



National
Defence

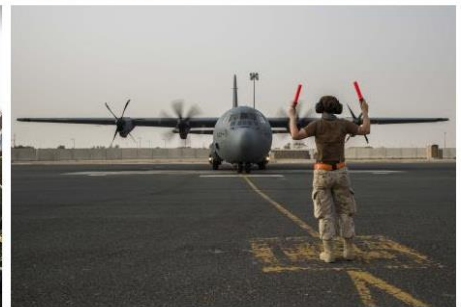
Défense
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ASSISTANT DEPUTY MINISTER (REVIEW SERVICES)

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Targeted Audit: Monitoring of the Implementation of Canada's Defence Policy: *Strong, Secure, Engaged*



November 2019

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Acronyms and Abbreviations

ADM(DIA)	Assistant Deputy Minister (Data Innovation and Analytics)
ADM(Fin)/CFO	Assistant Deputy Minister (Finance)/Chief Financial Officer
ADM(RS)	Assistant Deputy Minister (Review Services)
CDO	Chief Data Officer
<i>Cerberus</i>	Trilateral oversight function
CFD	Chief of Force Development
CID	Capability Investment Database
C Prog	Chief of Programme
DMC	Defence Management Committee
DND/CAF	Department of National Defence/Canadian Armed Forces
DRMIS	Defence Resource Management Information System
DSX	Defence Strategic Executive Committee
ERM	Enterprise Risk Management
FADG	Functional Authority Delivery Group
L1	Level one
OCI	Office of Collateral Interest
OPI	Office of Primary Interest
PA	Project Approval
PAD	Project Approval Directive
PMB	Programme Management Board
SSE	Canada's defence policy: <i>Strong, Secure, Engaged</i>
VCDS	Vice Chief of the Defence Staff

Results in Brief

Canada's defence policy: *Strong, Secure, Engaged* (SSE) lays out the Department of National Defence/Canadian Armed Forces (DND/CAF) vision for the next 20 years. That vision comes with a significant increase in funding and a responsibility to ensure the successful and timely implementation of numerous projects and initiatives. As reported by the SSE Implementation Team, since its launch in 2017, progress has been made towards realizing the objectives and commitments of SSE to deliver the resources and capabilities needed to support a strong and agile military.

Overall Assessment

DND/CAF has limited dedicated resources to coordinate and monitor the implementation of SSE. To ensure a robust monitoring function, the level of oversight could be enhanced with a clear definition of stakeholder roles and responsibilities. Additional improvements could be realized in SSE risk management and performance measurement practices to enable consistent reporting and to support senior management decision making.

From announcing the Joint Suicide Prevention Strategy, to Canada's support on United Nations Peace Support Operations, to the launch of Innovation for Defence Excellence and Security and the new Investment Plan, work is underway across Defence to implement the 20-year, multi-billion dollar policy.

SSE includes 129 initiatives comprised of 333 capital projects, 86 non-capital initiatives and more than 1,200 activities and milestones. These projects and initiatives are each managed by multi-disciplinary project teams and involve many stakeholders and project interdependencies. As such, SSE requires adequate oversight, monitoring and reporting mechanisms to ensure information is accurate, reliable and complete to support senior management decision making. Given the significance of SSE, the audit was included in the Assistant Deputy Minister (Review Services) (ADM(RS)) Risk-based Audit Plan for fiscal years 2018/19 to 2020/21, to examine if adequate governance, risk management and controls are in place to support reliable monitoring of SSE implementation.

Findings and Recommendations

Governance and Controls. DND/CAF has a dedicated function that is responsible for the monitoring and oversight of the implementation of SSE. Detailed roles and responsibilities for key stakeholders and oversight bodies should be clearly defined and documented. The capacity of the SSE implementation team is limited and as such, certain monitoring functions and independent validation of information are not being performed. Lastly, non-capital initiatives receive limited oversight in comparison to capital projects.

Information for Decision Making. User guidance for SSE risk management and performance measurement is unclear and is not aligned with departmental guidance, which could impact the quality and consistency of information used for decision making. Establishing frameworks and

user guidance that align with departmental policy, and identify or highlight risks and measure performance, will improve the quality of SSE information to support senior management decision making.

Note: Please refer to [Annex A—Management Action Plan](#) for the management response to the ADM(RS) recommendations.

1.0 Introduction

1.1 Background

SSE, launched in 2017, provides a new vision and approach for the Defence team for the coming decades. It is a fully funded policy that will see defence spending grow from \$18.9 billion in fiscal year 2016/17 to \$32.7 billion in fiscal year 2026/27.¹ It is expected that this long-term funding commitment will allow DND/CAF to significantly enhance CAF capacity and capabilities across all environments.

