

Audit of Information Management / Information Technology Governance

Correctional Service Canada

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Correctional Service Canada**

Internal Audit Sector

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EXECUTIVE SUMMARY

What We Examined

The Audit of Information Management / Information Technology (IM/IT) Governance was conducted as part of the Correctional Service of Canada (CSC) 2018-2020 Risk Based Audit Plan (RBAP).

The objective of this audit was to assess the adequacy and effectiveness of IM/IT governance processes in place to identify, prioritize, monitor and measure IM/IT resource allocation decisions and ensure alignment with departmental priorities, and that these processes effectively support the achievement of CSC's mandate.

Why it's Important

IM/IT governance is an integral part of enterprise governance and consists of the leadership and organizational structures and processes that ensure that the organization's IM/IT function sustains and extends the organization's strategies and objectives. The primary goal of a sound IM/IT governance framework is to ensure that investments in IM/IT enable projects to generate business value, and to mitigate the risks that are associated with IM/IT such as cybersecurity threats and misalignment of IM/IT and business priorities.

IM/IT governance should be viewed as how IM/IT creates value as part of the overall Corporate Governance Strategy of the organization, and not be a discrete and siloed discipline¹. In taking this approach, all stakeholders, from programs, services and IM/IT are required to participate in the decision-making process. This creates a shared acceptance of responsibility for critical systems that support the business and ensures that IM/IT-related decisions are made to effectively achieve the mandate and priorities of the organization.

IM/IT services at CSC are delivered by a central organization – Information Management Services Branch (IMS) – under the direction of the Senior Deputy Commissioner and supported by the Chief Information Officer (CIO). IMS supports over 18,000 CSC and 500 Parole Board of Canada employees of which 80 percent are located at operational field sites across Canada. In 2017-18 the IM/IT operational spend across CSC was \$73M of which \$68M was spent by IMS. IM/IT capital expenditures were an additional \$18M. As of January 2019, the IMS head count was 626 with 51 percent of the staff in the National Capital Region.

IM/IT governance at CSC is primarily delivered through the IM/IT Transformation Committee (TCOM). The committee is a subcommittee of the Executive Committee (EXCOM) providing strategic advice and governance on IM/IT projects and operations. More specifically, the committee recommends for approval, prioritizes, and directs IM/IT initiatives to ensure that CSC expectations for IM/IT solutions are met, IM/IT risks are mitigated, best value is secured to meet demand and that the IM/IT can execute the corporate strategy.

The TCOM is supported by a Director General Committee (DGC) that is chaired by the Chief Information Officer. It provides governance functions for items delegated by the TCOM. The DGC additionally provides a DG-level forum for reviewing, discussing and endorsing items affecting the IM/IT domain. The committee is responsible for determining when an item or issue from the IM/IT domain is appropriate for escalation to TCOM. The third level of governance is IM/IT Management Committee, which is also chaired by the CIO and is comprised of the IMS management team.

1 http://www.intosaiitaudit.org/intoit_articles/25_p30top35.pdf

These committees are in turn supported by sub-committees Project Architecture Review Committee / Cost Estimation Working Group, Architecture Working Group and Data Governance Working Group.

What We Found

The audit found that elements of an IM/IT governance framework were in place with the mandates and memberships of the three main governance bodies generally effective and appropriate. As well, the audit found that the IM/IT strategic planning process was risk-based, demonstrated alignment with CSC corporate plans, and that the 28 initiatives identified in the IMS Strategic Plan 2017-2020 were being actively monitored. In addition, the audit found that CSC has a defined investment planning process with prioritization criteria to inform its decision making for construction and IM/IT-enabled investments.

The audit did note that:

- Although a proposal to put in place a new IM/IT governance structure was put forward and discussed in October 2017, it was not until August 2018 that the discussion on the new governance structure was formally initiated with draft Terms of Reference being reintroduced. The terms of reference were not approved until November 2018 when regular meetings for TCOM first started. However, the DGCOM had few meetings up to the end of March 2019. Since March 2019, IMS management has indicated that all committees been meeting on a regular basis as outlined in their terms of reference.
- The mandates of both TCOM and DGCOM state that they will provide strategic advice and governance for the IM/IT Domain. However, there have been no discussions on the ongoing monitoring of progress being made against the planned objectives of both the IMS Strategic Plan 2017-2020 and the IM/IT Business Plan. The focus of both committees is currently almost exclusively on IM/IT initiatives, with no discussion of key IM/IT strategic documents. Without this review and oversight, CSC is not in a position to know how well IMS is progressing against its stated objectives and if corrective actions are needed.
- During the development of the IMS Strategic Plan 2017-2020 there were significant interactions and feedback sought from IMS staff and the impact of those discussions is clearly articulated in the current state assessment and the development of the four strategic goals. However, the analysis does not make any mention of whether there were interactions with senior CSC stakeholders outside of IMS and how their views were incorporated into the IMS Strategic Plan. The resulting plan is very much focused on IMS and how it needs to improve on skill development, talent management and building IT capabilities. Therefore, the IMS Strategic Plan 2017-2020's current focus on IMS leaves a gap on how it will strategically address CSC business needs.
- The IMS Strategic Plan 2017-2020 identifies a broad set of initiatives to support the four strategic goals. There is a total of 28 initiatives grouped into foundational and growth categories. The 19 foundational initiatives were prioritized first with the remaining nine growth initiatives to be undertaken once resources became available. Although the IMS Strategic Plan sets out five priorities and a roadmap for the delivery of the 28 initiatives and the sequence and timing, the expected outcomes and outputs are only identified for the 19 foundational initiatives. The nine growth initiatives, although planned for completion within the 36-month timeline in the Strategic Plan, have no outcomes or outputs. Secondly, many of the outcomes and outputs are qualitative which makes it challenging to measure progress. There are also no performance measures identified in the Plan, without which will make it a

challenge to measure progress and determine if the planned benefits are being realized or if corrective actions need to be taken.

