



Canadian Space Agency  
Agence spatiale  
canadienne



## Audit on Governance

### AUDIT REPORT

### **Project #14/15 01-03**

Prepared by the  
Audit and Evaluation Directorate

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## 1.0 SUMMARY

### 1.1 Audit objective

The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency (CSA) activities.

The audit was conducted to determine whether the current governance processes in place allow senior executives to manage and ensure control of CSA activities, gather relevant information, make informed decisions and be accountable for its results in such a way as to meet the expectations of the Minister of Industry, the interdepartmental community and other stakeholders.

### 1.2 Audit opinion

In our opinion, governance structures and oversight processes in place are adequate to allow senior executives to manage and ensure control of CSA activities. However, we have identified certain deficiencies which represent significant issues that require management's attention.

### 1.3 Statement of assurance

As Chief Audit Executive, I am of the opinion that sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided in this report. That opinion is based on a comparison of the circumstances, as they existed at the time of the audit, with the pre-established audit criteria agreed on with management. The opinion is only applicable to the particular entity examined. Evidence was gathered in accordance with Treasury Board internal audit policy, directives and standards. The procedures followed comply with the professional standards of the Institute of Internal Auditors. Sufficient evidence was gathered to convince senior management of the validity of the opinion derived from the internal audit.

### 1.4 Summary of recommendations

The CSA is a federal agency whose governance and operations are in transition. However, 2014 was a turning point for the organization, when a large number of new structures and procedures were established in order to implement the recommendations set out in the report entitled Aerospace Review, Reaching Higher: Canada's Interests and Future in Space, November 2012 (also called the Emerson Report).

Although it is acknowledged that these new structures and procedures will still require some adjustment over time, they are nonetheless the basis for a new governance framework, the objective of which is to strengthen the oversight of CSA activities, improve decision-making and accountability reporting procedures, and more effectively fulfil the expectations of CSA stakeholders.

The following are some of the noteworthy achievements of 2014:

1. The adoption by the Minister of Industry in February 2014 of Canada's Space Policy Framework, which sets out strategic directions and priorities for the selection of activities that will comprise the future Canadian Space Program;

2. The adoption of a five-year investment plan (2014–2015 to 2018–2019), in accordance with Treasury Board of Canada policy, that will demonstrate how the CSA intends to soundly manage public funds over the next five years;
3. The adoption by the CSA Executive Committee on February 5, 2014, of a new investment governance and monitoring framework and the implementation of procedures to improve investment oversight;
4. The setting up of several new committees that form the basis of the CSA's new governance framework.

The audit also identified areas in need of improvement for which we have drawn up a number of recommendations, which are summarized below.

### *Canada's Space Strategy*

Although Canada's Space Policy Framework and the CSA's five-year investment plan define a number of overall directions and priorities for the future, the organization has not set sufficiently clear long-term objectives to allow for the identification and assessment of the risks associated with these objectives. A process for establishing such objectives began in December 2014 and was still underway when the audit was finalized.

The CSA must continue its efforts in this area in order to have a longer-term vision for the planning of its investments. It should have a clearly stated set of objectives and strategies that take into account not only Canada's Space Policy Framework and the five-year investment plan but also the needs of partner departments, its current and long-term financial obligations, its operating environment and its risk-taking propensity.

It is important that the CSA establish a long-term strategy that takes into account the needs of partner departments, as it will allow the President and senior management to make informed decisions based on specific objectives and be accountable to stakeholders.

This long-term strategy would also allow for better supervision of CSA activities, through a "top-down" approach based on accountability and results, where management would set the tone for the entire organization and clearly state its expectations concerning the organization's strategic priorities and risk-taking propensity. Management could then ensure that its internal accountability reporting meets its expectations and the defined strategic priorities.

### *Support for the new governance structures*

It was found during the audit that the CSA had not truly adapted internally to reflect the impact of its new government-wide governance framework and its new reality. Aside from adding new procedures under the responsibility of the Programs and Integrated Planning Branch and the Policy Branch, it is only recently that the reflections were initiated on how to provide support and secretarial services to the new governance structures in place for reasons of effectiveness and efficiency.

It should be pointed out that the CSA's new governance framework has resulted in the establishment of at least six new authorities since the end of 2013, i.e., Space Advisory Board (SAB); Deputy Ministers' Governance Committee on Space (DMGCS); Assistant Deputy Ministers' Space Program Integration Board (ADMSPIB), Director Generals' Space Program Integration Board (DGSPIB); Integrated Planning Review Board (IPRB); and Policy and Strategic Planning Committee (PSPC). What is

special about these new instances is that they involve representatives of entities inside and outside the CSA. As well, additional consultation procedures have been incorporated into decision making and accountability reporting. The CSA now has the considerable task of coordinating and providing secretarial services for 40 or so additional meetings per year across the organization and government-wide, which is significant.

