

**Risk-Based Review of WD's Project Monitoring and Payment Function —
November 28, 2003**

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EXECUTIVE SUMMARY

Introduction

Western Economic Diversification Canada's ("WD") Audit and Evaluation Department ("Audit and Evaluation") conducted a risk-based review of the department's Projects Monitoring and Payment (M&P) function with the assistance of KPMG LLP ("KPMG"). This report presents the findings and recommendations from the review, and outlines the WD's planned actions to implement the recommendations.

The review was conducted in two phases. This report presents the findings and recommendations from the second and final phase of the review. It follows an interim report that outlined the project background, Phase 1 approach, risks and risk ratings. The contents of the Phase 1 report are not replicated in this report.

Overall Assessment

WD relies extensively on M&P to help ensure the department complies with government regulations. However, the level of control that M&P provides is largely a function of the substantial experience of its staff. Recent turnover in senior staff and anticipated retirements makes the need to formalize controls an imperative.

M&P is operating without a current mandate, and has defaulted to practices that have "worked" historically. Specifically, M&P focuses its efforts on verifying and approving claims. This emphasis may not be consistent with WD's expectations for M&P. For example, WD wants M&P to spend more effort proactively monitoring projects and possibly performing project evaluations.

Overall, WD has an opportunity to reduce risks associated with the M&P function by:

- Clarifying its mandate;
- Dedicating greater management attention to the function; and
- Reviewing, standardizing and documenting its policies and procedures.

Recommendations

The recommendations presented in the report address specific control deficiencies noted in Appendix A: Findings by Risk. This report recommends that WD:

- Develop a department-wide risk management framework;
- Design a project performance measurement function;

- Complete the development and implementation of Results-

Based Management and Accountability Frameworks (RMAFs) and Risk-Based Audit Frameworks (RBAFs) for all its programs;

- Define standards for monitoring and claims verification activities;
- Develop and maintain standard policies and procedures for M&P across all regions;
- Clarify the intent and process for involving M&P in the review of draft contribution agreements;
- Identify and address training requirements for M&P;
- Define and implement a central coordinating role for the M&P function;
- Develop operating standards and performance measures for M&P;
- Implement a quality assurance review process and conduct periodic internal audits of M&P;
- Address the recommendations from the Audit of the Community Futures Program (Grant Thornton, 2003) and consider their applicability to all types of service delivery partners;
- Improve its management information reporting capabilities;
- Consider implementing a project management system; and
- Review the structure of M&P, and its staffing levels and mix.

The steering committee is committed to implementing the above recommendations and has developed a high-level action plan to address them.



INTRODUCTION

Background

Audit and Evaluation initiated a risk-based review of WD's M&P function in June 2003. To assist it conduct the review, Audit and Evaluation contracted KPMG.

The review was conducted in two phases:

- **Phase 1: Preliminary Survey.** This phase identified and rated risks associated with the M&P function and defined the scope for Phase 2 based on high risk areas; and
- **Phase 2: Conduct of the Review.** This phase reviewed the risk areas that were rated "high" or "critical" in Phase 1 and identified major controls intended to mitigate the risks. This phase also identified control deficiencies associated with some of the risks, and provided recommendations.

This report presents the findings and recommendations from the second and final phase of the review. It follows an interim report that outlined the project background, Phase 1 approach, risks and risk ratings. The Phase 1 report, Interim Report on the Review of the Projects Monitoring and Payment Function issued October 14, 2003, was accepted by the department as a separate and complementary document to this final report. The contents of the Phase 1 report are not replicated in this report.

