materials in advance, for the Deputy Minister Management Committee (i.e. two days) and Service Delivery Committee (i.e. one day).
58. The Terms of Reference for the Labour-Management Consultation Committees specified that material must be provided in advance to provide adequate time for preparation, but did not identify specific timelines. Additionally, HRB's checklist used prior to and during the engagement did not identify timelines for submitting materials in advance. Given that this is a joint committee, Management and Bargaining Agents need to mutually establish and respect timelines for meeting materials, approval of minutes or other time-sensitive items. As previously noted, HRB has been revising their support procedures, and has now incorporated these timelines into their most recent Labour-Management Consultation Committee preparation checklist.
59. We found that material for individual committee meetings was provided in advance for all but three meetings. A more thorough examination found that supporting information provided generally do not adhere to those identified timelines for submitting supporting materials. On average, material was provided one business day prior to the scheduled committee meeting.
60. Establishing and following timelines for distributing supporting material provides committee members with information in a timely manner that enables them to adequately prepare for and participate in committee meetings. Timely transmission of materials to support and foster committee discussions is a shared responsibility of the secretariats and presenters.

Efforts to improve committee operations occur

61. Continuous improvement of committee operations ensures that committees function in ways that suit the needs of the chairs and its members and achieve their intended purposes. It entails re-examining the processes and procedures related to committees activities on a regular basis.
62. Senior public service managers across the Government of Canada are expected to foster an environment of learning, innovation and change management within their departments. By implementing a continuous improvement regime of change and innovation at its highest level of governance, PWGSC demonstrates to its employees, Treasury Board Secretariat, and Canadians, its commitment to achieving effective public service management. Continuous improvement requires a

committee structure that emphasizes and encourages continual innovation within itself and the Department as a whole.

63. We expected that committees would have documented requirements for conducting periodic assessments for improvement of committee functioning and decision-making. We also expected that these requirements would be carried out and assessment results incorporated into committee processes and procedures.
64. We found that there was only one committee that had a requirement to periodically assess performance. The Public Service Alliance of Canada (PSAC)/Government Services Union (GSU) consultation has a requirement that includes a detailed checklist of criteria to evaluate the effectiveness of, and satisfaction with, its committee consultation process. HRB explained that the criteria were used to design a survey to assess the consultative process between management and union representatives. Although this assessment was intended for the PSAC/GSU Labour-Management Consultation Committee, the responses communicated by members were regarding all of the consultative methods, and as such, the results will be distributed to the various Labour-Management Consultation Committee fora.
65. Additionally, CSSPB recently undertook and presented a follow-up review of PWGSC's restructured senior committee structure undertaken between 2009 and 2010. Moreover, the Service Delivery Committee recently re-affirmed its Terms of Reference. Subsequent to this audit, CSSPB completed their Third Annual Governance Review in September 2011. The review included a self-assessment questionnaire sent to the branch heads for their opinions on committee operations and recommendations for improvement.
66. Although these reviews were not formal requirements, they represent positive demonstrations of assessing and improving committee operations. During interviews, committee members noted that they had not participated in a formal self-assessment, and felt that conducting self-assessments would be a valuable exercise. Following the audit team's review of the September 2011 governance review, we found the processes implemented by CSSPB provide an effective tool for continuous improvements of committee operations.
67. Requirements for self-improvement exercises help ensure effective committee functioning. As part of the Management Accountability Framework (MAF), learning, innovation, and change management are paramount to the success of any organization. In addition to those assessments completed by CSSPB and HRB, by establishing requirements for more regular self-improvement activities, senior management demonstrates to Treasury Board, employees, and Canadians, their commitment to continuous learning, innovation, and change management.

CONCLUSION

68. Based on the criteria used, we found that the senior committee structure is operating effectively. However, there are some areas for improvement.
69. We found that PWGSC's senior committee structure is aligned with the Department's mandate and objective. Additionally, we found that the committees were adequately supported by their secretariats.
70. The audit found that roles and responsibilities for committee members were not consistently outlined, but were implied and understood. Committee members need to balance the application of their corporate and functional leadership roles. In addition, committee members' attendance and participation are inconsistent and could hinder their ability to ensure that their roles as corporate and functional leaders are fulfilled and provide overall strategic direction to the department.
71. Supporting material for committee meetings generally did not always include all key information to support sound decision-making. This information could include risk, costs, options, and external stakeholder consultation. Without it, the decision-making process may be delayed while committee members wait for required information, or decisions may be taken without due consideration of all aspects. Moreover, committee members need to be provided supporting material for meetings sufficiently in advance to ensure adequate time for review and preparation.
72. Although requirements for continuous improvement activities have not been formally defined, PWGSC's secretariats have undertaken various improvement activities. With processes to foster ongoing innovation and learning from committee experiences, PWGSC will be able to demonstrate commitment to effective governance principles.

MANAGEMENT RESPONSE

Management accepts the findings of the report as being fair and accurate representation of the Department's senior committee operations during the audit period.

Corporate Services and Strategic Policy Branch will act on the two recommendations where it is identified in the audit as the Office of Primary Interest by implementing the attached Management Action Plan.

Human Resources Branch will act on the recommendation where it is identified in the audit as the Office of Primary Interest by implementing the attached Management Action Plan.

RECOMMENDATIONS AND MANAGEMENT ACTION PLANS

Recommendation 1: The Assistant Deputy Minister, Corporate Services and Strategic Policy Branch, in consultation with the Deputy Minister, Associate Deputy Minister, and committee members, should ensure that:

- Participation and contribution by members is encouraged and fostered; and
- Agenda items are satisfactorily balanced for committee members between corporate and business/functional issues.