- Although there are monthly IMS senior management meetings where the monthly initiative dashboards are presented and progress discussed to ensure progress against the overall program outcomes, as well as the 90-day strategic initiative review cycle, there are no records kept of those meetings. Moreover, although the initiatives are required to complete monthly dashboards and there is an IMS Program Office responsible for the ongoing monitoring of progress, IMS does not prepare an overall summary report that shows progress and compares it to plans and if adjustments take place as the initiatives progress. Without this information, it is not possible to assess if they are achieving their intended results.
- In the annual planning and prioritization of capital investments, there are some similarities between the Technical Services & Facilities and IMS prioritization criteria. However, CSC does not have a common base against which to assess all projects requiring capital funding. The audit team also noted that although CSC does not have a common base, it also did not try to perform a combined assessment of all capital projects (IM/IT and Technical Services & Facilities combined), as IM/IT projects were allocated 100 percent of their ask. Secondly, although IMS had to have its prioritized list of projects by late November 2018, it was still in prioritization discussion for its projects in February 2019 when its capital funding was approved at \$22.5M. When the IM/IT capital plan was finally submitted to EXCOM in April 2019, it was \$7.2M higher. This resulted in TCOM and Technical Services & Facilities managing this over-allocation. Furthermore, there was no discussion of IMS capacity to deliver on this new plan. Historically, the annual IM/IT capital funding had stood at \$13M and the current approved funding of \$29.7M was now more than double this average. The lack of similar prioritization criteria for the selection of real property and IM/IT-enabled projects could lead to suboptimal selection of projects.
- The National Investment Prioritization Committee (NIPC) is responsible to recommend a prioritized national five-year capital facilities and equipment Program of Work. However, contrary to what its title implies, there is no national departmental representation on this committee. The co-chairs are senior directors from Technical Services & Facilities and the members are senior level representatives from each division within the Technical Services & Facilities Branch. There is no representation from regions or other sectors.
- As confirmed by the terms of reference, and the co-chair, Director General of Technical Services & Facilities, IMS is not a standing member of this committee. However, due to the lack of IMS membership, interviewees noted that Real Property projects that have an IM/IT component, and sometimes requiring SSC's involvement, are approved without IMS consultation. This can create conflict in assigned resources and priorities due to the lack of a complete planning perspective. Furthermore, without IMS representation, NIPC cannot ensure that IM/IT considerations were given to all projects.

MANAGEMENT RESPONSE

Management agrees with the audit findings and recommendations as presented in the audit report. Management has prepared a detailed Management Action Plan to address the issues raised in the audit and associated recommendations. The Management Action Plan is scheduled for full implementation by March 31, 2021.

ACRONYMS & ABBREVIATIONS

CIO: Chief Information Officer

CIOB: Chief Information Officer Branch – Treasury Board Secretariat

CSC: Correctional Services Canada

DGCOM: Director General Committee

EXCOM: Executive Committee

IM/IT: Information Management / Information Technology

IMS: Information Management Services

IMTAB: Information Management Technology Architecture Board

MCOM: IM/IT Management Committee

NIPC: National Investment Prioritization Committee

OMS: Offender Management System

RACI: Responsibility Assignment Matrix

RBAP: Risk Based Audit Plan

SSC: Shared Services Canada

TBS: Treasury Board Secretariat

TCOM: Information Management / Information Technology Transformation Committee

INTRODUCTION

Background

The Audit of Information Management / Information Technology (IM/IT) Governance was conducted as part of the Correctional Service of Canada's (CSC) 2018-2020 Risk-Based Audit Plan (RBAP). This audit links to CSC's priorities of "efficient and effective management practices that reflect values-based leadership in a changing environment" and to the corporate risk that CSC "will not be able to respond to the complex and diverse profile of the offender population".

IM/IT governance is an integral part of enterprise governance and consists of the leadership and organizational structures and processes that ensure that the organization's IM/IT function sustains and extends the organization's strategies and objectives². The primary goal of a sound IM/IT governance framework is to ensure that investments in IM/IT enable projects to generate business value, and to mitigate the risks that are associated with IM/IT such as the misalignment of IM/IT and business priorities.

IM/IT governance should be viewed as how IM/IT creates value as part of the overall Corporate Governance Strategy of the organization, and not be a discrete and siloed discipline³. In taking this approach, all stakeholders, from programs, services and IM/IT, are required to participate in the decision-making process. This creates a shared acceptance of responsibility for critical systems and ensures that IM/IT related decisions are made to effectively achieve the mandate and priorities of the organization. As IM/IT governance forms an integral part of enterprise-wide governance, it should be viewed as the shared responsibility of an organization's executive management and the IM/IT function.

CSC engaged the professional services of the firm Samson to carry out the audit from January to August 2019.

Legislative and Policy Framework

Legislation

While there is no legislation that directly impacts the governance of IM/IT at CSC, the following Acts influence the delivery of IM/IT services with the Federal Government: the *Financial Administration Act*, the *Access to Information Act*, and the *Privacy Act*.

Treasury Board Policies and Directives

The following policies guide IM/IT governance within the Canadian federal government: Treasury Board Secretariat (TBS) Policy on Information Management; TBS Policy on the Management of IT; TBS Policy on the Planning and Management of Investments; and the Directive on the Management of IT Enabled Projects.

