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1.0 EXECUTIVE SUMMARY

Background:

The objective of the Internal Audit Bureau's (IAB) review of HRDC'S Sustainable Development Strategy (SDS) was to inform senior management on the status of implementation and to identify opportunities for assistance. The review was concentrated in NHQ and built upon a Needs Assessment Report completed by Consulting and Audit Canada (CAC) on HRDC's SDS progress.

HRDC's SDS has the following objectives:

1. *Operations*: "Green" HRDC's internal operations and external service delivery;
2. *Policy*: Consider sustainable development in the design of human resources development policies and programs; and
3. *Culture*: Build sustainable development into HRDC's "corporate culture".

A laissez-faire approach towards the implementation of HRDCs SDS action plans has hampered progress. This has been brought on by the absence of clearly defined roles and supporting framework. There has been limited development of specific and measurable targets. Taking ownership of the SDS objectives and finding appropriate linkages with other corporate initiatives may advance progress towards implementation.

Findings:

The Needs Assessment Report commented on all the elements within HRDC's sustainable development action plan. Financial and Administrative Services (FAS) have taken some steps towards accomplishing the recommendations within the report. However, there are issues to be resolved before other CAC recommendations can be addressed.

Clarity with respect to who is or should be responsible for the SDS on a departmental basis is required. The working group, that developed the SDS, which disbanded after the tabling of the report, was co-chaired by FAS and Strategic Policy (SP).

Specific and measurable targets for HRDC's SDS need to be identified. The recently revised HRDC Environmental Action Plan for Greening Internal Operations has made some progress in this area for objective 1 (Greening), however specific and measurable targets for objectives 2 (Policy) and 3 (Culture) have yet to be developed.

The Commissioner of the Environment and Sustainable will be looking for a significant improvement in strategy quality in the second round of departmental SDS. The following recommendations are designed to assist the department in developing a quality strategy. In addition the report contains a number of suggestions to further position the department in this regard.

It is recommended that:

- The Deputy Minister reaffirm lead roles and responsibility for the coordinated planning and implementation of HRDC's SDS;
- Following the reaffirmation of the lead roles and responsibilities, the SDS working group be reestablished with a mandate to include development of a supporting accountability framework for the SDS; and
- The SDS working group determine how to strengthen departmental efforts towards SDS.

2.0 INTRODUCTION

The 1998-99 Audit and Evaluation Plan includes a review of *HRDC's Sustainable Development Strategy*. The review objectives and methodology are listed in Appendix A.

Sustainable Development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”¹.

Implementation of HRDC's Sustainable Development Strategy (SDS) is subject to an ongoing review by the Commissioner of the Environment and Sustainable Development within the Auditor General's office. Sustainable development strategies are intended to help departments more systematically take into account the inter-related nature of environmental, economic and social strategies in their policies, programs and operations.

Financial and Administrative Services (FAS) and Strategic Policy (SP) spearheaded the development of HRDC's first SDS in late 1996. It was then tabled in Parliament in December 1997 and will need to be updated by December 2000. The three objectives of the department's SDS are:

1. *Operations*: “Green” HRDC's internal operations and external service delivery;
2. *Policy*: Consider sustainable development in the design of human resources development policies and programs; and
3. *Culture*: Build sustainable development into HRDC's “corporate culture”.

¹ *Our Common Future* - 1987 World Commission on Environment and Development and *A Guide to Green Government*, 1996

3.0 FINDINGS

This review builds upon a Needs Assessment Report completed in September 1998 by Consulting and Audit Canada (CAC) on HRDC's SDS progress. FAS requested CAC to undertake this assessment so that the department would be in a better position to implement our SDS and know what preparation is required for the second generation SDS in 2000. FAS also shared this report with all NHQ executive heads in early January 1999.

IAB reviewed the Needs Assessment Report and it commented on all the elements within HRDC's sustainable development action plan (see). The CAC report's findings also estimated the resource requirements that may be necessary to fulfill all the requirements of the sustainable development action plan.