SSE includes 129 initiatives consisting of both capital projects and non-capital initiatives, some of which have been reported as implemented, and others which will be implemented over the next 20 years. These initiatives can consist of one or more capital projects and often involve multiple environments and stakeholders across the Department and the Government of Canada. SSE focuses on delivery of:

- Canada's vision for Defence;
- Well-supported, diverse, resilient, people and families;
- Investments to enhance capability and capacity;
- Defence innovation;
- Modernizing the business of Defence; and
- Stable, predictable, realistic funding.

Governance of SSE

The implementation of SSE is managed through a mix of new and existing governance structures as detailed in Figure 1.

¹Canada's defence policy: *Strong, Secure, Engaged*, 2017.

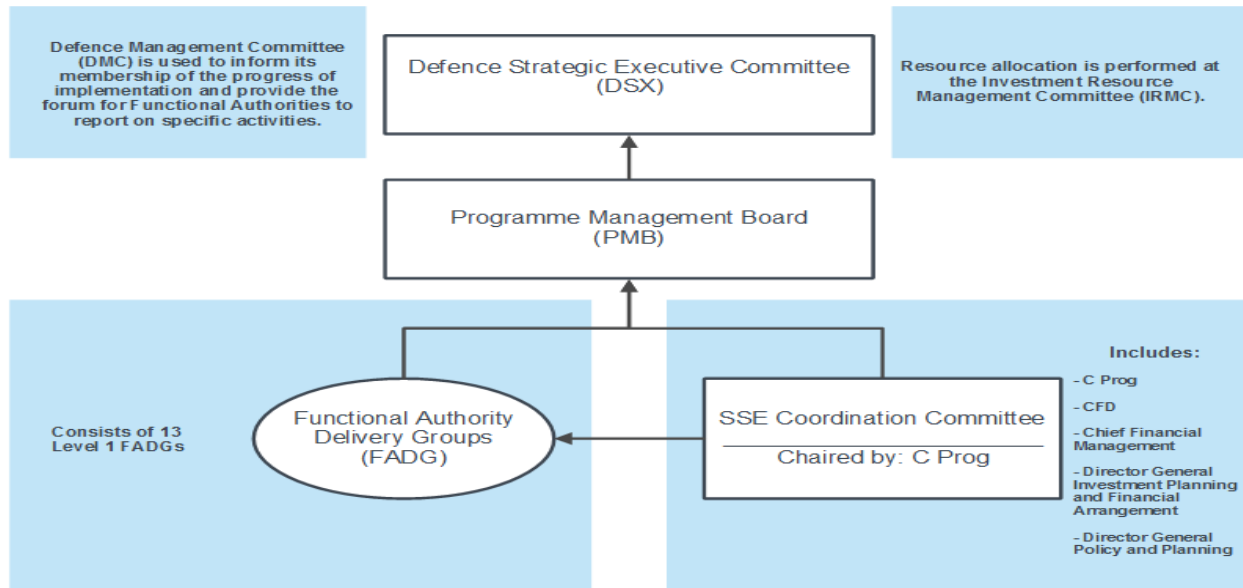


Figure 1. SSE Governance Structure. This figure outlines the committees, boards and stakeholders that form SSE governance.

SSE Coordination Committee provides a coordination and support role to both the Programme Management Board (PMB) and the Level Ones (L1) to ensure that all SSE deliverables are met.² It is chaired by Chief of Programme (C Prog), and is comprised of Chief of Force Development (CFD), two Assistant Deputy Minister (Finance)/Chief Financial Officer (ADM(Fin)/CFO) organizations, and an Assistant Deputy Minister (Policy) organization.

Functional Authority Delivery Groups (FADG) Thirteen FADGs³ represent the L1s responsible for initiatives within SSE.⁴ They are an informed and available network of contacts to enable SSE delivery. Each L1 has FADG coordinators to manage the information that is reported from the L1s to the SSE implementation team.

Programme Management Board (PMB) is the key oversight body that provides guidance and direction necessary to implement SSE. It is chaired by the Vice Chief of the Defence Staff (VCDS), and the ADM(Fin)/CFO. As per the SSE Initiating Directive, all SSE implementation activities will be coordinated by *Cerberus* – a trilateral oversight function comprised of the Senior Associate Deputy Minister, VCDS and the CFO at the PMB. PMB receives regular updates and reports regarding the overall implementation of SSE. These reports will be discussed further in section 2.2.1.

² Briefing Note for Chief of the Defence Staff and Deputy Minister, Initiating Directive for Canada’s defence policy: *Strong, Secure, Engaged*, July 2017.