It should be noted that the TBS Office of the Chief Information Officer is in the final stages of a policy renewal initiative that will see the Policy on the Management of IT, the Policy on Information Management, and the Policy on Service being merged into the draft Policy on Service and Digital, which lays out the foundation for the Government's digital transformation. The Policy on

² IT Governance Institute (ITGI): Board Briefing on IT Governance (Page 10)

³ http://www.intosiaitaudit.org/intoit_articles/25_p30top35.pdf

Government Security has also recently been renewed, which includes the management of IT security.

CSC Directives, Strategies and Procedures

Relevant CSC Directives, strategies and procedures most notably include the CSC Corporate Business Plan, CSC Corporate Risk Profile, CSC Data Strategy, the Commissioner's Directive on Information Technology Security, IMS Strategic Plan, and other IM/IT-related directives.

CSC Organization

Overview of Information Management Services (IMS)

The CSC landscape has become ever reliant on IM/IT services to support and improve the way the organization delivers programs, interventions and services that ultimately assist offenders to become law-abiding, contributing members of society.

For example, the CSC 2017-18 Departmental Performance Report lists six corporate priorities including:

- Safe management of eligible offenders during their transition from the institution to the community, and while on supervision.
- Effective and timely interventions in addressing mental health needs of offenders.
- Efficient and effective management practices that reflect values-based leadership in a changing environment.

IMS plays a critical role in providing technological and information support related to all the six priorities including those listed above, through the vital program information required to ensure their achievements, as well as maintaining and improving the information technology and information management-based tools that streamline the way CSC resources perform their everyday duties.

IMS' reach across the organization is broad. It supports some 18,000 CSC and 500 Parole Board of Canada (PBC) staff of which 80 percent are located at operational field sites. It provides technical support for over 23,000 computer workstations of which roughly 60 percent are used to support offenders as part of training and rehabilitation efforts. Over 80 percent of the organization's mandate is focused on 'Run' activities – the day-to-day expenses of keeping the existing IT infrastructure running. IMS supports the IT infrastructure that allows CSC to operate. In 2017-18 the IM/IT operational spend across CSC was \$73 million of which \$68 million was spent directly by IMS. IM/IT capital expenditures were an additional \$18 million. As of January 2019, there were 626 staff working in IMS of which 49 percent were in the regions.

IMS supports the implementation and management of a myriad of applications and services to CSC. These range from data and network infrastructure (on behalf of SSC), case management systems and the broader objective of the Offender Management System (OMS), its core mission-critical system for managing its daily correctional operations. It includes tools to enable offender's access to doctors and family, Point of Sale (POS) capabilities to support sales through canteens, as well as a large information-sharing network with dozens of public safety related organizations and Criminal Justice partners.

From an IM perspective, CSC's focus is on the advancement of a robust Enterprise Information Management (EIM) Program to manage information assets that will support investments in data and analytics to improve business outcomes.

CSC IM/IT Governance

CSC is led by a Commissioner who is responsible for managing CSC's business and operations. The Commissioner is supported by EXCOM, CSC's most senior decision-making body, whose membership is composed of senior executives from across the Service. National Headquarters, located in Ottawa, is responsible for overall policy development, while each of the five regional headquarters leads the implementation of all policies and initiatives at regional and operational levels. Sectors at National Headquarters are responsible for national coordination and oversight of institutional and community operations, health services, women offenders, strategic policy, planning, performance measurements, internal services, and facilities management.

EXCOM has six sub-committees that provide strategic analysis, horizontal advice, and recommendations to Sector Heads and to EXCOM on issues aligned with CSC's corporate priorities. Each of these six committees is also responsible for identifying key components of their theme as well as analyzing trends, challenges, gaps and best practices.

In 2016, a review of the existing IM/IT governance framework was undertaken. At that time, the oversight of IM/IT projects was being done by the Information Management Technology Architecture Board (IMTAB). This committee was largely informational and although it provided updates on IM/IT projects, it was not a decision-making body and it had poor attendance from key members.

The review led to a proposal for a new governance structure that included the creation of a new IM/IT Transformation Committee with assistant deputy minister level membership and strategic oversight and new governance committees at the DG and Manager levels that would be responsible for making gating decisions to more strongly influence which IM/IT projects were initiated and progressed through the complete lifecycle. The committee structure is broken down as follows:

IM/IT Transformation Committee

IM/IT governance at CSC is primarily delivered through the IM/IT Transformation Committee (TCOM). The committee is a subcommittee of EXCOM providing strategic advice and governance regarding IM/IT. The committee recommends for approval, prioritizes, and directs IM/IT initiatives to ensure that CSC expectations for IM/IT solutions are met, IM/IT risks are mitigated, best value is secured to meet demand and that the IM/IT architecture can execute the corporate strategy. TCOM is chaired by the Senior Deputy Commissioner and the Assistant Commissioner Corporate Services (Chief Financial Officer). The Assistant Commissioner Correctional Operations and Program Sector serves as alternate chair if either of the two chairs cannot attend.

DG Committee

The TCOM is supported by a DG Committee (DGC) that is chaired by the Chief Information Officer. It provides governance functions for items delegated by the TCOM. The DGC additionally provides a DG-level forum for reviewing, discussing and endorsing items affecting the IM/IT domain. The committee is responsible for determining when an item or issue from the IM/IT

domain is appropriate for escalation to TCOM. For deliberations on enterprise architecture matters, DGCOC acts as the Enterprise Architecture Review Board for CSC.