Scope and Approach of Phase 2

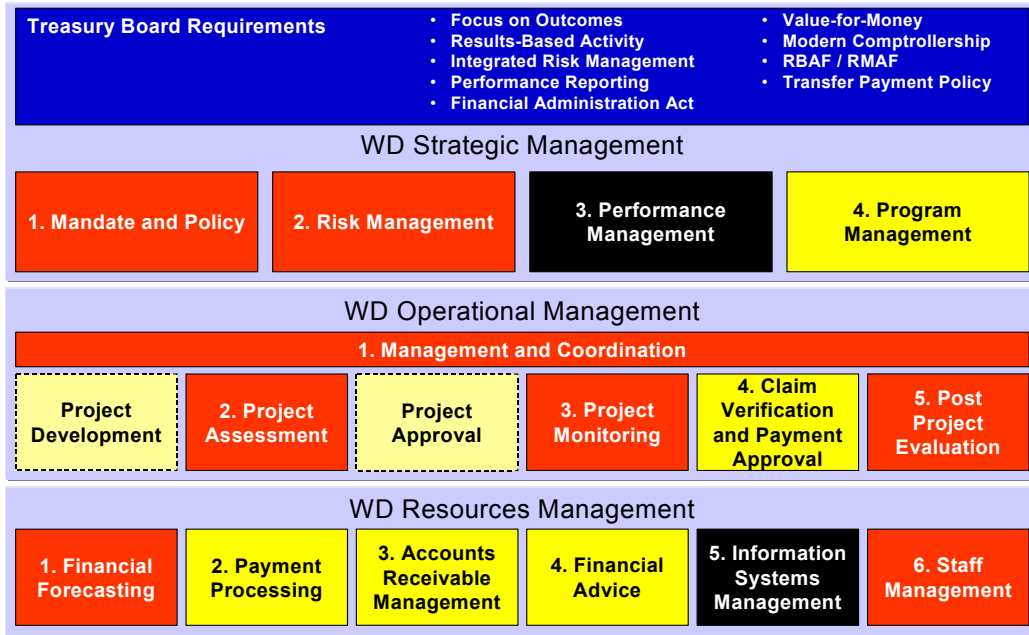
Scope

Phase 2 focused on 42 risks that made up nine of the risk groupings from Phase 1. These risk groupings were rated "high" or "critical" by the project steering committee at a workshop held September 25, 2003. The risk groupings are highlighted in black and red in the business model diagram on the next page. Note that the group "Financial Forecasting" was rated "high," however the steering committee elected to exclude risks in this group from the scope of Phase 2.

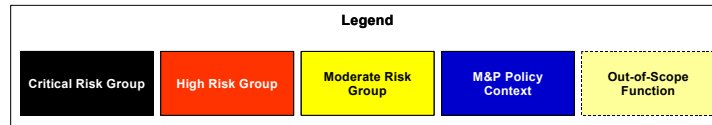
The review identified major controls that the department uses to mitigate the risks, but did not validate the extent to which the controls are used consistently across WD's regions and programs. The review also did not test that the controls are working as intended.



Business Model Depicting Average Ratings of Risk Groupings*



* Created for purposes of this study only and not intended to reflect WD organization structure.



Approach

The following activities were performed as part of this second phase:

- Reviewed information gathered during Phase 1;
- Performed interviews with management and staff in each region to further assess the risks and identify major controls;
- Reviewed approximately 40 files (in addition to those reviewed in Phase 1) to assess specific risks related to due diligence, file documentation and project audits;
- Evaluated the risks and the controls, and identified control deficiencies;
- Developed recommendations to address deficiencies noted;
- Reviewed the findings and recommendations with the steering committee and obtained their feedback and acceptance; and
- Worked with the steering committee to develop a high-level action plan to address the recommendations.

MAJOR FINDINGS

This section presents an overall assessment of the M&P function. Then, it revisits the key themes presented in the Phase 1 interim report.

Specific findings by risk are included in Appendix A. This appendix provides commentary on each risk, lists major controls intended to mitigate the risks, and identifies any control deficiencies.

Overall Assessment

WD Relies on M&P

WD relies extensively on M&P to help ensure the department complies with government regulations, in particular Treasury Board's Transfer Payment Policy and the Financial Administration Act (Sections 32 – 34). Management interviewed did not cite any major compliance issues with respect to the M&P function.

Reliance on Experience over Documented Controls

The level of control that M&P provides is largely a function of the substantial experience of its staff. Many M&P staff have been with WD since before the department's change in focus in 1995. They had the benefit of current (1993), documented and standardized policies and procedures. Since then, M&P has not maintained and updated policies and procedures governing the M&P function. Recent turnover in senior staff and anticipated retirements makes the need to formalize controls an imperative.

Default Emphasis is on Claims Verification

M&P is operating without a current mandate. The function lacks direction from:

- An overall risk management framework and performance management framework;
- Current policies and procedures (including acceptable risk tolerances and expected monitoring activities); and
- Central leadership.

In the absence of such direction, M&P staff continue to operate in a manner that has "worked" to date—they appear to apply a rigorous verification process to all claims. However, this emphasis on claims verification may not be consistent with WD's risk tolerance, actual project risk, or WD's desired emphasis for M&P (e.g. WD may want more emphasis on proactive monitoring activities and/or project evaluation).

