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ASSISTANT DEPUTY MINISTER (REVIEW SERVICES)



Review of the National Defence Headquarters Move Coordination

Final Report - February 2016

7055-63 (ADM(RS))

Reviewed by ADM(RS) in accordance with the *Access to Information Act*.
Information UNCLASSIFIED.

Canada



Acronyms and Abbreviations

| | |
|-------------|--|
| ADM(HR-Civ) | Assistant Deputy Minister (Human Resources-Civilian) |
| DGHQT | Director General Headquarters Transformation |
| DND | Department of National Defence |
| HR | Human Resources |
| IM/IT | Information Management/Information Technology |
| L1 | Level One |
| MAP | Management Action Plan |
| OCI | Office of Collateral Interest |
| OPI | Office of Primary Interest |
| PMO | Project Management Office |
| PWGSC | Public Works and Government Services Canada |
| SSC | Shared Services Canada |
| VCDS | Vice Chief of the Defence Staff |



Rationale

- Identified as a topic in the departmental Risk-Based Audit Plan for fiscal years 2015/16 to 2017/18
- Complex project with multiple stakeholders, including Department of National Defence (DND), Shared Services Canada (SSC), and Public Works and Government Services Canada (PWGSC)
- Subject to high public scrutiny
- High overall cost

| Department | Project Costs (\$ Millions) |
|--------------------|-----------------------------|
| DND | 217 |
| PWGSC ¹ | 458 |
| SSC | 146 |
| Total | 821 |

Table 1. Total Project Costs by Department. This table indicates the amount that each department is spending on the project.

¹ Includes the purchase price of the Campus at approximately \$208 million, excluding GST/HST.



Statement of Conformance

The review followed the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing. Based on its professional judgment, the review team examined sufficient relevant evidence and obtained sufficient information to provide a reasonable level of assurance to support the review's conclusions.



Background – Project Timeline and Objective

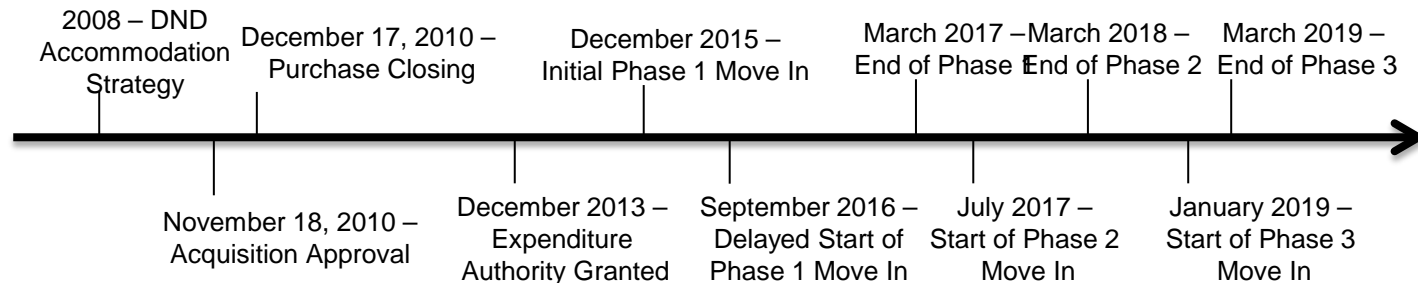


Figure 1. Project Timeline. This figure presents the project milestone dates.

- The 2008 DND Accommodation Strategy stated a clear desire to consolidate DND’s strategic and administrative functions.
- On November 18, 2010, approval was granted to acquire the Nortel Carling Campus located at 3500 Carling Avenue. The closing of the purchase was on December 17, 2010.
- In December 2013, expenditure authority was granted to implement Phase 1, plan and design Phase 2, and preliminarily plan Phase 3.
- The objective of this project is to provide a real property solution that does the following:
 - consolidates up to 8500 civilian and military personnel by fiscal year 2019/20 – leading to an efficient, effective, and sustainable defence organization;
 - strengthens the DND and Canadian Armed Forces security posture in the National Capital Region;
 - permits the introduction of modern information management/information technology (IM/IT) solutions that will improve national and allied inter-operational capabilities; and
 - improves the affordability and quality of the government’s real estate portfolio.
- The Campus Project Charter states that the priorities of cost, schedule, and scope must be met to ensure the successful completion of the Carling Campus and the timely accommodation of DND personnel.