Management Action Plan 1.1: On September 12, 2011, methods to improvement attendance were implemented. A message was sent from the Deputy Minister Office (DMO) informing members that replacements at executive management meetings (Deputy Minister Management Committee, Deputy Minister Executive Debrief, Business Operations Committee, and Service Delivery Committee) will not be accepted, unless prior approval has been granted by the Deputy Minister or the Associate Deputy Minister. This governance procedure has been adjusted accordingly and shared weekly with branches.

CSSPB will monitor ADMs attendance at the core Executive Committee meetings for a period of six months and report the results to the Deputy Minister and the Associate Deputy Minister. After this period, CSSPB will determine if further action is needed to address the attendance issue.

Management Action Plan 1.2: During the Third Annual Governance Review, members recommended that modifications occur to Business Operation Committee in order to ensure a better balance is achieved between corporate and functional issues. A presentation was made to Deputy Minister Management Committee on October 24, 2011 providing members with some options. The Deputy Minister Management Committee decided that the Business Operation Committee Terms of Reference (ToR) should be reviewed to reduce the scope of items going to Business Operation Committee to ensure a balance between business line and corporate needs. These actions will address many of the issues related to attendance.

Recommendation 2: The Assistant Deputy Minister, Corporate Services and Strategic Policy Branch should work with committee members to:

- Review content requirements of discussion material to facilitate the decision-making process – these could include risks, costs, options, and external stakeholder consultations;
- Define responsibilities for ensuring that discussion materials meet content requirements; and
- Re-assess and update the timelines for submitting and disseminating supporting information to committee members and monitor for adherence.

Management Action Plan 2.1: Develop a summary sheet template for all Branches to prepare for their presentations to Deputy Minister Management

Committee “For Decision” to systematically consider risks, human resources and financial implications, external and internal stakeholders’ consultation, links to PWGSC priorities and clarify desired outcomes of presentations.

Recommendation 3: The Assistant Deputy Minister, Human Resources Branch should:

- Collaborate with committee members, including Bargaining Agents, to renew, implement, and monitor adherence to requirements for collecting and distributing meeting materials and tracking of action items.

Management Action Plan 3.1: Consult with committee members, including Bargaining Agents, to establish mutually agreed upon processes for collecting and distributing meeting materials. This will include information requirements for submitting agenda items for National Labour Management Consultation Committee (NLMCC) meetings, and establishing timelines for submitting information.

Management Action Plan 3.2: Communicate the agreed upon processes and requirements to all committee members on a regular basis.

Management Action Plan 3.3: Use an updated NLMCC Checklist in preparation for the meetings to provide specific timelines, as well as a list of all actions to be taken prior, during and after NLMCC meetings. The checklist will identify required follow-up action found within the minutes, outline the Office of Primary Interest and associated timelines that are within the Departments control. The updated check list will be used to review adherence to the agreed upon processes and requirements. This will be done jointly by the Bargaining Agents and the Department to increase collaboration between both parties.

Management Action Plan 3.4: Identify action items under a separate document, and monitor for completion.

ABOUT THE AUDIT

Authority

This audit was approved by the Audit and Evaluation Committee of Public Works and Government Services Canada as part of the *2010-2015 Multi-Year Risk-Based Audit and Evaluation Plan*.

Objective

The objective of this internal audit was to determine whether departmental senior committee structure is operating effectively.

Scope and Approach

This audit covered the period from January 2010 to August 2010.

During the preliminary survey phase of the audit, a risk assessment was conducted on the 20 core elements of governance identified in our initial research on governance structures. The purpose was to identify audit projects for those elements presenting a higher risk. As a result of this risk-assessment, we determined that the focus of the audit would be on committee structure, roles and responsibilities, and availability of information.

The scope of the audit focused on the structure and processes of departmental committees chaired by the Deputy Minister or Associate Deputy Minister. The audit did not assess these committees' decisions.

The Audit and Evaluation Committee is one of the five committees chaired by the Deputy Minister. However, given that the Office of the Auditor General's Follow-up Audit of Internal Audit included an assessment of Departmental Audit Committees, the low level of risk, and the potential conflict of interest posed by our Office auditing its own committee, we determined that the Audit and Evaluation Committee would not be included as part of the scope of this audit.

During the engagement, we also assessed the risks associated with the Minister/Deputy Minister and Look Ahead committees. This assessment concluded that these two committees were of lower risk. As part of our examination work, we assessed these committees with respect to their role in the committee structure. However, we did not conduct as detailed an examination of their operations as we did for the selected committees.

The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Criteria

The criteria used to assess the effectiveness of committee structure were derived from the Office of the Comptroller General's "Core Management Controls – A Guide for Internal Auditors" document, and from the Treasury Board Secretariat's Management Accountability Framework. The criteria were as follows:

- The departmental senior committee structure is aligned with departmental mandate/objective;
- There is a formal process to identify, define, assign and communicate roles and responsibilities within the departmental senior committees; and
- There are tools available to provide quality and timely information to departmental senior committees to support sound decision-making.

Audit Work Completed

Audit fieldwork for this audit was substantially completed on December 10, 2010.

Audit Team

The audit was conducted by members of the Office of Audit and Evaluation and an audit consultant, overseen by the Director of Internal Audit, and under the overall direction of the Chief Audit and Evaluation Executive.

The audit was reviewed by the quality assessment function of the Office of Audit and Evaluation.