Although adequate structures and internal processes are presently in place to meet the CSA's needs, additional reflections could take place on the optimization of support services to new governance structures, so as to enable better coordination of all files, greater centralization of communication channels, greater control over the flow of information, and a complete and integrated vision of the key players in the CSA's new government structure.

#### *Accountability reporting relative to investment activities*

The Integrated Planning Review Board (IPRB) is a new internal committee set up in the fall of 2014 to monitor the CSA's investment activities. It is undeniably an important new entity for providing governance over the CSA's investments and internal planning process.

To fulfil its responsibilities, the IPRB must be able to obtain clearly written and concise reports that will engage Board members in strategic discussions of current and upcoming investment projects and provide an overall, integrated vision of all projects in the CSA portfolio.

Although dashboards have been developed under the responsibility of the Programs and Integrated Planning Branch to help IPRB members carry out their duties, it was found during the audit that these management tools, although usually well designed to demonstrate the status (or health) of a project using key indicators (issues, risks, schedule, costs and scope), should include additional aspects in order to allow IPRB members and subsequently government-wide governance authorities to get involved in more strategic discussions.

The reports that the IPRB produces should go further to answer some of the following questions:

- a) What is the relationship between each project and the CSA's mission, Canada's Space Policy Framework, and the CSA's investment plan and long-term space strategy?
- b) What are the other investment projects that were considered, and how do the selected ones stand out in particular from the others?
- c) How does the CSA's portfolio of investment projects help it carry out its mission and achieve its strategic objectives based on its risk-taking propensity?
- d) Considering that the CSA's partner departments can provide funding for the costs associated with the development and use of some space assets, how will this funding and cost-splitting be determined, and how will the CSA get one or several partner departments interested in the process?

The original version signed by the Chief Audit Executive

#### **Audit team member**

Pierre Gignac, MBA, LL.B.

## 2.0 AUDIT REPORT

### 2.1 Context and risks

The Canadian Space Agency (“the CSA” or “the Agency”) is a federal agency established in 1989 with a mandate “to promote the peaceful use and development of space, to advance the knowledge of space through science and to ensure that space science and technology provide social and economic benefits for Canadians.”

As part of its mission, the Agency must

- assist the Minister of Industry to coordinate the space policies and programs of the Government of Canada;
- plan, direct, manage and implement programs and projects relating to scientific or industrial space research and development and the application of space technology;
- promote the transfer and diffusion of space technology to and throughout Canadian industry;
- encourage commercial exploitation of space capabilities, technology, facilities and systems; and
- perform such other functions as the Governor in Council may, by order, assign.

Like other federal agencies, the CSA is headed by a President appointed by the Governor in Council for a maximum five-year term. As Chief Executive Officer and Accounting Officer under the Minister’s authority, the President of the CSA oversees and monitors the management of the Agency’s workforce, including senior managers and employees. As at December 31, 2014, the CSA had 580 employees and, according to the Report on Plans and Priorities 2015–2016, its annual budget is about \$462 million (including the annual base budget of \$260 million).

In addition to the President, who exercises a lead role in the Agency’s governance, several entities and procedures have been set up to help achieve the Agency’s mission and to monitor and soundly manage the Agency in accordance with the *Financial Administration Act*, R.S.C. 1985, c. F-11 and applicable Treasury Board of Canada policies and directives.

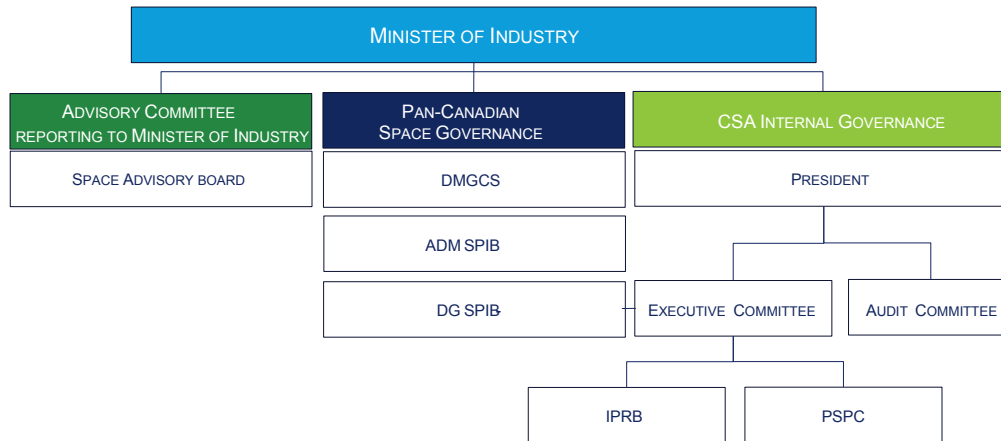
Moreover, based on the recommendations in the Aerospace Review, *Reaching Higher: Canada’s Interests and Future in Space* (Emerson Report), new entities and procedures have been set up recently to correct some of the previously observed shortcomings in the management of space-related activities, as well as more effectively meet the needs and expectations of the Agency’s many stakeholders.