Background – Project Phases

Project Phases

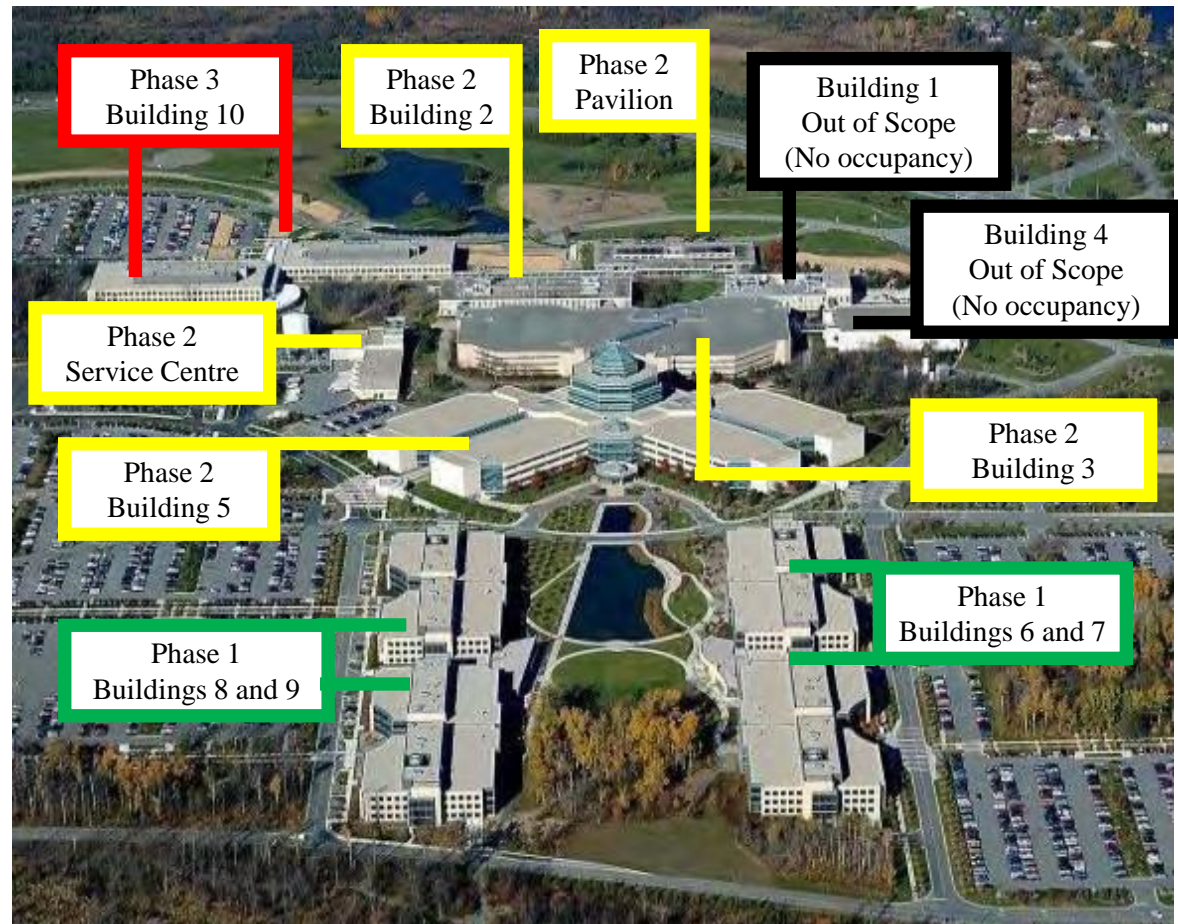
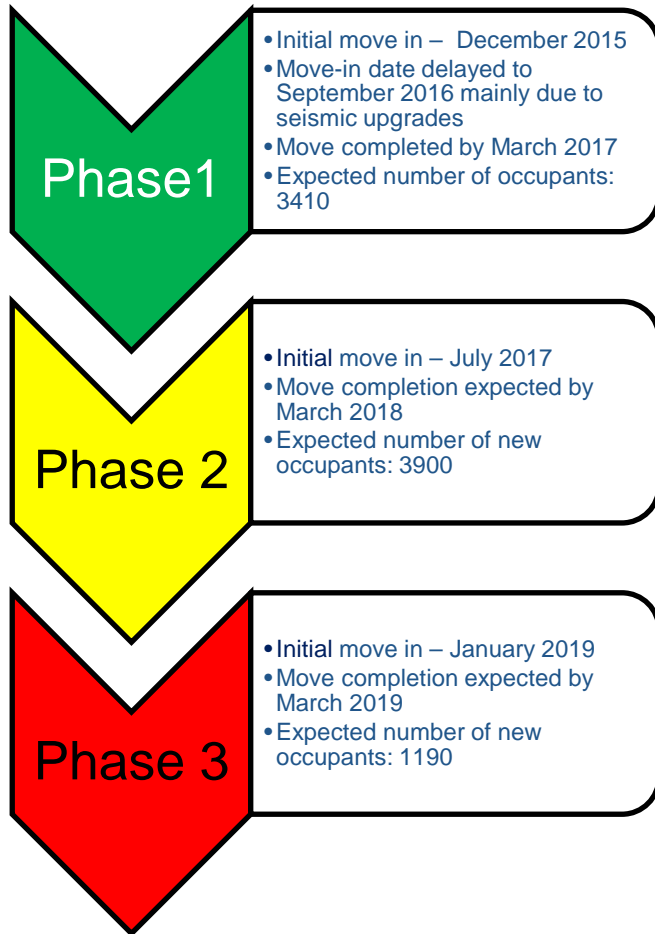


