

**Audit of Appointment Delegation and
Accountability Instrument (ADAI)**

**ACOA
Head Office and Regions**

Internal Audit Directorate

Final Report

July 2007



TABLE OF CONTENTS

Assurance Statement.....	1
Executive Summary	2
Background.....	3
Audit Risk.....	4
Audit Objectives.....	4
Audit Scope	5
Audit Results.....	6



ASSURANCE STATEMENT

President, Atlantic Canada Opportunities Agency

We have recently completed a compliance audit of the Appointment Delegation and Authority Instrument (ADAI). The overall objective of the audit was to provide assurance that appointments made by the Agency are in accordance with the requirements of the ADAI and *Public Service Employment Act* (PSEA). The engagement was conducted in accordance with Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

The examination was conducted during the period of February 2007 through March 2007, and covered ACOA appointment activities made from January 1, 2006 to December 31, 2006.

The audit consisted of an examination of documentation in respect of approved appointments from each of the Agency's four regional offices, as well as those from its Head Office.

Based on our audit, we have concluded that ACOA's appointments and appointment-related authorities are in accordance with the ADAI and PSEA, as well as Agency guidelines.

In our judgment, sufficient and appropriate audit procedures have been conducted and evidence has been gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations, as they existed at the time, against the audit criteria and in consideration of the result of the compliance testing. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.

Chief Audit Executive

EXECUTIVE SUMMARY

Under amendments made to the *Public Service Employment Act* (PSEA), which came into effect in 2005, the Appointment Delegation and Accountability Instrument (ADAI) provided delegation of all internal and external appointment authorities to the President. In accordance with the ADAI, the President has further sub-delegated appointments and appointment-related authorities to the level of Executive (EX) group minus one.

The audit of ADAI is an assurance engagement and was included in the Agency's Audit Plan for fiscal year 2006-2007 and was approved by ACOA's Audit Committee. The audit examined appointments made during the period from January 1, 2006 to December 31, 2006, representing the first 12-month period in which the ADAI was in effect. The audit engagement was conducted during the period February 2007 to March 2007.

The overall objective of the audit is to provide assurance that appointments made by the Agency are in accordance with the requirements of the ADAI and PSEA. In this regard, a number of specific criteria were established, against which Agency compliance with requirements could be assessed. Based on our audit, we have concluded that:

- ADAI used by ACOA was developed in accordance with the Appointment Framework of the Public Service Commission (PSC) and the supplied ADAI template;
- ACOA letters of offer are signed only by individuals who have received sub-delegated authority from the President to make appointments; and
- ACOA appointments made pursuant to sub-delegated authorities are made only by managers occupying positions at a minimum level of EX minus one and who have received the required training. Also, the appointments are made to occupational groups and levels within the managers' authority.

Based on the audit conclusion that ACOA has complied with all requirements of the ADAI and PSEA in respect of sub-delegation of appointments and appointment-related authorities, no recommendations have been proposed, and no further action will be required.

BACKGROUND

The audit of the ADAI is an assurance engagement that was included in the Agency's audit plan for fiscal year 2006-2007 and approved by ACOA's Audit Committee.

Under amendments made to the PSEA, which came into effect in 2005, the PSC has the authority to make appointments to and within the public service. While the PSC delegates many of its appointment authorities, the Act provides that these be delegated to deputy heads and, through them, to the lowest level possible within the public service. As a result, the amended PSEA provides greater scope for deputy heads to customize the appointment process to meet the needs of their organization.

At ACOA, delegation of all internal and external appointment authorities has been given to the President. It is the President's responsibility and choice to sub-delegate appointments and appointment-related authorities to the level of EX minus one. To be eligible to receive sub-delegated authorities, managers are required to participate in specific training to ensure they are well informed and understand their responsibilities and accountabilities with respect to staffing.

AUDIT RISK

The audit of the ADAI is included in the Audit Plan for 2006-2007 as approved by ACOA's Audit Committee. Engagement risk is determined through the use of the Audit Universe Risk Analysis (AURA). Through the AURA process for the ADAI, the engagement risk was determined to be high as a result of the President's accountability for all sub-delegation of authority across the Agency.