At the present time, the CSA’s governance framework, although undergoing changes, is based on the following three components:

- Space Advisory Board, which was set up pursuant to Section 15 of the *Department of Industry Act* (S.C. 1995, c. 1) and reports solely to the Minister of Industry;
- Government-wide governance of space activities provided by the following: Deputy Ministers’ Governance Committee on Space (DMGCS); Assistant Deputy Ministers’ Space Program Integration Board (ADMSPIB); and Director Generals’ Space Program Integration Board (DGSPIB). Some of these entities, such as the DMGCS, were set up in response to the Emerson Report recommendations;
- Internal CSA governance, involving the establishment of internal entities under the authority of the CSA President, including the Executive Committee, the Audit Committee, the internal



Integrated Planning Review Board (IPRB) and the Policy and Strategic Planning Committee (PSPC).



The three key components of CSA governance are briefly explained below.

#### ***Space Advisory Board and government-wide space governance***

The CSA recently set up a new government-wide, multi-party process to meet the needs and expectations of its stakeholders, which mainly include industry representatives, representatives of leading space-related research and academic programs, federal departments and agencies with space-related interests and activities, and provinces and territories interested in using space assets to deliver services in their jurisdictions. Changes were either announced in Canada's Space Policy Framework or resulted from the Framework.

The structures and processes of the Advisory Board and the government-wide committees are basically intended to achieve three objectives:

1. Advise the government on the CSA's strategic priorities;
2. Supervise the Space Program at the deputy ministers' level; and
3. Strengthen governance processes in order to support the Deputy Ministers' Governance Committee on Space.

The structures set up include four committees, made up of internal and external Agency representatives, whose mandates and responsibilities in addition to the frequency of their meetings are briefly summarized in the following table.

Committees	Brief Description of Mandate	Frequency of Meetings
Space Advisory Board	The Space Advisory Board provides the Minister of Industry with strategic advice on space. The Chair is appointed by the Minister of Industry. The Policy Branch looks after secretarial tasks.	At least once a year
Deputy Ministers' Governance Committee on Space (DMGCS)	The mandate of the DMGCS is to coordinate the government's priorities in space and ensure that effective use is made of resources across the government. The DMGCS is co-chaired by the Deputy Minister of Industry and the President of the CSA. Industry Canada looks after secretarial tasks.	Every quarter or as necessary
Assistant Deputy Ministers' Space Program Integration Board (ADMSPIB)	The ADMSPIB was set up to inform and advise the DMGCS and provide it with recommendations, if necessary. It also provides the DMGCS with advice on policy issues, users' needs and priorities related to new requirements and space capacities. The ADMSPIB is chaired by the Vice-President of the CSA.	Bimonthly (every two months) or as necessary
Director Generals' Space Program Integration Board (DGSPIB)	The DGSPIB was set up to inform and advise the DMGCS and provide it with recommendations, if necessary. It ensures that users' requirements relative to space-related investments are taken into consideration for the purposes of a government-wide approach and to avoid duplication or overlapping use of resources. The DGSPIB is chaired by the CSA's Director General, Programs and Integrated Planning.	Bimonthly (every two months) or as necessary

### Internal governance

Within the CSA, governance measures include the assigning of Executive positions and the setting up of a number of internal committees, including the Executive Committee, the Audit Committee, the Integrated Planning Review Board, and the Policy and Strategic Planning Committee.

Committees	Brief Description of Mandate	Frequency of Meetings
Executive Committee	The Executive Committee is the CSA's decision-making authority. It is responsible for ensuring governance and oversight of programs and activities as well as the delegation of spending authority. It develops and approves the CSA's plans and strategies, including the CSA's Space Strategy, the Investment Plan and the Program Implementation Plan. It also monitors progress achieved in relation to set objectives and makes decisions on the continuation or termination of programs. The Executive Committee is chaired by the President of the CSA. The President's Office looks after secretarial tasks.	Bimonthly (every two weeks) or as necessary
Audit Committee	The Audit Committee provides the CSA President with recommendations and objective, independent advice with respect to the CSA's risk management, control and governance frameworks. It also provides independent opinions with respect to the CSA's investment plans and the return on the CSA's investments, and at the President's request, provides advice and recommendations relative to special operations-related priorities or concerns. The Audit Committee is chaired by an external member, and the Audit and Evaluation Directorate looks after secretarial tasks.	(Minimum of three per year or as necessary)

Because a large part of the CSA mandate involves projects, a risk-based project management process has been set up.