Figure 2. Carling Campus. This figure is an aerial view of Carling Campus with details of the move-in phases on the left.



Background – Expected Outcomes

- Once the Carling Campus is fully occupied, the number of DND offices in the NCR will be reduced from over 40 locations to approximately 7, including the following:
 - a western consolidation, including the Carling Campus, for administrative, strategic, and operational command functions;
 - a Gatineau hub for strategic functions;
 - a downtown executive footprint; and
 - additional smaller locations where DND will be retaining an occupancy for arm's length organizations, recruitment, and for other special operations.
- The move is expected to help achieve savings in the range of \$600 million² over 25 years from the reduction of Ottawa downtown leases.

² Project Brief dated January 2015.



Background – Expected Outcomes (cont'd)

- Defence Team members will occupy a total of 125,436 m² of usable office space at Carling Campus, plus 17,218 m² of special purpose space, and 7518 m² of DND-managed retail space, for a total of 150,172 m².
- This move, along with Workplace 2.0, will necessitate a change in culture at DND. It is about rethinking the space and tools the Department uses to do its work. The Department wants tools that support mobility, flexibility, and collaboration.
 - The three pillars to change include the workplace, the back office, and the way DND works. The move embodies modernizing physical assets of workspace, updating policies and procedures to support the Department's work, and providing the latest technologies to allow staff to connect, collaborate, and communicate within the Department and across government.³

³ Government of Canada Workplace 2.0 Fit-up Standards, April 2012.



Background – Stakeholders

Key Stakeholders

- PWGSC is the mandated custodian of the Campus and is the single project authority accountable to Treasury Board for project delivery.
- DND is the tenant of the buildings and grounds and is responsible for the definition of the requirements. It remains accountable for the design and implementation of the IT infrastructure within DND for command and control networks.
- SSC is the provider of IT infrastructure services to support DND's business operations (some classified and all unclassified networks, telephones, email, etc.).