AUDIT OBJECTIVES

The overall objective of the audit was to provide assurance that appointments made by the Agency are in accordance with the requirements of the ADAI and PSEA. The assessment of compliance with the ADAI was made according to the following criteria.

1. ACOA's sub-delegation of authorities is in accordance with the ADAI.
2. Letters of offer are signed by individuals who have received sub-delegated authority from the President to make appointments.
3. Individuals who have been assigned sub-delegated authorities meet minimum eligibility requirements as established by the ADAI and the Agency.

AUDIT SCOPE

The audit covers the period January 1, 2006 to December 31, 2006, representing the first 12-month period in which the ADAI was in effect, and was conducted during the period February 2007 to March 2007.

The audit consisted of the examination of documentation in respect of approved appointments from each of the Agency's four regional offices, as well as those from its Head Office. Selected candidates' profiles were examined in detail to evaluate compliance with the ADAI. A selected sample was chosen according to the proportion of appointments in each region examined.

The appointments selected for examination, as well as their respective distribution, are as follows.

Region	Appointments	Proportion	Selected Sample
HO	136	53%	27
NB	45	18%	9
NL	22	9%	5
NS	34	13%	7
PE	19	7%	3
TOTAL	256	100%	51

A second verification step was undertaken to provide assurance that sub-delegated appointment authorities met the requirements of such authority as established by the ADAI and ACOA. To complete the second phase of the audit, the files of sub-delegated authorities who had signed the letters of offer from the original sample were examined, representing 17% (29 of 175) of all authorized ACOA sub-delegated authorities.

Region	Sub-delegated Authorities	Proportion	Selected Sample
HO	68	39%	16
NB	41	18%	4
NL	27	9%	4
NS	25	13%	3
PE	14	7%	2
TOTAL	175	100%	29

AUDIT RESULTS

OVERALL OBJECTIVE

Provide assurance that appointments made by the Agency are in accordance with requirements of the ADAI and PSEA

Criterion 1:

ACOA's sub-delegation of authorities is in accordance with the ADAI.

Based on our review, it was determined that ACOA's ADAI was developed in accordance with the PSC's Appointment Framework and the supplied ADAI template. ACOA's President received an ADAI from the PSC, under the amended PSEA, giving her authority to delegate, within her jurisdiction, all internal and external appointment authorities. Further, all letters of delegation under the ADAI that we examined as part of the audit were structured according to the format supplied by the PSC, all of which clearly identified the appointment and appointment-related authorities being delegated, the authorities the deputy heads may sub-delegate, as well as the conditions of the delegation and their accountability (of sub-delegated authorities) for such appointments.

During the first phase of sub-delegation, ACOA's President has given authorities only to persons within the Agency occupying positions in the EX, EX equivalent, and EX minus 1 groups.

Criterion 2:

All letters of offer are signed by individuals who have received sub-delegated authority from the President to make appointments.

From the sample of appointments selected as part of this audit, 30 different sub-delegated managers/accredited Human Resources (HR) personnel were required to sign the appointees' letters of offer. In all cases, we were able to verify that letters of offer were signed by individuals who had received sub-delegated authority from the President to make appointments. As well, the audit period is considered a transitional period, in which some appointments fell under the provisions of the PSEA prior to its amendment. This means the letters of offer for such appointments were signed by accredited HR agents/advisors rather than appointed sub-delegated managers. Accordingly, we have verified that all such letters that fell under the old PSEA, representing 16 of the 51 appointments selected, were in accordance with the previous legislation.

Criterion 3:

Individuals who have been assigned sub-delegated authorities meet minimum eligibility requirements as established by the ADAI and the Agency.

As noted earlier, delegation of all internal and external appointment authorities was given to the President, who further sub-delegated this authority to the level of EX minus one. In order to be eligible to receive such sub-delegated authority, managers are required to attend specific training in respect of the appointment process.

We verified that all appointments made pursuant to sub-delegated authorities, which were selected as part of this audit, were made by managers occupying positions of a minimum level of EX minus one, and were made to occupational groups and levels within their respective jurisdictions. We also verified, through records maintained by ACOA's Human Resources Branch, that all such managers had received the required training.