There have already been some concrete steps undertaken by FAS, which are shown in section 3.1 below to accomplish the recommendations within the Needs Assessment Report. However, there remain issues to be resolved before other report recommendations can be addressed. The issues of most concern are discussed below.

3.1 Roles, Responsibilities and Accountabilities

There is no clarity regarding who is or should be responsible for the SDS on a departmental basis. This is supported by the following:

- A working group co-chaired by FAS and SP was established for the development of the SDS. The group became inactive after tabling of the SDS, despite the fact the departmental sustainable development action plan indicated a departmental working group would be maintained. It was intended that the working group coordinate and prepare internal guidance and serve as the department's contact with other federal departments on SDS.
- Interviews with former working group members from HRIB, ISP and Labour found that these groups were supporting greening efforts such as re-cycling and Zero Waste. Otherwise the sustainable development file was largely inactive with respect to the SDS objectives covering policy and culture. Contact with the Insurance group found that they were in the process of reassigning the file.
- Strategic Policy has recently transferred responsibility for sustainable development to another directorate that is currently developing and assessing their approach to sustainable development.

- FAS see their role mainly centered on the first SDS objective of “Operations” and have proceeded to advance a series of initiatives such as:
 - Worked with the regions to update HRDC’s Environmental Action Plan (EAP) for greening internal operations; and
 - Lead departmental efforts in the Zero Waste Program at NHQ, including the establishment of a network of “Green” representatives.
- As well FAS has supported the coordination and implementation of the SDS by:
 - Contracting with Consulting and Audit Canada (CAC) for a Needs Assessment Report; and
 - Coordination of the department’s 1999-2000 Performance Report on SDS for Part III - Plans and Priorities.
- Given that the second objective of the SDS deals with considering sustainable development in the design of policies and programs, the expectation was that this objective would be best implemented with the lead of SP and supported by the various program areas. To date no clear ownership of this objective has been established nor was any activity reported in the department’s Performance Report on SDS for this objective.
- The third SDS objective for building a sustainable development corporate culture is horizontal in nature. Ownership for this objective is also not clear. Some of the action items address promotion and awareness activities. The Communications branch felt their role was to support other corporate groups rather than take a lead role for this objective.
- Linkages between SDS and other corporate activities are not obvious. SDS may lack visibility because of the many diverse corporate initiatives and priorities of a large department. Finding appropriate linkages or integrating sustainable development with other corporate activities such as work on the vision may advance progress towards implementing the department’s sustainable development goals.

It is evident that confusion exists within the Department on where accountability lies for the overall SDS. A lack of clearly defined roles and responsibilities makes it difficult to ensure the requirements in the departmental SDS action plan are met. Further, there is a risk of not being adequately prepared to deliver an updated submission of the SDS. The Commissioner of the Environment and Sustainable Development will be reviewing HRDC’s progress on the implementation of sustainable development as well as our updated submission due to be tabled in December 2000. Addressing the following

questions is a starting point to clarifying accountability and creating a supporting infrastructure.

- *Is there sufficient awareness and discussion occurring to understand the goals and implications involved with sustainable development?*
- *What resourcing are we prepared to commit for planning and implementing a SDS?*
- *What is the appropriate framework for planning and implementing a horizontal activity such as sustainable development?*
- *How do we make sustainable development considerations an intrinsic component within our overall departmental management framework?*

3.2 Achieving Results by Setting Measurable Targets

Specific and measurable targets for objectives 2 (*Policy*) and 3 (*Culture*) of the department's SDS have yet to be developed.

One of the main weaknesses confirmed by the OAG's Commissioner of the Environment and Sustainable Development was setting specific measurable targets for SDS action plan items². In contrast, the department has made some progress in addressing this for objective 1 (*Operations*), through the recently revised HRDC *Environmental Action Plan for Greening Internal Operations*.