Background – Roles and Responsibilities

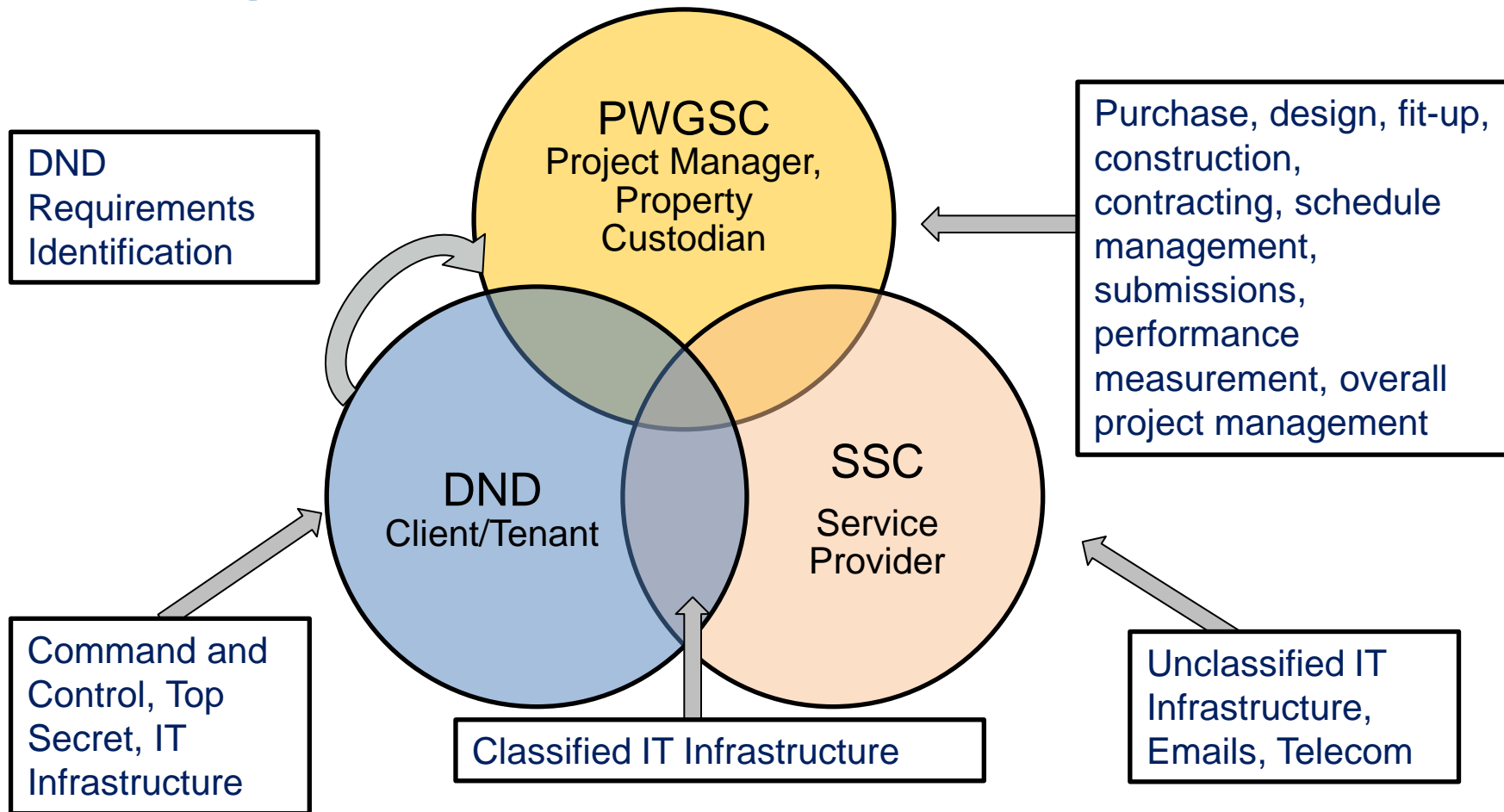


Figure 3. Departmental Roles and Responsibilities. This figure demonstrates each department's responsibilities.