³ The 13 FADGs represent the following organizations: ADM (Science & Technology), ADM (Infrastructure and Environment), ADM (Information Management), ADM (Materiel), ADM (Policy), Royal Canadian Navy, Canadian Army, Royal Canadian Air Force, Special Operation Forces, Military Personnel Command, Strategic Joint Staff, Canadian Joint Operations Command and the VCDS.

⁴ Initiating Directive – Canada’s defence policy, July 2017.

Defence Strategic Executive Committee (DSX) is co-chaired by the Deputy Minister (DM) and Chief of the Defence Staff (CDS), with membership limited to LOs.⁵ DSX is scheduled to meet bi-weekly, and receives reports of SSE progress from PMB, as well as briefings on individual SSE initiatives requiring senior management consideration.

Defence Management Committee (DMC) provides another key governance committee for functional authorities to brief their respective initiatives and to receive senior management support on a bi-monthly basis. It is co-chaired by the DM and CDS and is attended by all L1s.⁶

Investment Resource Management Committee (IRMC) is chaired by the DM to provide high-level financial direction within a broad corporate governance framework. It promotes the effective allocation and management of DND's available financial resources.

As well, the **Departmental Audit Committee**, as an independent governance and oversight committee, receives briefings on individual projects and initiatives that are brought forward for information and discussion.

In addition to SSE, the Department is undertaking a number of transformative initiatives which are interrelated to SSE and will impact its implementation over the next 20 years. These initiatives include:

Creation of Assistant Deputy Minister (Data, Innovation and Analytics) (ADM(DIA)). On July 6, 2018, the Department created a new organization to support Defence Program Analytics and take advantage of data and information to support evidence-based decision making. Other objectives of this organization are to ensure that senior leadership is provided trustworthy, useful and insightful business intelligence, and to ensure accurate reporting to the Treasury Board Secretariat. As ADM(DIA) authorities, responsibilities and accountabilities are established, so too will its role with regard to SSE data analytics and validation. Prior to and post the stand-up of ADM(DIA), the Department has developed a number of value cases to better enable and track the progress of defence program analytics within the Department.

<p>Value Case: Similar to a business case, it is a value proposition that indicates how data analytics will be leveraged to support the achievement of departmental objectives.</p>
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The two value cases directly related to SSE are:

- SSE Delivery
 - Standardizing data capture and reporting for SSE, including strengthening linkages between strategy, financial planning, forecasting and reporting;⁷ and

⁵ LO – Level 0 usually represents Deputy Minister and Associate Deputy Minister.

⁶ L1 – Level 1 usually represents Assistant Deputy Minister and Environment Chiefs of Staff.

⁷ Value Case Summaries Briefing Deck, October 2018.

- Project Systems Alignment – Phase 1: Capability Investment Database migration to Defence Resource Management Information System (DRMIS).
 - Planning and scoping of the work required to align use across DND of the DRMIS Project Systems module.⁸

Streamlining Defence Procurement. Led by C Prog, with support from ADM(Mat) and other project implementers, the Department continues to work on streamlining defence procurement in the areas of:

- Information Management
- Project Prioritization
- Staff knowledge and understanding
- Project tailoring and Governance
- Scheduling

Renewal of Project Approval Directive. The Project Approval Directive (PAD) provides guidance and direction on many key processes used to advance and approve departmental projects and initiatives. Led by C Prog, the PAD revision will seek to ensure alignment with a forthcoming Treasury Board Secretariat policy suite refresh and with updated departmental policies and guidelines.

Enterprise Risk Management. The Defence Enterprise Risk Management (ERM) Policy was approved in 2018, and is championed by the Departmental Risk Officer (C Prog). The purpose of the Policy is to ensure:

- significant risks are identified and communicated;
- risk information is used to prioritize activities and resources planning; and
- risk management systems are developed and implemented to track and manage risks.

1.2 Rationale

The implementation of SSE is one of DND/CAF's highest priorities. Successful and timely implementation of the numerous initiatives within SSE requires support in the form of oversight and reporting mechanisms. DND/CAF needs adequate information to monitor, report and take timely corrective action on progress and risks to SSE implementation. For that reason, it is important that mechanisms exist to ensure senior management receives accurate, reliable and complete information to support effective decision making.

Given the importance of SSE implementation, the audit was included in the ADM(RS) Risk-based Audit Plan for fiscal years 2018/19 to 2020/21.

⁸ Ibid.

1.3 Objective

The objective of the audit is to examine if adequate governance, risk management and controls are in place to support reliable monitoring of SSE implementation.