Lack of Consistency and Standards

In the absence of a central, coordinating role for the M&P function, each region's M&P function has evolved differently. The regions exhibit slightly different organization structures, policies, procedures, forms and tools. Some of these differences make it difficult for WD to implement department-wide standards and controls.

Further, the differences among the regional M&P functions do not reflect significant differences in their operating environments—there is no compelling reason to have such differences among regions.

Responsibility for Performance Measurement not Formalized

Responsibility for measuring and tracking project outcomes has not been formally assigned within WD. Therefore, M&P cannot be held accountable for addressing risks associated with project performance measurement activities.

If WD decides to allocate responsibility for project performance measurement to M&P, it must recognize the incremental workload implications and skill set requirements.

Logical Order of Changes

WD has an opportunity to approach changes to M&P in a logical, sequential manner. It could first define its risk tolerance (as part of developing a departmental risk management framework and program RBAFs) and assign responsibility for project performance measurement. Then, it could review M&P policies and procedures, staffing and organizational issues.

Such a logical, top-down approach would help WD ensure the M&P function is in alignment with departmental objectives. However, certain “quick-fix” changes could be implemented immediately. For example, WD could immediately review M&P's role in reviewing new projects without jeopardizing longer-term actions to improve the M&P function.

Revisiting Phase 1 Themes

The Phase 1 report identified four key themes and indicated that these themes would be further clarified or expanded upon in Phase 2. Following is a brief discussion of each theme based on additional information gathered during Phase 2.

1. Many Risks with High Ratings



The Phase 1 report may have over-emphasized the amount of residual risk associated with the M&P function. While the steering committee rated many risks identified in Phase 1 as being “high or “critical,” this result must be considered in light of the following:

- Many of the risks rated “high” and “critical” were outside the scope of the M&P function and were included in the review to present a complete picture of the activities that directly or indirectly link to M&P activities.
- The focus of the review is on residual risks (i.e. risks that exist after considering affect of mitigating controls). To that end, the initial list of risks was developed largely by asking interviewees to state the “top three risks” and “most damaging/critical” risks associated with WD and the M&P function. The list of risks was purposely skewed towards significant residual risks and did not capture risks that interviewees consider to be adequately controlled.
- Residual risks most directly related to M&P’s current activities and emphasis were, on average, rated only “Moderate.”

This theme remains an important one that highlights, in absolute terms, the number of risks that management considers to be high. However, it is not meant to suggest that a disproportionate number of the risks associated with the M&P function are inadequately mitigated.

2. M&P Mandate has not Changed with WD Changes

This theme remains valid. However, it must be recognized that M&P’s fundamental objectives remain the same despite changes to WD’s mandate. These objectives are to ensure:

- Costs claimed are eligible, incurred and paid; and
- The project is completed in compliance with the terms and conditions.

Any changes to M&P’s activities, including a shift in emphasis towards monitoring and evaluation activities, must not conflict with the achievement of these objectives.

This theme underscores a general sentiment that it is time to revisit *how* M&P achieves its objectives, and what *additional objectives* should be included in M&P’s mandate.

3. Need for Greater Organization-Wide Coordination for M&P



The need for greater coordination is reinforced by the findings in Phase 2 and is addressed in Recommendation H: Central Coordination of M&P. However, two of the specific examples provided are no longer considered entirely accurate. These examples are:

- The lack of role clarity among Development and Assessment, M&P and Finance. With minor exceptions, Phase 2 findings suggest that individuals working in each of these three units are clear about their respective roles. Recommendation F addresses one area where role clarity could be improved.
- A lack of a coordinated approach to developing and implementing RBAFs and RMAFs. M&P is responsible for updating its policies and procedures to be consistent with the new RBAFs and RMAFs, however responsibility for developing and implementing the RBAFs and RMAFs rests with program management. Recommendation C addresses the development and implementation of the RBAFs and RMAFs.

4. M&P Staffing Requirements and Mix may Change

This theme remains a critical one and is addressed in Recommendation N.



RECOMMENDATIONS

The recommendations presented in this section are intended to address control deficiencies noted in Appendix A. Each deficiency in the appendix is cross-referenced to one of these recommendations.

A. Department-Wide Risk Management Framework

WD should develop a department-wide risk management framework.

The risk framework must provide guidance around the level of risk that WD is willing to tolerate, and provide input to the development and implementation of RBAFs, and specific monitoring and claim verification standards and activities.