Background – Governance Committees⁴



Figure 4. Governance Structure. This figure shows the structure and roles of the Carling Campus governance committees.

⁴ Project Charter dated February 19, 2014.



Objective and Criteria

Objective:

To assess the effectiveness of the governance, controls, and related risk management practices in place for the move to Carling Campus.

Criteria:

- Processes are in place to promote the gathering of sufficient, complete, timely, and accurate information on Level One (L1) client requirements.
- Authority, responsibility, and accountability for IM/IT at Carling Campus are clear and communicated.
- Impacts to current retention have been considered and addressed.
- Policies and procedures are in place to protect departmental assets.



Scope

The review scope included the following:

- requirements gathering and design processes for the fit-up of workspace at Carling Campus;
- design and implementation of IT infrastructure under DND's responsibility;
- physical security and IM/IT security risk; and
- elements that may impact DND human resources (HR) as a result of the move.
- The review focused primarily on Phase 1 of the move – Chief Military Personnel, Assistant Deputy Minister (Human Resources – Civilian) (ADM(HR-Civ)), and Assistant Deputy Minister (Information Management) requirements.

The review scope excluded the following:

- overall management of the Carling Campus Project as PWGSC is the single project authority; and
- SSC's service delivery management strategies and performance related to the Carling Campus project.



Methodology and Approach

Methodology:

- Interviews – conducted interviews with the following stakeholders:
 - key Project Management Office (PMO) personnel for the Carling Campus move;
 - clients from each L1 organization moving to Campus during Phase 1;
 - representatives from the Communications Security Establishment and the Royal Canadian Mounted Police on similar move initiatives; and
 - PWGSC as the overall project manager.
- Document Review – reviewed relevant policies, project documentation, committee meeting documents, and documentation received from L1 clients.
- Site Visits – visited the Carling Campus to conduct interviews.

Approach:

Engagements such as these lend themselves better to a review so as to promote the timeliness of reporting and allow the Department to take advantage of lessons learned. A review primarily focuses on inquiries and analyzing documents provided by clients. It does not provide the same level of assurance as an audit.



Finding 1: Requirements Gathering Process

The processes used to gather L1 requirements were not formalized or adequately communicated in the early stages of the project to promote the collection of sufficient, complete, timely, and accurate information. More detailed instructions and guidance were subsequently issued based on lessons learned from Phase 1.

Condition:

- A broad process was in place to gather the requirements submitted by L1 clients moving to the Carling Campus. However, the specifics were not well documented or communicated in the early stages of the project.
 - After some trial and error, more detailed instructions and a user reference guide were developed and distributed to L1 coordinators.
- An informal process was in place to review and approve the accuracy of submitted L1 client requirements and change requests.
 - The review process was not documented, but it included verification site visits with the L1s.
- L1 clients found it difficult to meet deadlines given by the PMO for the submission of requirements, which may have affected the accuracy of their submissions.
 - For example, the PMO requested ADM(HR-Civ) to provide concurrence with the DND Position on Enclosed Office Allocation in Workplace 2.0 by close of business the next day.

Good Practice

The PMO switched from accepting requirements in text form to requiring that criteria be chosen from a drop-down list, thus increasing standardization among the requirements received.



Finding 1: Requirements Gathering Process (cont'd)

Cause:

- The requirements gathering process continued to be refined as the PMO found ways to improve it. Therefore, the process was never comprehensively documented.

Impact:

- It is possible that incomplete or inaccurate requirements may have been gathered, which could result in delays or in increased costs to the Department.

A formal recommendation is not warranted. However, the Vice Chief of the Defence (VCDS)/PMO was briefed to suggest documenting lessons learned and good practices from the requirements gathering process for potential future moves or similar initiatives.