1.4 Scope

The scope of this audit included the review of the tools and processes in place to monitor the implementation of SSE, such as the SSE Implementation Tracking Site, related dashboards, and SSE governance documents and terms of reference. The audit work was conducted from July 2018 to January 2019. The progress of the implementation of various initiatives was excluded from the scope of this audit.

1.5 Methodology

The audit results are based on the following:

- Examination of the departmental policies, SSE user guidance, SSE Initiative Reports— capital projects and non-capital initiatives;
- Analysis of the two systems of record – SSE Implementation SharePoint Site and DRMIS;
- A judgemental, non-statistical sample of four FADG groups, for a total of ten capital projects and non-capital initiatives (see [Annex C](#));
- Data analysis and documentation review for each FADG selected for review; and
- Interviews within C Prog, including the SSE implementation team, four FADG coordinators and staff within their associated projects/initiatives.

1.6 Audit Criteria

1. Oversight bodies and corporate support are in place, with delineated roles and responsibilities to provide adequate direction and guidance.
2. Risk management practices are sound and include the identification, management and mitigation of risks, both at the initiative/project level and program levels.
3. Effective controls are in place to ensure the quality of SSE implementation information.

The assessment against the audit criteria can be found at [Annex B](#).

1.7 Statement of Conformance

The audit findings and conclusions contained in this report are based on sufficient and appropriate audit evidence gathered in accordance with procedures that meet the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The audit thus conforms to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* as supported by the results of the quality assurance and improvement program. The opinions expressed in this report are based on conditions as they existed at the time of the audit, and apply only to the entity examined.

2.0 Findings and Recommendations

2.1 Governance and Controls

DND/CAF has limited dedicated resources to monitor the implementation of SSE. Detailed roles and responsibilities of key stakeholders would help bolster this monitoring function and validate key information used for senior management decision making.

We expected to find:

- established roles and responsibilities for key stakeholders and oversight bodies;
 - an organization or group responsible for monitoring and coordinating; and
 - an independent challenge/validation function.
-

2.1.1 Roles and Responsibilities

The Initiating Directive - Defence Policy (the Directive), developed shortly after SSE's launch, establishes the governance framework for monitoring implementation, provides high-level direction and establishes roles and responsibilities of key stakeholders. It recognizes C Prog as the organization responsible to coordinate and monitor SSE implementation, and also identifies the key oversight bodies as illustrated in the background section of this report.

While the Directive sets out the requirement for the SSE Coordination Committee to support the L1s in their SSE work, the committee does not have terms of reference in place, to clearly define its roles, responsibilities and authorities. Further, the Directive does not clearly define the roles and responsibilities of key stakeholders, such as the SSE implementation team. As a result, there is a risk that some monitoring and oversight of SSE implementation are not being performed consistently, or at all.

Additionally, the roles and responsibilities attributed to the FADG coordinators, as a key stakeholder, have not been defined in the Directive, nor do they have a meeting forum. An FADG Working Group took place at the request of one FADG coordinator but it only met once. While the FADGs are supported by the SSE Coordination Committee, they are not included as members. As such, the 13 L1 FADG coordinators, who play an important role in SSE monitoring, do not have a forum to share information, discuss interdependencies, flag issues and identify lessons learned. Without such a forum, there is a risk that SSE performance data may be interpreted or input inconsistently across L1s, thereby affecting the usefulness of the information reported to senior management.

Noteworthy Practice

One FADG documented its own roles and responsibilities to support transition during times of turnover.

At the time of the audit, PMB terms of reference were in draft form, as they are being reviewed as part of the PAD Renewal project. As PMB is the key oversight body that provides guidance

and direction related to SSE implementation, its role should be formally defined to clarify monitoring and reporting requirements.

2.1.2 Oversight of Capital Projects Versus Non-Capital Initiatives

SSE initiatives fall into two categories: capital projects and non-capital initiatives. Non-capital initiatives, generally speaking, are subject to less oversight than capital projects. Capital projects are required to present to an annual Senior Review Board, two Defence Capability Boards, and the Independent Review Panel for Defence Acquisition as applicable, over the life of the project. This may bring attention to resolving project issues or mitigating future risks.

For non-capital initiatives, there is no comparable internal oversight process. To ensure all projects and initiatives receive adequate oversight, and that valuable oversight committee time is maximized, a defined risk-based selection process for both capital projects and non-capital initiatives to brief PMB and DSX is required.

2.1.3 Capacity of the SSE Implementation Team

To ensure the consistency and reliability of information used for senior management decision making, the audit expected the SSE implementation team to be performing standard monitoring functions, such as: developing key guidance for users; validating reported progress; analysing SSE data; and identifying key risks areas.