IM/IT Management Committee

The IM/IT Management Committee (MCOM) represents the Chief Information Officer (CIO) and IMS Director-level governance and decision-making body for the IM/IT Domain. It is also responsible for the development, delivery and support of IM/IT products and services provided by IMS. It also provides governance and decision-making for operating and capital investments that have been delegated from TCOM or DGCOC.

These committees are in turn supported by sub-committees including Project Architecture Review Committee / Cost Estimation Working Group, Architecture Working Group and Data Governance Working Group.

Refer to Appendix B for a graphical depiction of the governance committee structure.

Risk Assessment

This audit was identified as an audit priority and an area of high risk to CSC in the RBAP 2018-2020. Reasons for this included:

- Governance is a foundational element from which resource allocation decisions stem. It has a downstream impact on IM/IT activities.
- Related risks include SSC dependency, governance and prioritization, intake and business analysis, operational funding, and performance measurement.
- A new governance committee, the Information Management / Information Technology Transformation Committee TCOM and project gating process were put in place in early 2018.
- Impact of the ongoing TBS Office the Chief Information Officer (CIOB) policy reset and opportunities for CSC to mature in the emerging areas highlighted by CIOB, such as cloud and digital.

In addition, the Internal Audit Sector, in the fall of 2018 completed an IM/IT risk assessment in order to identify the major IM/IT risks facing the organization. Based on the results of this risk assessment, several audits were identified as being necessary for CSC to meet its objectives. One of the audits identified is an Audit of the IM/IT Governance, which was assigned a high priority.

OBJECTIVE AND SCOPE

Audit Objective

The objective of this audit was to assess the adequacy and effectiveness of IM/IT governance processes in place to identify, prioritize, monitor and measure IM/IT resource allocation decisions and ensure alignment with departmental priorities, and that these processes effectively support the achievement of CSC's mandate.

Specific criteria are included in Annex A.

Audit Scope

The scope of the audit included a review of the IM/IT strategic and operational plans, IM/IT governance structures, IM/IT-enabled project oversight, alignment with business and investment planning, and governance mechanisms. More specifically, the audit reviewed processes related to IM/IT strategic planning, operational planning and funding, project portfolio oversight and prioritization, risk management, performance management and Shared Services Canada coordination

The audit focused on relevant activities from April 1, 2018 to March 29, 2019. The audit focused on NHQ but assessed how regional perspectives were incorporated into the governance structures.

The National Parole Board is included in the membership of the various governance structures; however, it was excluded from the audit scope.

AUDIT FINDINGS AND RECOMMENDATIONS

The following sections highlight areas where management attention is required. Annex A provides results for all audit criteria.

Governance Framework

We expected to find that an adequate framework was in place through effective committees and clear roles and responsibilities that supported transparent, risk-based decision making related to IM/IT investments and activities.

The following areas met the audit expectations for this criterion:

- The mandates and memberships of the three main governance bodies in the IM/IT governance structure are generally effective and appropriate.
- Oversight of IM/IT-enabled projects at each level of governance is evident from the IM/IT Management Committee (MCOM) through to the IM/IT Transformation Committee (TCOM), and delegated authorities are clearly identified in a Responsibility Assignment Matrix.
- There has been a continued evolution of the terms of reference for the IM/IT committees as the membership gets a clearer understanding of their roles and responsibilities.

The following sections highlight areas where management attention is required.

New IM/IT governance structure is still a work in progress

In 2017 at the request of the CIO, a review of IM/IT governance was undertaken. The review resulted in several observations, which focused on the need to better manage IM/IT projects. For example, additional oversight at the ADM level would help support CSC's program and project portfolio performance and transformation, and there was a need to reinforce the importance and value of gating decisions and disciplined project management rigour across all levels of the organization.

This led to a proposal in October 2017, to create a new IM/IT Transformation Committee (TCOM) and a new Director General Committee (DGCOM) that would replace the Information Management Technology Architecture Board (IMTAB), which was the existing committee at the time. The new IM/IT-related committee structure is presented in Annex B. The proposed roles of these committees would be to:

- Guide, facilitate and monitor IM/IT strategy and projects.
- Be responsible for gating decisions to more strongly influence which projects IM/IT projects were initiated and progressed through the complete development lifecycle.

Membership for TCOM would be mainly at the Assistant Commissioner level with senior representation from the regions, the Women Offender Sector and PBC. The Senior Deputy Commissioner would also be a co-chair. DGCOM would have a similar representation at the DG level.

It was not until August 2018 that the discussion on the new governance structure was formally initiated at the TCOM meeting. At this meeting, the roles and responsibilities were reintroduced, and draft Terms of Reference as well as a chart of delegated authorities were presented. Approval of those documents were then scheduled for September 2018. The record of decision also states that the new IM/IT governance framework would be launched pending EXCOM approval.

The next meeting did not occur until November 2018. At that time, the committee approved the Terms of Reference and the guidelines for delegation of governance for in-flight projects. Since November 2018, TCOM has been meeting monthly as outlined in its terms of reference.

However, the DGCOM committees only started meeting in November 2018 and there have been few meetings up to the end of March 2019. Without regular meetings and documented records of decision it was not possible to know if these two committees were fulfilling their delegated roles, one of which is to provide recommend gate approvals for their delegated projects to TCOM. Since March 2019 IMS management has indicated that all committees been meeting on a regular basis as outlined in their terms of reference.

Current committee meetings focus almost exclusively on IM/IT-enabled projects

The Terms of Reference state that TCOM is the governance and decision-making body for the IM/IT domain. Its mandate includes the following responsibilities:

- Strategic-level planning and the continuing sustainability of the IM/IT Domain in accordance with CSC mandate, programs and priorities as well as Government of Canada (GoC) direction.
- Provide strategic governance and effective decision-making for the prioritization and alignment of IM/IT initiatives and activities ensuring that operating and capital investments (total spend), are maximized.
- Provide a forum for reviewing, discussing and endorsing items affecting strategy of the IM/IT Domain.