Finding 2: IM/IT Responsibility

Authority, responsibility, and accountability for the design and implementation of classified IM/IT material at the Carling Campus are not clearly defined in the project charter. Through consultation with key stakeholders, DND was able to determine its responsibility for the design and implementation of classified systems at the campus.

Condition:

- In the early stages of the review, interview results and briefing materials indicated that the departments were still determining stakeholder network responsibilities. Over the course of the review, significant work ensued to concretely determine responsibility.
 - The PMO completed a gap analysis to determine which responsibilities needed to be clarified.
 - DND concurred with a presentation delivered by SSC outlining responsibilities.
- Contingency planning has not been developed in the event that workstations and/or unclassified networks are not ready in time.



Finding 2: IM/IT Responsibility (cont'd)

Cause:

- An overall memorandum of understanding exists between DND and SSC, but it is not specific to the Carling Campus project.
- Initially, roles and responsibilities were not clearly communicated and are only broadly defined in the Project Charter.
- There were conflicting mandates between DND and SSC on responsibility for command and control networks.
- The delay in the move has reduced the risk of IM/IT infrastructure not being ready on time.

Impact:

- DND may not obtain all the equipment required when needed, which would delay the installation of the IM/IT infrastructure.

A formal recommendation is not warranted. However, the VCDS/PMO and Assistant Deputy Minister (Information Management) were briefed to suggest they continue to monitor the schedule for the implementation of IM/IT infrastructure at the Carling Campus and regularly reassess the risk of delays.



Finding 3: Retention of HR

While impacts to retention have been considered, information has not been formally or comprehensively gathered to support informed decision making and to address risks to employee retention.

Condition:

- No formal departmental survey has been conducted to determine employees' concerns with the Carling Campus move or their willingness to move.
- Information about potential impacts to retention has primarily been gathered anecdotally or through informal discussions.
- Not all the L1s examined have considered employee turnover as a result of the move to Carling Campus in their HR plans.
- Strategies have nonetheless been developed to reduce potential impacts to employee retention. These include the following:
 - completing a transportation study;
 - the ADM(HR-Civ) Job Swap Initiative;
 - addressing transportation concerns with local transit authorities OC Transpo and STO; and
 - Campus tours.

Good Practice

Identified employee concerns are tracked in a risk register and ranked based on impact and probability scores.

Cause:

- There was no requirement to formally identify employee concerns at the departmental or ADM levels.



Finding 3: Retention of Human Resources (cont'd)

Impact:

- Succession/retention planning may be based on incomplete information.
- Not all potential impacts on retention may have been identified, or the importance of an identified concern may have been understated/overstated.
- Potential program delivery issues may arise if retention issues materialize.

Recommendation 1: The VCDS, in collaboration with ADM(HR-Civ), should ensure more formal information gathering means are undertaken to comprehensively identify employee concerns with the move to Carling Campus in order to develop mitigation plans to address risks to employee retention.

OPI: VCDS



Finding 4: Security

Policies and procedures are in place to protect departmental assets and records. Due to the move and changes to the work environment brought about by the implementation of Workplace 2.0, the PMO is planning to reinforce awareness of existing security policies and procedures.

Condition:

- Elements such as remote access to computers, Wi-Fi, lower cubicle walls and other essential elements of the Workplace 2.0 setup will require significant changes to the departmental security culture.
- Director General Defence Security has identified VOIP⁶ as a security risk on campus due to potential hacking concerns.
 - The DND PMO is developing scenarios to manage this risk.
- The Department is planning to reinforce security policies and procedures for employees that will be moving to the Carling Campus.

Good Practice

A Director General Defence Security representative travels to the Carling Campus once a week to work and attend meetings. This allows the PMO to easily obtain advice/interpretation on security policies.

⁶ VOIP (Voice Over Internet Protocol) refers to the provision of voice communication services over the Internet.