In 2013, the CSA carried out a review of its project and investment management framework that led to the establishment of a Governance and Investment Monitoring Framework and a new project

management framework that takes into account industry practices, the Treasury Board Policy on the Management of Projects and other policies governing the management of projects, information technology, investment planning and information management. This new framework was approved in February 2014.

The Governance and Investment Monitoring Framework provides support for integrated management, governance and monitoring of projects throughout the Agency through the consistent use of control points depending on the risks and complexity of investments. The Framework promotes informed investment decision making and related follow-up in order to optimize return on investments in projects and other initiatives.

Investments are supervised by the Integrated Planning Review Board, as shown in the following table.

Committees	Brief Description of Mandate	Frequency of Meetings
Integrated Planning Review Board (IPRB)	The IPRB provides recommendations to support investment decision making. The Board bases its recommendations on investment feasibility studies and targeted outcomes. Its recommendations take into account the needs of internal and external stakeholders in addition to their risk tolerance and limitations on their resources. It reviews each investment in accordance with the established strategy and priorities. It assesses the interdependent relationship between investments in order to manage the portfolio of projects. The IPRB has been chaired by the CSA's Vice-President since January 2015. The Programs and Integrated Planning Branch looks after secretarial tasks.	Once a month or as necessary

In January 2015, a new internal committee was set up to discuss issues pertaining to the Agency's policy agenda.

Committees	Brief Description of Mandate	Frequency of Meetings
Policy and Strategic Planning Committee (PSPC)	The PSPC ensures that the Agency's policy agenda is consistent and that the policies are well designed and in harmony with the organization's strategic directions. In that regard, the PSPC's mandate is to discuss, provide advice on and develop ideas and options for the Agency's policies before their review by the Executive Committee. The Programs and Integrated Planning Branch looks after secretarial tasks.	Once a month or as necessary

We met with the following CSA leaders during this audit, as they play an important role in the CSA's governance:

- CSA President
- CSA Vice-President
- Chief Financial Officer
- Executive Director, Corporate Services and Human Resources
- Director General, Space Utilization
- Director General, Space Science and Technology
- Director General, Space Exploration
- Director General, Policy



- Director General, Programs and Integrated Planning
- Chief Audit and Evaluation Executive
- Director, Communications and Public Affairs

## 2.2 Audit objective, scope and method

### Objective

The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency (CSA) activities.

The audit was conducted to determine whether the current governance processes in place allow senior executives to manage and ensure control of CSA activities, gather relevant information, make informed decisions and be accountable for its results in such a way as to meet the expectations of the Minister of Industry, the interdepartmental community and other stakeholders.

### Scope

The scope of the audit encompasses all governance structures and processes in place for the CSA's activities, including those having to do with strategic planning, Agency oversight, management of priorities, organizational risk management, and accountability reporting in accordance with the expectations of CSA stakeholders.

However, the Investment Project Management Framework is not included in the scope of the audit.

The work comprising this audit was carried out during the period from January 2014 to January 2015.

### Method

The audit criteria were determined in accordance with best governance and monitoring practices, while taking into consideration the *Canadian Space Agency Act*, the Emerson Report recommendations and Treasury Board of Canada policies, standards and guidelines and, where appropriate, recognized internal control standards such as the ones established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The audit method included interviews with members of senior management and Industry Canada representatives and a review of the documentation submitted in the course of the audit, including the terms of reference of various committees, minutes of their meetings as well as various plans, reports and presentations.

The audit terms of reference, objective and criteria as well as the audit findings were validated with the audited organization, which has drawn up an action plan containing corrective measures to remedy the observed deficiencies.