Due to this absence of specific and measurable targets, the department's Performance Report on SDS was only able to comment in a general nature on the department's progress to date.

The Interdepartmental Network on Sustainable Development Strategies (INSDS) held a workshop in October 1998 to address the OAG's concerns and they identified a number of barriers and possible strategies to address them. The work of the INSDS can help HRDC efforts towards developing a clear set of targets.

Usually what is measured is managed, and the lack of clear and measurable targets limits HRDC's reporting capabilities on SDS goals. Potentially the department is vulnerable to comment in future reports by the Commissioner of the Environment and Sustainable Development if more progress is not made in this area.

² May 1998 Report, 1-5

3.3 Strengthening Organizational Efforts towards Building for SDS 2000

The September 1998 CAC Needs Assessment Report cautioned that the department needs to begin preparation for updating the HRDC SDS. All federal departments are required to present their second SDS by December 15, 2000. The May 1998 report of Commissioner of the Environment and Sustainable Development indicated that the AG's office will be looking for a significant improvement in strategy quality in the second round of departmental SDS³.

There are existing tools and resources to draw upon to further the development of a SDS. These include:

- The INSDS provides a forum for departments to meet and share best practices as well as interact with TBS and OAG officials responsible for sustainable development. HRDC has participated in the past by sending various representatives. Added benefit for HRDC would be gained should a senior officer consistently represent the department. Aside from the horizontal nature of sustainable development issues and HRDC's operational size and focus on human resource issues, it is important for the department to participate for the following reasons:
 - to expand our understanding of the linkages between the environment and social and economic variables of SD; and
 - to ensure HRDC benefits from lessons learned and tools/approaches that may be discussed.
- Establishing a working group approach to develop the first HRDC SDS was an excellent initiative. In keeping with HRDC's collaborative approaches to conducting business, it would be beneficial to expand this working group membership to include some regional representation and Systems. This is important as regions represent the majority of HRDC's staff and operations and because HRDC is a technology driven department.
- Utilizing elements of the new departmental vision such as its focus on prevention may help promote acceptance of sustainable development by relating the concepts of sustainable development to HRDC's long term plans and priorities.

³ *Report of the Commissioner of the Environment and Sustainable Development, May 1998, p. 1-6.*

3.4 Progress Towards Implementation

HRDC is not alone in facing difficulties around the implementation of a SDS. A number of sources have acknowledged this challenge for federal departments.

- Interdepartmental Network on Sustainable Development;
- Reports of the Commissioner of Environment & Sustainable Development, Office of the Auditor -General of Canada; and
- Journal of the Public Sector Management, *Renovating governance: lessons from sustainable development* Vol. 28, No.3.

As indicated significant work has been done since the tabling of the first SDS however opportunities exist for improvement in the areas of assigning responsibility, developing specific and measurable targets and strategic departmental management of the SDS.

Sustainable development is a commitment to continuous improvement. Having a supporting framework in place for sustainable development will ensure that HRDC can pool its efforts and be well placed to meet emerging responsibilities in this area.

The following are offered as suggestions that could contribute to efforts to make HRDC's next SDS more visible and more realistic in relation to our mandate:

- *Provide an opportunity for staff to contribute to the development of the plan, e.g. issue a discussion framework that program areas and regions could utilize to solicit input from groups of staff.*
- *Create a short brochure or newsletter that clearly expresses what SD is all about and how it connects to HRDC's way of doing business.*
- *Incorporate SD practices into various training sessions, e.g. use the opportunity when staff are learning and adapting to new technology to show the energy savings potential from computers with built-in power reduction modes.*
- *Show departmental commitment to SD in orientation sessions to new employees, e.g. greening operations as part of the HRDC work environment.*
- *Emphasize the technology features available for managing electronic information without printing.*
- *Consider incorporating SD in discussions on departmental values and ethics and how today's actions are impacting future generations, e.g. socially responsible behavior.*