Finding 4: Security (cont'd)

Cause:

- New technology and a new way of working (Workplace 2.0) pose new security risks.

Impact:

- Departmental assets and information could be placed at risk.
- The Department may not be able to take full advantage of the benefits of a Workplace 2.0 setup or new technology.

A formal recommendation is not warranted. The VCDS/PMO is planning a security reinforcement briefing for employees moving to the Carling Campus.



Conclusion

With the exception of formal and comprehensive information gathering of employee concerns, appropriate governance, controls, and risk management practices are in place to support a successful move to the Carling Campus.

To ensure the move continues as planned, the PMO is doing the following:

- documenting lessons learned and good practices from the requirements gathering process to assist with potential future moves or similar initiatives;
- monitoring the schedule for the implementation of IM/IT infrastructure at the Carling Campus and regularly reassessing the risk of delays; and
- developing a plan to reinforce awareness of security policies and processes to promote a smooth transition to the Carling Campus and minimize the potential for future security incidents.



Recommendation

Recommendation 1: The VCDS, in collaboration with ADM(HR-Civ), should ensure more formal information gathering means are undertaken to comprehensively identify employee concerns with the Carling Campus move in order to develop mitigation plans to address risks to employee retention.

OPI: VCDS



Management Response

The Management Action Plan (MAP) shown in tables 2 and 3 is being produced in response to the Review of the National Defence Headquarters move coordination to Carling Campus.

The MAP shows the development and implementation of activities that will satisfy a more formal information gathering process to comprehensively identify employee concerns with the move to Carling Campus.

Many activities regarding employee concerns have already been implemented for Phase 1 employees but were not available during the review. As such, in Table 2 the MAP will present activities that are already well underway, and in Table 3 it will show the planned activities that form the backbone of this MAP.



Table 2 – Detailed MAP (In Progress)*

| Activity | OPI | OCI ⁷ | Deadline |
|--|-------------------------|----------------------|---|
| Implement a positional mailbox to answer employee questions | VCDS/DGHQT ⁸ | ADM (Public Affairs) | September 1, 2015 (completed) |
| Gather employee HR concerns associated with the move to Carling Campus | VCDS/DGHQT | Affected Phase 1 L1s | November 15, 2015 (completed) |
| Review and answer HR questions regarding the move to Carling Campus | VCDS/DGHQT | ADM(HR-Civ) | Preliminary findings presented to Transformation and Accommodation Committee November 26, 2015 (completed) Final document presented to Transformation and Accommodation Committee February 2016 |
| Communicate the results of the move-related HR questions and answers | VCDS/DGHQT | ADM(HR-Civ) | March 1, 2016 |

Table 2. Detailed In Progress MAP. This table lists the MAP activities that are already underway.

* Note: These activities are already underway to address employee concerns regarding the move to Carling Campus.

⁷ OCI: Office of Collateral Interest

⁸ DGHQT: Director General Headquarters Transformation



Table 3 – Detailed MAP (Upcoming)*

| Activity | OPI | OCI | Deadline |
|--|-------------|--------------------|--|
| Implement a job swap initiative within the Department | ADM(HR-Civ) | VCDS | February 15, 2016 |
| Prepare a formal employee questionnaire to gather employee concerns and future retention outcome | VCDS/DGHQT | ADM(HR-Civ) L1s | February 15, 2016 |
| Implement formal information gathering | VCDS/DGHQT | L1s | May 15, 2016 |
| Review findings by L1s and prepare departmental report | VCDS/DGHQT | ADM(HR-Civ) | September 30, 2016 |
| Prepare and implement mitigation plans to prevent employee exodus and prepare a recruitment strategy | L1s | ADM(HR-Civ) | Mitigation plans by November 15, 2016 Recruitment strategy by December 15, 2016 |

Table 3. Detailed Upcoming MAP. This table lists the MAP activities that have not yet commenced.

* Note: These activities are planned to achieve the departmental goal of a formal information gathering process to comprehensively identify employee concerns with the move to Carling Campus.