## 2.3 Findings, recommendations and management response

### 2.3.1 Strategic governance

**Audit objective:** The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.

FINDINGS	Criterion (1)	THE CSA HAS IMPLEMENTED APPROPRIATE METHODS TO DEFINE ITS STRATEGIC ORIENTATIONS AND A SPACE STRATEGY THAT WILL ALLOW IT TO CARRY OUT ITS MISSION AND DETERMINE THE BEST INVESTMENTS TO BE MADE IN SPACE.
	Condition	<p><b>Conclusion</b></p> <p>Appropriate measures have been implemented to define the CSA's overall orientations and priorities for the next five years. However, it is important that the CSA establish clear, longer-term objectives to allow the President and senior management to make informed decisions based on specific objectives and be accountable to stakeholders.</p> <p><i>Canada's Space Policy Framework and Investment Plan</i></p> <p>The year 2014 marked a turning point for the Agency when in February 2014, the Minister of Industry adopted Canada's Space Policy Framework and approved the CSA's five-year investment plan (2014–2015 to 2018–2019).</p> <p>Well received by the aerospace industry, Canada's Space Policy Framework provides strategic orientations and priorities for the selection of activities that will comprise the future Canadian Space Program.</p> <p>The five-year investment plan, which was adopted in accordance with the Treasury Board of Canada Policy on Investment Planning – Assets and Acquired Services and the Policy on the Management of Projects and related standards, identifies key investments that the CSA will make and outlines how the organization intends to soundly manage public funds over the next five years.</p> <p>Adopting Canada's Space Policy Framework and the investment plan will lay the foundation for the CSA's space strategy.</p> <p><i>Long-term Space Strategy</i></p> <p>The CSA has not defined sufficiently clear long-term objectives to allow for the identification and assessment of the risks associated with these objectives, as suggested by recognized internal control standards, such as those of COSO.</p> <p>Beyond its five-year investment plan, the CSA should have a longer-term vision for the planning of its investments, given the nature of its activities and its risk profile. It should have a clearly stated set of objectives and strategies that take into account not only Canada's Space Policy Framework and the Five-Year Investment Plan,</p>

<b>Audit objective:</b> The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.		
		<p>but also the needs of partner departments, its current and long-term financial obligations, its operating environment and its risk-taking propensity.</p> <p>It is important that the CSA establish a long-term strategy that takes into account the needs of partner departments to allow the President and senior management to make informed decisions based on specific objectives and be accountable to stakeholders.</p> <p>Once approved, this new long-term strategy will also allow for better supervision of CSA activities, through a “top-down” approach based on accountability, where management will set the tone for the entire organization and clearly state its expectations concerning the organization’s strategic priorities and risk-taking propensity. Management can then ensure that its internal accountability reporting meets its expectations and the defined strategic priorities.</p> <p>A strategic planning process began in December 2014 and was still underway when the audit was finalized.</p>
	Cause	The Agency has been an organization in transition for the past several years. However, the adoption of Canada’s Space Policy Framework, of which the last version dated back to 1994, allows the Government of Canada to reaffirm its support for endeavours in space and breathe new life into the Agency.
	Effect	<p>The adoption of a long-term strategy should enable the Agency to strike a balance between the activities to undertake beyond a five-year horizon and the level of funding required.</p> <p>The implementation of this strategy should enable management to closely supervise the Agency’s activities and ensure that the accountability reporting meets its expectations and requirements.</p>
Recommendation	<p><b>1. DEVELOPMENT OF THE LONG-TERM SPACE STRATEGY</b></p> <p>It is recommended that the Agency take the appropriate steps to finalize the development of a long-term space strategy in which a clearly stated set of objectives and strategies is put forward that takes into account Canada’s Space Policy Framework, the needs of client departments, the CSA’s current and long-term financial obligations, the CSA’s operating environment and the CSA’s risk-taking propensity.</p> <p>This strategy should then be implemented through a “top-down” approach based on accountability and results in order to set the tone for the entire organization with respect to what is expected as well as clearly state its expectations concerning upcoming strategic priorities.</p>	
Identified responsibility	Organization	PROGRAMS AND INTEGRATED PLANNING BRANCH, WITH THE EXECUTIVE COMMITTEE’S SUPPORT

**Audit objective:** The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.

	Function	DIRECTOR GENERAL
Management response	<p>The Agency agrees that it is important to have a detailed space strategy to allow for sound governance. With this in mind, the government's response to the Emerson Report and the announcement of the new Canada's Space Policy Framework are a solid base for making informed decisions on issues related to the Canadian Space Program. In addition, when the Agency's investment plan was approved in June 2014, the Agency's key strategic priorities were clearly stated and provide a more detailed framework for investment decisions over the next five years. Other consultation and collaboration mechanisms, including the Space Advisory Board and the pan-Canadian governance on space, are now in place to allow for a long-term strategy (after 2020 and the following 25 years) to be more clearly defined for Canada and its presence in space.</p>	
Management Action Plan	Action Plan Details	
	<p>RECOMMENDATION NO. 1</p> <p>The long-term space strategy is expected to be developed before the investment plan update is submitted in 2017–2018.</p>	<p>Timelines</p> <p>2017–2018</p>