The current SSE implementation team, which resides within C Prog, consists of 1.5 to 2.5 full-time resources, which has limited its ability to perform some of the important monitoring functions mentioned above. For example, there is no formal Department-wide process in place to validate SSE initiative and project performance information.

It would be reasonable to expect that the SSE implementation team, should they be responsible for coordinating and monitoring the implementation of SSE, would have more resources to support its mandate. In comparison, Defence Renewal, another wide-ranging Departmental initiative led by C Prog, had a team of 32 full-time employees responsible for risk management, performance measurement and quality assurance activities. Given the limited size of the implementation team, consideration could be given to analysing its capacity and future resourcing needs.

FADG coordinators self-report project and initiative performance information. While not a documented responsibility, all FADG coordinators interviewed stated that they provide some oversight and validation of their L1s' data, though it was not conducted consistently. Documenting the expectation for this role and requiring a monitoring attestation at a senior level would promote consistency across L1s and strengthen the reliability of data in the systems of record.

This enhanced L1 level monitoring would also support the SSE implementation team in performing a secondary independent risk-based validation of all project and initiative

information. Without this validation, there is a risk that the information being reported to senior management may be inaccurate. For example, in one instance, there was a discrepancy noted between the data generated by the system of record and the information presented in the SSE Initiatives Report, resulting in incorrect information being presented to PMB. This error may have been prevented had an independent validation function been in place.

2.1.4 Conclusion

While some oversight and monitoring is conducted on the implementation of SSE, documented roles and responsibilities would strengthen these processes. In addition, a risk-based independent validation function would increase the accuracy, consistency and usefulness of the information for senior management decision making.

ADM(RS) Recommendation

1. It is recommended that VCDS strengthen existing SSE governance by:
 - a) Defining roles and responsibilities for key members of the SSE implementation team, as well as FADG coordinators;
 - b) Developing terms of reference for the SSE Coordination Committee;
 - c) Formalizing the FADG coordinators working group; and
 - d) Requiring both capital projects and non-capital initiatives be reported through existing governance, using a defined risk-based process for selection.

OPI: VCDS (C Prog)

ADM(RS) Recommendation

2. It is recommended that VCDS, with support from *Cerberus*, implement a quality assurance program that includes:
 - a) internal oversight attestation by FADG groups; and
 - b) a risk-based independent validation function to support reliable and accurate SSE information in the systems of record.

OPI: VCDS (C Prog)

OCI: *Cerberus*

2.2 Information for Decision Making

Information for decision making may not be accurate and/or consistent; risk management and performance measurement practices are not fully aligned with departmental guidance.

We expected to find:

- SSE information presented to management meets their needs, is reliable and easy to interpret;
- issues within the projects/initiatives are identified and raised to support senior management decision making; and
- risk management and performance measurement practices are sound and in alignment with departmental policy and guidance.

2.2.1 Information Reported to Senior Management

To support effective decision making, reporting information should be:

- accurate to correctly reflect SSE implementation;
- relevant in order to meet the needs of senior management;
- consistent and comparable between projects and initiatives; and
- easily accessible and available on systems of record, including DRIMS.

Implementation progress is monitored and reported through the use of various reporting tools, with significant reliance placed on analytic dashboards and project initiative reports. These dashboards and reports include data on initiative and project schedules and risks.

The SSE Initiatives Report, which is presented to PMB on a regular basis, has seven performance columns and one overall risk column (see Table 1). These eight categories are self-assessed by each FADG, based on the definitions provided in the SSE user guide, and are assigned the applicable rating.

Project Performance (see Protocol)			Issue (Comment)				Overall Risk	Senior Mgt Comment
Scope	Sched.	Budget	HR	Inter.	In-Year Spending	Other		
G	G	G	G				Link	
G	G	Y	G				Link	
G	G	G	G				Link	
Y	R	G	Y				Link	

Table 1. SSE Initiatives Report performance categories. This table outlines the eight categories self-assessed by each FADG with ratings.

Validity of Information

To determine the validity of the information being reported to senior management, the ten sampled projects/initiatives were asked to provide substantiation for the reported performance and risk information in the SSE Initiatives Report. The findings included the following:

- Two had no documentation to support the rationale of the performance ratings;
- Three did not substantiate green ratings, as they were deemed low risk and presumed substantiation was not required; and
- Five provided satisfactory substantiation of their performance ratings.

As previously reported, all FADG coordinators interviewed stated they provide some oversight of their L1s' data, though it was not conducted consistently. Additionally, the comment fields in both SharePoint and DRMIS, which provide justification for the applicable performance rating, were inconsistently completed and often left blank. As such, it was not clear how some performance information was determined.