The delegated approvals are part of a Responsibility Assignment Matrix (RACI) for TCOM and DGCOM. However, they are not referenced in the terms of reference and the audit team has not seen evidence in the records of decision that either committee has approved them.

The mandates of both TCOM and DGCOM state that they will provide strategic advice and governance for the IM/IT Domain. As a result, we would have expected to see discussions on the ongoing monitoring of progress being made against the planned strategic objectives of both the IMS Strategic Plan 2017-2020 and the IM/IT Business Plan. In our review of the agendas and records of decision, we have not seen any discussions in those areas. The focus of both committees is currently almost exclusively on IM/IT initiatives, with no discussion of the above two key IM/IT strategic documents.

Without this review and oversight, CSC is not in a position to know how well the organization is progressing against its stated objectives and if corrective actions are needed.

IM/IT Alignment

We expected to find that IM/IT strategic planning considered input from all stakeholders, identified risks, was aligned with the departmental business strategy and investment plan, and aligned with central agency guidance.

The following areas met the audit expectations for this criterion:

- Three IM/IT strategic documents are prepared in parallel by IMS. They are (1) the IMS Strategic Plan 2017-2020; (2) the CSC and PBC IM/IT Business Plan 2017-2020; and (3) the IMS Risk Assessment and Mitigation Plan 2017-2020. Although they each have a different focus, they all followed a risk-based process and demonstrated alignment with CSC corporate plans, the GoC IT Strategic Plan and key GoC modernization initiatives including Digital and Cloud Computing.

- The IMS Strategic Plan 2017-20 has identified four strategic goals and identifies initiatives with an implementation timeline as well as expected outcomes and outputs.

The following sections highlight areas where management attention is required.

The IMS Strategic Plan 2017-2020's current focus on the Information Management Service leaves a gap on how it will strategically address CSC business needs.

The hiring of a new CIO in 2016 prompted an assessment of IMS's capabilities against external trends and its alignment with CSC's six strategic priorities. One of the key elements of this assessment was to develop a new IMS Strategic Plan to set the path forward for IMS in ensuring the continued strengthening of IMS's role as a strategic partner in the evolving business needs of CSC's sectors. The approach used in the development of the IMS Strategic Plan 2017-2020 included getting an understanding of the business needs and how IMS aligns itself to them. Those business needs included:

- Supporting effective decision making about offenders, parole opportunities as well as victims and their safety.
- Supporting the provision of digital services such as health care, visitation and education programs effectively and efficiently.
- Ensuring the operations of CSC run smoothly and without disruptions.
- Adopting innovative solutions to improve services and capabilities.

The 2016 assessment and survey first looked at the current internal state of IMS and focused on people and culture, performance and competency and status of IM/IT projects. An outside consultant who used an extensive self-assessment approach with IMS staff performed most of this analysis. Issues identified included lack of planning that was driving up costs of projects, unclear roles and responsibilities, core management capabilities such as project management lacking maturity and minimal performance measurement in place.

This combined with an analysis of key internal and external trends including changing business expectations, IM/IT trends, and the GoC IT Strategy led to the identification of four strategic goals for the 2017-2020 timeframe:

- Create new enterprise value;
- Transform IMS;
- Achieve operational excellence; and,
- Talent management.

In reviewing the above analysis, we noted that there were significant interactions and feedback sought from IMS staff. The impact of those discussions is clearly articulated in the current state assessment of IMS and the development of the four strategic goals. However, the analysis does not make any mention of whether there were interactions with senior CSC stakeholders outside of IMS and how their views were incorporated into the IMS Strategic Plan. The resulting plan is very much focused on IMS and how it needs to improve on skills development, talent management and building IT capabilities.

In conjunction with the IMS Strategic Plan, IMS developed the Risk Assessment and Mitigation Plan. The Plan identifies risks in four key areas and provides an overview of how IMS will manage and mitigate them. The key risk areas are as follows:

- GoC and corporate risks;
- Risks identified as part of the development of the IMS Strategic Plan;
- Risks associated with planning and project management; and,
- IT operational risks.

The IMS Risk Assessment and Mitigation Plan 2017-2020 does state that the views of CSC senior management were considered in developing the risks and the Plan does include corporate risks. This Plan also focuses primarily on IMS risks and their management and mitigation.

Not all initiatives in the IMS Strategic Plan have outcomes and outputs identified, and there are no metrics identified to track performance.

The IMS Strategic Plan 2017-2020 identifies a broad set of initiatives to support the four strategic goals. There is a total of 28 initiatives grouped into foundational and growth categories. The 19 foundational initiatives were prioritized first with the remaining nine growth initiatives to be undertaken once resources became available. With so many initiatives, it is important that there be priorities to guide their delivery. The Strategic Plan sets out five priorities and a roadmap for the delivery of the initiatives. This roadmap sets out the sequence and timing and it outlines the expected outcomes and outputs as well as a timeline over the four phases which last 36 months. However, although all the initiatives are set out in the delivery timelines, only the 19 foundational initiatives have outcomes and outputs identified. The nine growth initiatives, although planned for completion within the 36-month timeline in the Strategic Plan, only have qualitative measures.

IM/IT Strategic Planning

We expected to find that IM/IT strategic planning was effectively implemented through clear resource allocation decisions, SSC coordination and performance measurement and monitoring.