- *Ensure an appropriate balance exists in recognizing efforts devoted to SD as done for the more traditional operational responsibilities.*
- *Consider YMAGIN (Youth Mandate For Greater Involvement) as a source to bring new ideas to the department's approach to SD.*

4.0 RECOMMENDATIONS

Implementing sustainable development within HRDC requires leadership. Senior management must express their intentions and support for sustainable development. This will provide the catalyst required to further involve staff and establish a process for developing measurable targets. Therefore it is recommended that:

- The Deputy Minister reaffirm lead roles and responsibility for the coordinated planning and implementation of HRDC's SDS.
- Following the reaffirmation of the lead roles and responsibilities that the working group be reestablished with a mandate to include development of a supporting accountability framework for the SDS.
- This working group determines how to strengthen departmental efforts towards SDS with the assistance of this report (Section 3) and the findings contained in the CAC Needs Assessment Report.

APPENDIX A

REVIEW OBJECTIVES & METHODOLOGY

Objectives

- measure progress on implementing HRDC's Sustainable Development Plan; and
- identify opportunities that will assist the Department on implementing Sustainable Development strategy.

Methodology

The review involved:

- Interviews with NHQ officials involved in the development and implementation of the SDS for HRDC.
- Examining pertinent documentation such as: reports from the OAG Commissioner of the Environment and Sustainable Development; HRDC's environmental action plans (EAP) including some regional plans; minutes of Interdepartmental Network on Sustainable Development; and applicable reference material on the development and implementation of the departmental SDS.
- Study of the CAC Needs Assessment Report to evaluate coverage of the sustainable development action plan elements.

APPENDIX B**EXECUTIVE SUMMARY: NEEDS ASSESSMENT REPORT (CAC)⁴**

HRDC needs to implement its sustainable development strategy (SDS), which was tabled in Parliament in December 1997. This report assesses the SDS commitments for the greening of its internal operations and service delivery, its policies and programs, and its corporate culture. It also assesses other legal, policy, and practical requirements for HRDC.

Primarily based on a gap analysis, recommendations are provided on what has to be done to ensure that 23 main requirements are met. An estimate of resource needs, based on past experience in similar activities, is provided.

In its SDS, HRDC made a commitment to update its environmental action plan to green operations and service delivery. For HRDC to update the plan, preferably through a consultative process, it would need to consider how its operations and service delivery can contribute to green issues. Then, it is recommended that HRDC set **specific and measurable targets**, regarding vehicle fleet efficiency, direct deposit of income support cheques, electronic job information, electronic application processing, workplace arrangements, and safe workplaces.

To apply a sustainable development (SD) lens to HRDC's policies and programs, as stated in its SDS, the department would need to write screening procedures and select a point from which screening would begin. These procedures would have to be consistent with the *Canadian Environmental Assessment Act* and the related Cabinet directive for policy and program proposals.

HRDC has committed to raising employee awareness about sustainable development and environmental quality. A communications plan would be needed to ensure that successes are promoted and published, and to complete other activities such as the Deputy Minister's Awards.

We recommend that the required triennial update of the SDS begin in January 1999 to ensure that consultations are completed and strategy content is improved. We also recommend the selection of performance measures in tandem with target-setting, and a system to collect, manipulate, and report the data.

We suggest the use of existing resources to complete many of the recommended activities, however, an investment of about 2.5 FTEs or \$300,000 appears needed this fiscal year. These

⁴ Extract from CAC Report, Sept. 3, 1998

resources can be obtained from across the organization, no matter where the work is managed. With this temporary reallocation of staff and requisite investment, the department would gain many benefits, including:

- enhanced public image through better service and responsiveness to concerns;
- direct savings through resource conservation;
- reduced risks through anticipation, prevention, and more effective planning;
- improved morale through information sharing, participation and rewards; and
- corporate sense of achievement through important contributions to SD.