Subsequent to the audit conduct phase, the SSE implementation team has developed a number of products for senior management that provide added value such as identifying projects that are not spending to plan, civilian human resources statistics trending, and trending of approved submissions from 2015 to 2018. As well, a unified tracking document has been implemented, allowing the CFO and Assistant Deputy Minister (Materiel) to add data to ensure that all stakeholders are using up to date and correct information.

Noteworthy Practice

One FADG provided a documented rationale to their L1 in preparation for PMB and had dashboards and project status reports that aligned with the sampled project/initiative performance ratings.

2.2.2 Risk Management Information

The overall risk for each initiative and project in the SSE Initiative Report is rated using a three level scale: green, yellow and red to represent low, medium and high risk. While the SSE user guide provides the definitions for each level, it does not align with the DND ERM Policy and Guidelines, which uses a five level scale. As a result, there is a risk that FADGs may manage, identify and mitigate risks inconsistently in accordance with their own L1 practices.

A draft PMB Executive Dashboard was developed by the SSE implementation team to provide a snapshot of overall risk by category grouping. For example, one category grouping consisted of all Arctic initiatives/projects. The risks for all initiatives and projects within each category were averaged, and then charted on a three-level risk map representing low, medium and high risk respectively. This approach is not common practice in the field of risk or project/program management, as averaging risks would not identify initiatives or projects with higher levels of risk for senior management attention. Information on risk mitigation, impact or probability of key risks is not available on the SSE SharePoint site or DRMIS. Inconsistent, unclear and

incomplete risk information does not provide senior management a holistic view of the initiative and/or project risk to highlight the areas that may require their attention.

2.2.3 Performance Measurement Information

The seven performance categories in the Initiatives Report and their associated levels are assessed using the definitions provided in the SSE user guide. Within this guide, there are performance definitions for capital projects and non-capital initiatives to ensure they are specific and measurable, as is evidenced in Table 2.

	Type of Initiative	Project Approval Phase	Performance Category	Performance Rating	SSE Definition
Performance Indicator Example	Capital	Definition	Schedule	Red	Over six months or longer than 120 percent of planned Definition period or of approved re-baseline, whichever is greater.

Table 2. Performance Definition for capital project. This table provides an example of an SSE performance indicator.

While definitions were found to be specific and measurable, some include a mixture of performance indicators and risk statements, and as such could be subject to interpretation (see Table 3).

	Type of Initiative	Project Approval Phase	Performance Category	Performance Rating	SSE Definition
Performance Indicator Example with Risk Statement	Capital	Any Phase	Scope	Yellow	There are risks that will likely lead to scope change and some corrective action is required.

Table 3. Performance Definition for capital project with risk statement. This table provides an example of an SSE performance indicator with risk statement.

In addition, some definitions differed from those currently found in the PAD, which are used to manage projects throughout the Department. Without a consistent method of measuring performance, there is a risk of inconsistency of assessment results.

Progress of Initiatives

The SSE user guide instructs users on how to add and update an activity, which can be used to track the progress of initiatives and projects. The user guide does not provide a clear definition of what constitutes an activity. This lack of guidance has led to the creation of thousands of activities, of various scope and importance. As of May 2018, there were 1,248 activities for the 129 SSE initiatives. A set of pre-determined activities for both capital projects and non-capital

initiatives would minimize inconsistencies and provide a set criteria to measure the progress of individual initiatives and SSE as a whole.

The majority of performance information profiles within the Departmental Results Framework are linked to SSE initiatives. These profiles include a logic model of the program, which depicts the goals, inputs, outputs, outcomes and performance indicators to measure the performance of individual programs but not the SSE initiatives' success or progress.

2.2.4 Conclusion

Information for decision making should be accurate, relevant, consistent and easily accessible. The current user guidance for SSE risk management and performance measurement is not aligned with departmental guidance and would benefit from additional clarity in the areas of risk mitigation and performance measurement activities. As such, risk management practices may not be fully highlighting risks that may require senior management attention. Further, a consistent way to measure initiative and project progress will enable the Department to report on individual initiative successes, as well as the overall progress of SSE implementation.

ADM(RS) Recommendation

3. It is recommended that VCDS establish frameworks to support SSE performance and risk management practices that:
 - a) Adopt Departmental Enterprise Risk Management Policy and Guidelines and align with the PAD;
 - b) Provide FADGs with updated performance and risk management guidance;
 - c) Develop a method to highlight high-risk program level themes to senior management;
 - d) Enhance user guide information to specify standards for activity definition and creation; and
 - e) Develop performance information to measure initiative as well as project success and progress.