## 2.3.2 Oversight of the Agency's activities and investments

**Audit objective:** The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.

FINDINGS	Criterion (2)	THE CSA HAS IMPLEMENTED APPROPRIATE OVERSIGHT PROCESSES TO ENSURE MANAGEMENT OF ITS PRIORITIES, SOUND MANAGEMENT OF ORGANIZATIONAL RISKS, EFFECTIVENESS OF INTERNAL CONTROLS AND OPTIMAL USE OF RESOURCES.
	Condition	<p><b>Conclusion</b></p> <p>Appropriate procedures are in place for monitoring CSA activities, based on the risks. However, we have identified some deficiencies that require management's attention.</p> <p><i>Monitoring of CSA activities</i></p> <p>Based on recognized internal control standards, such as those of COSO, the organization should define appropriate structures, reporting relationships, and responsibilities and authorities for attaining its objectives. The organization should also ensure that the risks associated with attaining its objectives are identified and analyzed in order to establish appropriate risk management procedures.</p> <p>The Agency has set up governance structures with mandates that clearly define responsibilities and authority relationships as well as accountability reporting procedures. Consequently, the people with positions in those governance structures are able to carry out their responsibilities, particularly with respect to the oversight of activities, investments and risks. Although the final versions of the mandates of some committees, such as the IPRB and the PSPC, are still being drafted, they are nonetheless the basis for sound governance throughout the Agency.</p> <p><i>Support for the new governance structures</i></p> <p>Although the mandates of the various committees/boards are generally well designed, it was found that the CSA had not truly adapted internally to reflect its new government-wide governance framework and its new reality. Aside from giving the Programs and Integrated Planning Branch and the Policy Branch added responsibilities and processes, it is only recently that discussions were initiated on the optimization of support services to the new governance structures for reasons of effectiveness and efficiency.</p> <p>In fact, the CSA's new governance framework has resulted in the setting up of six new authorities since the end of 2013 (Space Advisory Board [SAB]; Deputy Ministers' Governance Committee on Space [DMGCS]; Assistant Deputy Ministers' Space Program Integration Board [ADMSPIB]; Director Generals' Space Program Integration Board [DGSPIB]; Integrated Planning Review Board [IPRB]; and Policy and Strategic Planning Committee [PSPC]). Representatives</p>

**Audit objective:** The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.

from within and outside the CSA sit on these boards and committees, and they require additional procedures for decision making and accountability reporting. Henceforth, the CSA will have to coordinate and provide secretarial services for a total of 40 or so additional meetings per year, excluding DMGCS meetings for which the secretarial services are provided by Industry Canada representatives.

Although appropriate structures and internal procedures are currently in place to meet the CSA's needs, further discussions could be held on the optimization of support services for the new governance structures to allow for better coordination of files, more centralized lines of communication, greater control over the flow of information, and a comprehensive, integrated vision of the key players in the CSA's new governance structure.

#### *Accountability reporting relative to investment activities*

The Integrated Planning Review Board (IPRB) is the internal committee set up to monitor investment activities. Its responsibilities are the following:

- Review and schedule proposed investments while taking into consideration the Agency's strategic priorities and government-wide needs and requirements;
- Monitor and follow up on approved annual investment plans; and
- Review and make recommendations regarding requests pertaining to the flow of information at control points.

To carry out its responsibilities, the IPRB must have clearly written and concise reports that its members can use in strategic discussions about investment projects, as well as to obtain a comprehensive, integrated vision of all projects in the Agency's portfolio.

Two types of dashboards have been developed under the responsibility of the Programs and Integrated Planning Branch to help IPRB members carry out their duties: (1) a dashboard for each project and (2) a dashboard for the Agency's portfolio.

The project dashboard is designed to show the status of projects by using key indicators: issues, risks, schedule, costs and scope. As for the project portfolio dashboard, it is mainly intended for the Agency's internal governance authorities (including the IPRB and the Executive Committee) and for government-wide governance authorities (DGSPIB, ADMSPIB and DMGCS) that need to know the status of the portfolio without having the details of each project.

Although these dashboards are useful management tools for showing the status of projects, they should cover additional items to enable the IPRB members and subsequently the government-wide governance authorities to participate in more strategic discussions.

**Audit objective:** The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.

		<p>The reports to be produced by the IPRB should go further to answer some of the following questions:</p> <p>a) What is the relationship between each project and the Agency's mission, Canada's Space Policy Framework, and the CSA's Investment Plan or long-term space strategy?</p> <p>b) What are the other investment projects that were considered, and how do the selected ones stand out in particular from the others?</p> <p>c) How does the Agency's portfolio of investment projects enable it to carry out its mission and achieve its strategic objectives in accordance with its risk-taking propensity?</p> <p>d) Considering that the Agency's partner departments can contribute funding to cover the costs associated with the development and utilization of some space assets, how will this funding and the costs be divided up, and how will the Agency ensure the participation of the partner department(s) interested in the process?</p>
	Cause	<p>The Agency is an organization in transition, and its new governance framework, which was only established in late 2013, is continually changing.</p> <p>Similarly, the new governance framework for the Agency's investments was only approved by the Executive Committee in February 2014, and the IPRB was only given its formal mandate in January 2015. The accountability reporting templates are still being developed.</p>
	Effect	<p>If the accountability reporting process for the Agency's investments uncovers deficiencies, it may prevent the Agency from supervising its activities satisfactorily or fulfilling the expectations of its stakeholders.</p>
<b>RECOMMENDATION</b>	<p>2. DRAFTING OF THE FINAL VERSIONS OF THE IPRB AND PSPC MANDATES</p> <p>It is recommended that the mandates of the IPRB and the PSPC be finalized and approved by each authority concerned. The Agency should then submit the mandates to the senior managers concerned as well as to their teams so that everybody understands what is expected of them.</p> <p>3. SUPPORT FOR THE GOVERNANCE STRUCTURES</p> <p>It is recommended that the Executive Committee further discuss the optimization of support services for the new governance structures in order to allow for better coordination of files, more centralized lines of communication, greater control over the flow of information, and a comprehensive, integrated vision of the key players in the CSA's new governance.</p> <p>4. ACCOUNTABILITY REPORTING OF INVESTMENT ACTIVITIES</p>	