The following areas met the audit expectations for this criterion:

- The IMS Strategic Plan contains a strategic roadmap that lays out the order of implementation for all 28 initiatives over a 36-month period starting in the first quarter of fiscal 2017-18.
- IMS has put in place a Program Office to monitor and report on the progress of the IMS Strategic Plan initiatives. The Program Office has created a dashboard template for the initiative leads to use to report on progress.
- The IMS Strategic Plan recognizes that the relationship with SSC plays an important role and that SSC and IMS need to work together for the delivery of services such as data storage, application development and IT services.
- We reviewed nine initiatives, and all were using dashboards to report on progress, two also had project charters, which included goals, objectives, outcomes with measurement criteria as well as milestones and project costs estimates.
- An IMS performance measurement system is currently being implemented. Once completed it will include financial, resource, key performance indicators and performance measures.

The following sections highlight areas where management attention is required.

The dashboards are not completed on a consistent basis for the nine initiatives sampled.

At the time the IMS Strategic Plan was being developed, IMS did not have a formal program oversight office and performance measures in place. These were both identified in the plan as key requirements to ensure that the Plan could deliver on its strategic objectives.

The need for program oversight and governance within IMS was identified to ensure execution of the IMS Strategic Plan and the IMS Program Office was created to perform that function. The role of this Office is among other things to provide oversight, escalate and resolve issues, and provide an integrated view of the progress and status of all 28 initiatives. As part of its mandate, the Office created a project charter template that included information on the scope, goals, objectives and expected outcomes with measurement criteria, deliverables, detailed timelines and resources requirements among others.

The IMS Program Office also created a strategic baseline template and monthly dashboard to be used by all the initiatives to summarize the project charter information and to track progress on a monthly basis. The initiatives would then use these templates to populate and track the key milestones/deliverables, create a list of action items and get approval for go forward plans. We reviewed a sample of nine initiative dashboards for the month of March 2019 and found that the resourcing information is not consistently being incorporated. For six of the initiatives, the dashboards contain resourcing information broken down by salary and operating budgets. The other three initiative dashboards had no resourcing information other than stating that there were salary costs. Furthermore, not all dashboards contain a complete list of deliverables, so it is not possible to determine overall progress. For example, the Enterprise Architecture and Application Portfolio Management initiatives dashboards contain only milestones or deliverables over a 90-day period. Both the Talent Management and the Planning and Performance initiative dashboards contained more complete lists, which enabled the reader to assess progress of the initiative.

There is no regular reporting on the progress being made against the IMS Strategic Plan

IMS first presented an outline of the IMS Strategic Plan to EXCOM in November 2016. IMS subsequently provided an update in April 2017 where it outlined the approach used in building the Plan, details supporting the four strategic goals, the five priority areas of focus, the 3-year roadmap for implementation and the detailed planning required to deliver on the 28 initiatives. The Senior Deputy Commissioner at the time endorsed the Plan and it had the support of EXCOM members; however, the record of decision does not formally show that it was approved. In September 2017, IMS provided a second update where it highlighted the 11 initiatives that they were initially focusing on and the progress to date made on the five priorities. The last update was done in October 2018 where IMS updated the progress made against the four strategic goals and the phase 1 delivery progress for eight initiatives. The October 2018 update, however, does not provide information on how actual progress compares to plans and if they will achieve the IMS Strategic Plan timelines and there is no mention of how the other initiatives are progressing.

As mentioned in section 3.1.1 above, the terms of reference for TCOM and DGCOC make specific reference to monitoring strategic issues for the IM/IT domain. However, in our review of the agendas and records of decisions there is no mention of the IMS Strategic Plan.

We have been informed that there are monthly IMS senior management meetings where the monthly initiative dashboards are presented and discussed. We have been informed that these reviews ensure progress against the overall program outcomes, as well as the 90-day strategic initiative review cycle. However, there are no records kept of those meetings, so it is not possible to assess if they are achieving their intended results.

In addition, although all the initiatives are required to complete monthly dashboards and there is an IMS Program Office responsible for the ongoing monitoring of progress, there is no overall summary report being prepared that shows the progress and how it compares to plans and if there have been adjustments as the initiatives are progressing. This information would be useful to senior CSC management, so that they can see how IMS is progressing against its strategic goals and priorities and how this enables IMS to better meet business needs.

Planning and Prioritization of IM/IT-enabled Projects

We expected to find that the prioritization of IM/IT enabled projects was done in line with CSC strategic priorities, enhanced business value, was within resource availability and considered run costs.

The following areas met the audit expectations for this criterion:

- CSC has a defined investment planning process with prioritization criteria to inform its investment decision making for construction projects and real property. Technical Services & Facilities manage this process.
- IMS has, in parallel, its own capital investment process and uses TBS prioritization criteria of IM/IT-enabled projects to prioritize its projects. This list is then included into the overall capital plan that is presented to EXCOM.

The following sections highlight areas where management attention is required.

It is of note that CSC has not historically had to make decisions regarding capital funding projects, as there was always more capital budget funding available than what the department would spend. However, the 2019-20 Investment Planning process was the first year where prioritization was required due to the ask being higher than the capital envelope. This attests to the immaturity of the prioritization process, especially with the linkages between IM/IT and Real Property projects.

Construction and real property projects and IM/IT-enabled projects do not use the same prioritization criteria, which could lead to a sub-optimal selection of projects

There are two main users of capital funding at CSC: Technical Services & Facilities for real property and maintenance; and IMS and business partners for IT-enabled projects. Of the total 2019-20 capital budget of \$189M approved by EXCOM, \$22.5M was allocated for IM/IT projects.