OPI: VCDS (C Prog)

3.0 General Conclusion

SSE, launched in 2017, provides a new vision and approach for the Defence team. It will see defence spending grow considerably over the next 20 years and is expected to significantly enhance CAF capacity and capabilities across all environments.

SSE includes 129 initiatives comprised of 333 capital projects, 86 non-capital initiatives and more than 1,200 activities and milestones. These projects and initiatives are each managed by multi-disciplinary project teams and involve many stakeholders and project interdependencies. As such, the implementation of SSE requires adequate oversight, monitoring and reporting mechanisms to ensure information is accurate, reliable and complete in support of senior management decision making.

DND/CAF has limited dedicated resources to coordinate and monitor the implementation of SSE. Roles and responsibilities of key stakeholders and oversight bodies should be clearly defined and documented to ensure sufficient monitoring and oversight is in place. Improved guidance for risk management and performance measurement, aligned with existing departmental policy, would promote consistency, and improve the quality and accuracy of the information in the systems of record. These recommendations should improve the quality, completeness and accuracy of the information and support senior management decision making with regard to the implementation of SSE.

Annex A—Management Action Plan

ADM(RS) uses recommendation significance criteria as follows:

Very High—Controls are not in place. Important issues have been identified and will have a significant negative impact on operations.

High—Controls are inadequate. Important issues are identified that could negatively impact the achievement of program/operational objectives.

Moderate—Controls are in place but are not being sufficiently complied with. Issues are identified that could negatively impact the efficiency and effectiveness of operations.

Low—Controls are in place but the level of compliance varies.

Very Low—Controls are in place with no level of variance.

Governance and Controls

ADM(RS) Recommendation (Moderate)

1. It is recommended that VCDS strengthen existing SSE governance by:
 - a) Defining roles and responsibilities for key members of the SSE implementation team, as well as FADG coordinators;
 - b) Developing terms of reference for the SSE Coordination Committee;
 - c) Formalizing the FADG coordinators working group; and
 - d) Requiring both capital projects and non-capital initiatives be reported through existing governance, using a defined risk-based process for selection.

OPI: VCDS (C Prog)

Management Action

Action 1.1

1a. Draft SSE Coordination Committee Terms of Reference created and under review; to be approved not later than September 26, 2019.

OPI: VCDS (C Prog)

Target Date: September 2019

1b. FADG Coordinator Working Group finalized; first FADG Working Group meeting will occur in June 2019.

OPI: VCDS (C Prog)

Target Date: June 2019

1c. Noting that SSE Initiatives and projects are not the same, methodology is in place for both capital and non-capital projects. Methodology is also in place for initiatives. Executive analytics support tools continue to evolve with new LO dashboard to be designed and established.

A renewed LO Dashboard is being designed such that it will benefit from outcomes of ongoing departmental work (migrated Capability Investment Database (CID) data, new data strategy and rule sets for master data, CIF refresh, more stabilized DRF Program Inventory and segmentation, and corrective measures to key systems of record completed). It is anticipated that by April 2020, a new LO dashboard will have been developed from strategic guidance and fully beta tested.

OPI: VCDS (C Prog)

Target Date: April 2020

ADM(RS) Recommendation (High)

2. It is recommended that VCDS, with support from *Cerberus* implement a quality assurance program that includes:
 - a) internal oversight attestation by FADG groups; and
 - b) a risk-based independent validation function to support reliable and accurate SSE information in the systems of record.

Management Action

Action 2.1

2a. Internal attestation will be included as an action item for the FADG Coordinator Working Group. A proposal will be developed by the FADG Working Group. Once endorsed by FADGs, including chain of command consultations, a proposal will be submitted to PMB for endorsement June 2020.

OPI: VCDS (C Prog)

Target Date: June 2020

2b. There are many interdependencies for this including CIF Refresh, migrated CID data, successful implementation of master data rule set and Chief Data Officer (CDO) Data Strategy, and the implementation of DND ERM. Updated executive tracking tools are complete and in use within current status quo as progress is made on aforementioned work. Next update - Once the

CIF refresh is finalized and approved for departmental use, project data and tracking tools will empower dashboards to reflect greater accuracy.

Discussions and a working concept, developed in consultation with the CDO, provided that Departmental Data Strategy and accompanying data rule sets are implemented June 2020.