**Audit objective:** The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.

	It is recommended that the accountability reporting relative to the oversight of investments be reviewed so as to include additional items that will facilitate a better understanding of the linkages between the selected investment projects and the Agency's strategic objectives or the requirements of partner departments, as the case may be. The information on investment projects and their follow-up should also be presented in a clear and concise manner for transparency and relevancy purposes.	
Identified responsibility	Organization	PROGRAMS AND INTEGRATED PLANNING BRANCH, WITH THE SUPPORT OF THE EXECUTIVE COMMITTEE, THE IPRB AND THE PSPC
	Function	DIRECTOR GENERAL
Management response	<p>RECOMMENDATIONS NO. 2 AND 4</p> <p>The Agency agrees with these recommendations.</p> <p>RECOMMENDATION NO. 3</p> <p>After careful consideration, the Agency agrees that it must have effective and efficient support services to ensure consistency between the various decision-making levels. With regard to the various pan-Canadian, interdepartmental and intersectoral committees, the Agency has made considerable effort to ensure better communication and information sharing between the various entities involved in governance, in the spirit of transparency and collaboration.</p>	
Management Action Plan	Action Plan Details	Timelines
	<p>RECOMMENDATION NO. 2</p> <p>Further to the comments received to date, the Agency intends to finalize the terms of reference of the IPRB and the PSPC and will obtain approval from the IPRB, the PSPC and the Executive Committee.</p> <p>RECOMMENDATION NO. 3</p> <p>For now, the Agency intends to continue working with its partners to stabilize the current structure and gradually make changes in a spirit of continuous improvement.</p> <p>RECOMMENDATION NO. 4</p> <p>The Agency intends to update the templates used for IPRB documentation so that concise and precise information is provided and informed recommendations can be made to the President regarding investments.</p>	<p>2nd quarter of 2015–2016</p> <p>Completed / ongoing</p> <p>3rd quarter of 2015–2016</p>

## 2.3.3 Response to stakeholders' needs and expectations

Audit objective: The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.		
FINDINGS	Criterion (3)	THE CSA'S GOVERNANCE FRAMEWORK ALLOWS IT TO RESPOND TO THE NEEDS AND EXPECTATIONS OF ITS STAKEHOLDERS AND BE ACCOUNTABLE TO THEM FOR ITS PERFORMANCE AND EFFECTIVENESS, WHILE ADHERING TO THEIR VALUES.
	Condition	<p><b>Conclusion</b></p> <p>The CSA's governance framework and accountability reporting processes are appropriate for meeting its stakeholders' expectations and needs.</p> <p><i>Governance framework and accountability reporting</i></p> <p>Based on recognized internal control standards, such as those of COSO, the organization should communicate with third parties and its stakeholders about the factors that affect the effectiveness of its internal controls.</p> <p>The CSA's stakeholders include the Minister of Industry; Industry Canada, which has a coordination role for the organizations in its portfolio; the Treasury Board; the CSA's partner departments and other partners.</p> <p>Among the initiatives in place, we noted that Canada's Space Policy Framework, the Five-Year Investment Plan (2014–2015 to 2018–2019), the Report on Plans and Priorities, the Departmental Performance Report and the submissions to Treasury Board had been validated to ensure that they met the expectations of their recipients.</p> <p>We also found that a new process had been introduced in February 2014 to comply with the Guideline on Chief Financial Officer Attestation for Cabinet Submissions. The new process has to do with due diligence monitoring and certification of financial management items contained in submissions to Cabinet. This Guideline came into effect on January 1, 2014.</p> <p>Finally, consultation processes are in place with CSA's partner departments and agencies with the new government-wide space governance. These consultations aim in particular to discuss specific initiatives, coordinate the government's priorities in space and ensure the proper use of financial resources across government for new space projects.</p> <p>Considering that it was recommended that the Agency establish a long-term space strategy that takes into account the needs of partner departments and agencies (see Recommendation No. 1), it is expected that the Agency will continue its consultations with its stakeholders, not only in order to clearly identify their long-term</p>