Since most of the capital budget is managed by Technical Services & Facilities, they are the owner of the annual capital planning process and IMS is seen as one of their client sectors. The annual capital planning exercise begins with a call letter to all sectors and regions in September requesting their prioritized list of projects by October that reflect their program delivery capacity. In the November – January timeframe the submissions are reviewed in consultation with subject matter experts and ranked according to organizational and project priorities. The National Investment Prioritization Committee does this. The proposed capital budget is then submitted to EXCOM in February for review and approval.

The audit team found that CSC has implemented prioritization criteria to inform its investment decision making. However, in its current form the process for capital funding prioritization is not adapted to ensure that the right projects, according to CSC priorities, are funded. CSC does not have a single standardized overarching process for capital funding/investment planning process. CSC Technical Services & Facilities and IMS use different prioritization criteria, which does not allow for projects from both sectors to be assessed against the same base.

The Technical Services & Facilities prioritization process is mature and has been in place for several years. Prioritization criteria have been developed and are clear:

- Compliance – Health and Safety;
- Compliance – Environment;
- Security Requirements;
- Asset Lifecycle Management;
- Program or Operational Requirement;
- Financial Benefits; and,
- Strategic Considerations.

The prioritization process for IM/IT projects became necessary due to the capital budget financial situation and was first implemented as part of the 2019-20 annual capital planning process. Prioritization criteria are based on TBS prioritization criteria and are used to define a short list of initiatives and rank them in order of importance for TCOM review. TCOM can then judgmentally decide on the priority setting.

Although there are some similarities between the Technical Services & Facilities and IMS prioritization criteria, CSC does not have a common base against which to assess all projects requiring capital funding. The audit team also noted that although CSC does not have a common base, CSC also did not perform a combined assessment of all capital projects (IM/IT and Technical Services & Facilities combined), since the evidence shows that IM/IT was allocated 100 percent of their capital funding request.

Secondly, although IMS CSC had to have its prioritized list of IM/IT projects by late November, it was still in prioritization discussion for its projects in February 2019 when its capital funding was approved at \$22.5M. When the IM/IT capital plan was submitted to EXCOM in April 2019, it was \$7.2M higher. This resulted in TCOM managing this over-allocation. Furthermore, there was no discussion of CSC capacity to deliver on this new plan. Historically, the annual IM/IT capital funding had stood at \$13M and the current approved funding of \$29.7M was now more than double this average.

Currently, the capital planning process documentation makes no mention of the ongoing run costs for the capital projects being proposed. Ongoing run costs are an important element of the life-cycle costs of projects since CSC needs to assess its capacity to manage projects as well as its capacity to maintain the asset or systems once it is complete. The new TBS Policy on the Planning and Management of Investments, which came into effect in April 2019, requires that investment decisions, among others, demonstrate value for money and sound stewardship and life-cycle costs are an important component that need to be taken into account.

Lack of formal involvement by IMS in the review of the capital projects by the National Investment Prioritization Committee

Within CSC's Technical Services & Facilities annual Investment Planning process, the National Investment Prioritization Committee (NIPC) is responsible for recommending a prioritized national five-year capital facilities and equipment Program of Work. Its responsibilities include ensuring that investments are aligned with the policies, strategic direction and governance frameworks established by TBS and EXCOM and outlined within CSC's Investment Plan and Accommodation Plan 2015-2020. However, contrary to what its title implies, there is no national departmental

representation on this committee. The co-chairs are senior directors from Technical Services & Facilities and the members are senior level representatives from each division within the Technical Services and Facilities Branch. There is no representation from the sectors or regions.

As confirmed by the terms of reference, and the co-chair, Director General of Technical Services & Facilities, IMS is not a standing member of this committee. However, the Director General of Technical Services & Facilities stated that the presence of IMS at the NIPC would be important to ensure that IM/IT considerations were given to all projects. However, due to the lack of IMS membership, interviewees noted that Real Property projects that have an IM/IT component and sometimes require SSC's involvement are approved without IMS consultation. This can create conflict in assigned resources and priorities due to the lack of a complete planning perspective.

Recommendation 1

As the committees continue to mature, the Senior Deputy Commissioner and the Assistant Commissioner Corporate Services should work together to:

- Update the terms of references of each committee to include or specifically reference the responsibility assignment matrix to ensure members clearly understand their roles.
- Update the roles and responsibilities to include review and approval of key IM/IT Strategic documents.
- Ensure that the committees fulfill their entire mandate including more focus on the strategic aspects of IMS Strategic Plan.

Management Response

We agree with this recommendation. Please see actions and their associated deliverables below.

Recommendation 2

The Senior Deputy Commissioner, supported by the Chief Information Officer, should:

- Build on the IMS Strategic Plan 2017-2020, and associated lessons learned, to mature the IM/IT business plan to contain more strategic elements.

Management Response

We agree with this recommendation. Please see actions and their associated deliverables below.

Recommendation 3

The Senior Deputy Commissioner and the Assistant Commissioner Corporate Services should work together to:

- Update the investment planning process to ensure prioritization and funding allocations between IM/IT, Technical Services & Facilities and Real Property projects are integrated and include an assessment of life cycle costs as required in the new GoC Policy on the Planning and Management of Investments coming into effect in 2019.

CONCLUSION

Overall, audit results demonstrated that there are elements of an IM/IT governance framework in place to identify, prioritize, and monitor IM/IT-enabled investments and capital resources and ensure alignment with departmental priorities.