OPI: VCDS (C Prog)

OCI: *Cerberus*

Target Date: June 2020

Information for Decision Making and Risk Management

ADM(RS) Recommendation (Moderate)

3. It is recommended that VCDS establish frameworks to support SSE performance and risk management practices that:
 - a) Adopt Departmental Enterprise Risk Management Policy and Guidelines and align with the PAD;
 - b) Provide FADGs with updated performance and risk management guidance;
 - c) Develop a method to highlight high risk program level themes to senior management;
 - d) Enhance user guide information to specify standards for activity definition and creation; and
 - e) Develop performance information to measure initiative as well as project success and progress.

Management Action

Action 3.1

3a-d. Approved SSE performance and risk management reporting criteria were approved by PMB in Fall 2018. These were developed by C Prog/ADM(Mat)/ADM(IE)/ADM(IM), and cover both the capital and non-capital programs. The LO is currently refreshing the risk register in alignment with the ERM framework.

Briefed DMC January 2019. LO input to the risk register and completed risk surveys are due for DMC in September 2019. Risk and performance measurement will improve with time and departmental oversight, notwithstanding specific performance indicators will need to be developed in accordance with the ERM by June 2020.

In addition, the CID captures risk assessments in accordance with the PAD and DND/CAF Project Approval (PA) processes.

The PAD standardizes the requirements of the PA Process, but also provides flexibility for Project type and design. Developing, implementing and reporting on project performance is a PA requirement captured in the PAD.

C Prog is updating the PAD to improve navigation and create an interactive, user-friendly version. The revised PAD is expected to be published by mid-July 2019, with follow on amendments made, as and when necessary.

OPI: VCDS (C Prog)

Target Date: June 2020

Annex B—Audit Criteria

Criteria Assessment

The audit criteria were assessed using the following levels:

Assessment Level and Description

Level 1—Satisfactory

Level 2—Needs Minor Improvement

Level 3—Needs Moderate Improvement

Level 4—Needs Significant Improvement

Level 5—Unsatisfactory

Governance

1. Oversight bodies and corporate support are in place, with delineated roles and responsibilities to provide adequate direction and guidance.

Assessment Level 3 – High-level roles and responsibilities were provided in the Directive, however the SSE implementation team, FADGs and SSE Coordination Committee roles are not defined. Capacity of the SSE implementation team has limited the ability to perform robust oversight and monitoring tasks. While user guides and the SharePoint site provide the FADGs with some guidance, enhanced guidance and direction, aligned with departmental guidance, is required.

Risk Management

2. Risk management practices are sound and include the identification, management and mitigation of risks, both at the initiative/project level and program level.

Assessment Level 3 – Corporate level risk management and performance measurement frameworks do not exist for SSE implementation specifically. Risk management oversight from the SSE implementation team is limited, with no accompanying information on risk identification, management or mitigation requested of the initiative level. Ad hoc methods are being used by averaging risk across multiple initiatives and rolling up key risks without a predetermined process.

Controls

3. Effective controls are in place to ensure the quality of SSE implementation information.

Assessment Level 4 – While L1 FADG coordinators are providing some oversight, substantiation for performance ratings were not always available. Independent validation of the performance ratings is not being performed, possibly reducing the reliability of the information available for senior management decision making. Non-capital initiatives generally have less oversight as compared to capital project initiatives as there is additional governance such as Senior Review Boards and Defence Capability Boards required for capital projects which have the ability to discuss issues and provide solutions at these board meetings.

Source of Criteria

Committee of Sponsoring Organizations of the Treadway Commission, Internal Control – Integrated Framework, May 2013.

Annex C—Sampled Capital Projects and Non-Capital Initiatives

SSE Initiative #	Title	FADG	Capital/Non-Capital
N	Foster world-class expertise in capacity building and resiliency of others	SJS	Non-Capital
91	Invest in a range of RPVs including armed aerial system	RCAF	Non-Capital
90	Use Reservist Skills => elements of CAF cyber force	ADM(IM)	Non-Capital
65	Secure C2 Mobile Devices (SC2MD)	ADM(IM)	Capital
55	SAR Mission Management System	ADM(IM)	Capital
69	Prioritize Artic Joint Intelligence, Surveillance and Reconnaissance as a research and development priority	ADM(S&T)	Non-Capital
107	Align the Canadian Air Defence Identification Zone (CADIZ) with our sovereign airspace	SJS	Non-Capital
S	CAF develop and maintain a robust capability - multiple domestic emergencies	SJS	Non-Capital
45F	Enhanced Satellite comm. Project - Polar	RCAF	Capital
54C	CF-18 Project (RCAF 108)	RCAF	Capital

Table C-1. Sampled Capital Projects and Non-Capital Initiatives. This table outlines the SSE Initiatives sampled for this audit report.