<b>Audit objective:</b> The objective of this audit is to assess the appropriateness of the governance structures and processes in place for Canadian Space Agency activities.		
		priorities but also to obtain their commitment to funding future investment projects.
	Cause	N/A
	Effect	N/A
<b>RECOMMENDATION</b>	N/A	
Identified responsibility	Organization	N/A
	Function	N/A
Management response	N/A	
Management Action Plan	Action Plan Details	Timeline
	N/A	N/A

## APPENDIX

ASSESSMENT CRITERIA		
Criteria	Subcriteria	Risks
A. Strategic Governance		
A1. The CSA has implemented appropriate methods to define its strategic orientations and a strategic plan, which will allow the CSA to carry out its mission and determine the best investments to be made in space.	A1.1 The CSA has set up appropriate procedures under the supervision of the authorities concerned in order to define its policy directions and strategic plan for achieving its mission and determining the best investments to be made in space.	Risk that large amounts of public funds may be spent without producing sufficient positive outcomes for the CSA's mission or Canada's economy, security or delivery of public services.
	A1.2 The CSA's strategic plan includes clear-cut objectives for determining foreseeable funding and implementing the plan methodically.	
	A1.3 The CSA's selected investments are consistent with its strategic directions and mission.	
	A1.4 The CSA's strategic directions and strategic plan take into account strategic and external risks that may compromise its investments in space.	
	A1.5 The CSA watches for internal and external changes that may have an impact on or repercussions for its strategic directions, mission and strategically important projects or Canada's economy, security or delivery of public services.	
B. Oversight of the CSA's activities and investments		
B1. The CSA has implemented appropriate oversight processes to ensure management of its priorities, sound management of organizational risks, effectiveness of internal controls and optimal use of resources.	B1.1 The CSA's governance entities have mandates in which responsibilities and authority relationships are clearly defined, as well as the accountability reporting procedures that allow them to exercise their responsibilities, particularly with respect to the monitoring of the CSA's activities and investments.	Risk that the defined strategic priorities are not supervised meticulously, resulting in management problems, cost overruns and failure to meet deadlines.
	B1.2 To monitor the CSA's strategic priorities appropriately, a dynamic governance structure has been set up that emphasizes responsibility and accountability for results. Appropriate procedures have been established to manage programs and investments in such a way as to comply with cost restrictions and meet deadlines.	
	B1.3 The CSA, with the support of the authorities concerned, has drawn up a long-term space plan, an investment plan and a programs implementation plan. These plans have been approved by the authorities concerned and are monitored periodically.	
	B1.4 The CSA, with the support of the authorities concerned, has set up official, meticulous procedures for managing organizational risks and ensures that the	

ASSESSMENT CRITERIA		
Criteria	Subcriteria	Risks
	procedures are implemented effectively.	
	B1.5 The CSA, with the support of the authorities concerned, has set up an internal control mechanism that is tailored to its activities and investment projects and ensures that internal controls are appropriate and effective.	
	B1.6 The CSA, with the support of the authorities concerned, manages and uses resources optimally, i.e., economically, effectively and efficiently, particularly with respect to the purchase of space assets and services.	
	B1.7 The CSA, with the support of the authorities concerned, has set up formal procedures for detecting and promptly correcting any irregularities or deficiencies that may compromise the CSA's mission or sound management.	
<b>C. Response to stakeholders' needs and expectations</b>		
<b>C1. The CSA's governance framework allows it to respond to the needs and expectations of its stakeholders and be accountable to them for its performance and effectiveness, while adhering to their values.</b>	C1.1 The CSA, with the support of the authorities concerned, has set up appropriate consultation processes for identifying and assessing the needs and expectations of its stakeholders (federal departments and agencies, industry sectors, the university community and users of space assets) relative to programs to be implemented and investments to be made.	Risk that major decisions are not consistent with National Space Program objectives or with the needs and expectations of its principal external stakeholders.
	C1.2 The CSA, with the support of the authorities concerned, has set up appropriate processes for selecting programs to be implemented and investments to be made and for making informed decisions in that regard. These decisions take into account the CSA's mission, stakeholders' needs and expectations, Canada's Space Policy Framework and Canada's Space Strategy.	
	C1.3 The CSA, with the support of the authorities concerned, has set up appropriate processes for reporting on results to its stakeholders, including the Minister of Industry.	
	C1.4 The CSA, with the support of the authorities concerned, has set up appropriate processes for alerting its stakeholders when issues compromise the implementation or success of a program or investment.	