The audit found that elements of an IM/IT governance framework are in place with committees and roles and responsibilities, and support transparent, risk-based decision-making related to IM/IT investments and activities. However, the audit did note that:

- Although a proposal to put in place a new governance structure was put forward and discussed in October 2017, it was not until August 2018 that the discussion on the new governance structure was formally initiated with draft Terms of Reference being reintroduced. This has delayed the maturing and effectiveness of the new committees.
- Although the mandates of both TCOM and DGCOS state that they will provide strategic advice and governance for the IM/IT Domain, there have been no discussions on the ongoing monitoring of progress being made against the planned strategic objectives of both the IMS Strategic Plan 2017-2020 the IM/IT Business Plan. Without those discussions, it is not possible to ascertain that CSC is using IM/IT resources effectively and that it is effectively supporting the achievement of CSC's mandate.

The audit found that IM/IT strategic planning considers input from stakeholders, identifies risks, is aligned with the departmental business strategy and investment plan, and aligns with central agency guidance. In addition, the implementation of the IMS Strategic Plan is being monitored and performance measurement processes are being implemented. However, the audit did note that:

- During the development of the IMS Strategic Plan 2017-2020 there were significant interactions and feedback sought from IMS staff, however, the analysis does not make any mention of whether there were interactions with senior CSC stakeholders outside of IMS and how their views were incorporated. The resulting plan is very much focused on IMS and not the broader IM/IT needs of the department.
- The expected outcomes and outputs are only identified for 19 of the 28 initiatives identified in the IMS Strategic Plan. There are only qualitative performance measures identified for the 28 initiatives. Secondly, although there is an IMS Program Office responsible for the ongoing monitoring of progress, there is no overall summary report being prepared that shows the progress. Without performance measures and overall progress reports, it will hard to track performance and see if the planned benefits are being realized or if corrective action needs to be taken.

The audit found that prioritization of IM/IT-enabled projects is done in line with CSC strategic priorities, enhances business value, and is within capital resource availability. However, the audit did note that:

- Although there are similarities between the Technical Services & Facilities and IMS prioritization criteria in the annual planning and prioritization of capital investments, CSC does not have a common base against which to assess all projects requiring capital funding. Furthermore, the capital project templates do not include a section on the ongoing run costs, so it is not possible to get the complete lifecycle costs for the projects being proposed. Lastly, although IMS had to have its prioritized list of IM/IT projects by late November 2018, it was still in prioritization discussion for its projects in February 2019 when its capital funding was approved at \$22.5M. When the IMS capital plan was finally submitted to EXCOM in April 2019, it was \$7.2M higher.

MANAGEMENT RESPONSE

Management Response Management agrees with the audit findings and recommendations as presented in the audit report. Management has prepared a detailed Management Action Plan to address the issues raised in the audit and associated recommendations. The Management Action Plan is scheduled for full implementation by March 31, 2021.

ABOUT THE AUDIT

Approach and Methodology

Audit evidence was gathered using several methods, including the following:

Interviews

Interviews were conducted with senior management and key staff at NHQ, and regional representatives that were members of the main IM/IT governance bodies.

Review of documentation

Relevant documentation was reviewed including the following: TBS and CSC Policies, guidelines, and corporate documents such as EXCOM, IMTTC and DGCOM terms of reference, agendas and records of decision, presentations; strategic and operational plans; risk assessments; and monitoring and reporting information.

Testing

Document reviews were performed to provide assurance that systems, processes and governance bodies were functioning as described and understood.

Sampling

Since the IM/IT main governance bodies have been in place for less than one year, all minutes and records of decision were reviewed.

A sample of nine initiatives from a total population of 20 was selected on a judgemental basis. The initiatives were selected based on their direct relationship to the five priorities set in the IMS Strategic Plan 2017-2020.

Statement of Conformance

In my professional judgment as Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided and contained in this report. The opinion is based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed on with management. The opinion is applicable only to the area examined.

The audit conforms to the Internal Auditing Standards for Government of Canada, as supported by the results of the quality assurance and improvement program. The evidence gathered was sufficient to provide senior management with proof of the opinion derived from the internal audit.

Christian D'Auray, CPA, CA
Chief Audit Executive

ANNEX A: AUDIT CRITERIA

The following table outlines the audit criteria developed to meet the stated audit objective and audit scope:

Objective	Audit Criteria	Met/ Met with Exceptions/ Partially Met/ Not Met
<p>1. Assess the adequacy and effectiveness of IM/IT governance processes in place to identify, prioritize, monitor and measure IM/IT resource allocation decisions and ensure alignment with departmental priorities, and that these processes effectively support the achievement of CSC's mandate.</p>	<p>1.1 – Governance Framework</p> <ul style="list-style-type: none"> An adequate IM/IT governance framework is in place through effective committees and clear roles and responsibilities, and supports transparent, risk-based decision making related to IM/IT investments and activities. 	<p>Met, with Exceptions</p>
	<p>1.2 – IM/IT Alignment</p> <ul style="list-style-type: none"> IM/IT strategic planning considers input from all stakeholders, identifies risks, is aligned with the departmental business strategy and investment plan, and aligns with central agency guidance. 	<p>Partially Met</p>
	<p>1.3 – IM/IT Strategic Planning</p> <ul style="list-style-type: none"> IM/IT strategic planning is effectively implemented through clear resource allocation decisions, SSC coordination, and performance measurement and monitoring 	<p>Partially Met</p>
	<p>1.4 – Planning and Prioritization of IM/IT-Enabled Projects</p> <ul style="list-style-type: none"> Prioritization of IM/IT-enabled projects is done in line with IMS and CSC strategic priorities, enhances business value, is within resource availability, and considers run costs. 	<p>Partially Met</p>

ANNEX B: IM/IT-RELATED COMMITTEE STRUCTURE



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