WD has started to develop an integrated risk management framework as required by Treasury Board. The action plan in the next section provides the status of this initiative.

B. Project Performance Measurement Function

WD should design a project performance measurement function.

In designing the function, WD must assign responsibilities for defining, monitoring and measuring project outcomes. In doing so, WD should assess the anticipated work effort and skill requirements associated with measuring project performance and make any organizational changes necessary.

Risk is not a major factor in determining which departmental unit should be responsible for project performance measurement. Each option WD considers will have inherent risks that must be mitigated with appropriate controls. By way of example, the following table presents three possible options for allocating responsibility for performance measurement, potential benefits, inherent risks and mitigating controls. The table is not intended to be a comprehensive analysis of the options WD should consider, nor of the inherent risks and required controls associated with each.



**Example Options for
Assigning Responsibility for Project Performance Measurement**

Options: Unit Responsible	Possible Benefit or Rationale	Example Inherent Risks	Possible Mitigating Controls
1. Development and Assessment	<ul style="list-style-type: none"> ▪ Unit currently sets project outcome measures ▪ Unit is most knowledgeable about the intent of projects ▪ Unit would be more accountable for project outcomes 	<ul style="list-style-type: none"> ▪ Officers may be biased in favour of projects succeeding ▪ Officers may not be knowledgeable about measuring performance 	<ul style="list-style-type: none"> ▪ Use of peer reviews or management reviews ▪ Use of objective/quantifiable measures when possible ▪ Training and standards for performance measurement
2. Monitoring and Payment	<ul style="list-style-type: none"> ▪ Unit currently monitors project progress and outputs, and closes files ▪ Unit is largely objective and independent (i.e. not accountable for determining project eligibility and setting outcome measures) 	<ul style="list-style-type: none"> ▪ Officers may not have a complete understanding about the intent of the project ▪ Officers may not be knowledgeable about measuring performance 	<ul style="list-style-type: none"> ▪ Use of peer reviews or consultations with Development and Assessment ▪ Use of objective/quantifiable measures when possible ▪ Training and standards for performance measurement
3. New Project Evaluation Unit	<ul style="list-style-type: none"> ▪ Unit would be objective and independent (i.e. not accountable for determining project eligibility, setting outcome measures or monitoring project progression) ▪ Unit could be trained specifically on project performance measurement with a greater understanding of program objectives and measures 	<ul style="list-style-type: none"> ▪ Officers may not have a complete understanding about the intent of the project ▪ Additional unit could blur responsibilities, particularly with respect to establishing project outcome measures and closing files 	<ul style="list-style-type: none"> ▪ Use of peer reviews or consultations with Development and Assessment ▪ Development of clear processes and responsibilities for performance measurement activities

Additional options could be derived by considering combinations of the options presented.

In addition to assigning responsibility for project performance measurement, and addressing organizational implications, WD must also develop specific processes and systems to support performance measurement activities.



C. Implementation of RMAFs and RBAFs

WD should complete the development and implementation of RMAFs and RBAFs for all its programs.

In completing and implementing the RMAFs and RBAFs, WD should consider combining similar programs (e.g. WDP and ICIP) under shared RMAFs and RBAFs. WD should define specific monitoring and auditing requirements for each program and incorporate these requirements into documented M&P policies and procedures.

D. Standards for Monitoring and Claims Verification

WD should define standards for monitoring and claims verification activities.

For each program and sub-program, WD should define specific standards relating to the amount and nature of monitoring and claims verification required. The standards should be based on WD's corporate risk profile, program RBAFs and the need for efficiency. The standards must be incorporated into documented policies and procedures for M&P.

Monitoring activities should be driven by a monitoring plan prepared at the beginning of each project based on the nature and risk of the project. Monitoring activities must be documented to provide WD with a record in the event of client disagreements or staff turnover, and to formally assess the effectiveness of such activities.

E. Standard Policies and Procedures for M&P

WD should develop and maintain standard policies and procedures for M&P across all regions.

WD should review current processes to ensure that they are efficient and serve the interests of WD with respect to client service, support to other departments, and risk management.

As part of reviewing its processes, WD should review the necessity and appropriateness of all forms used by M&P and revise and standardize these forms as appropriate. In particular, WD should revisit the risk assessment form to ensure that it is useful and necessary to use for each claim, and that the risk elements and scores accurately predict the level of risk associated with each project.

Policies and procedures must reflect central agency regulations and guidelines, RBAFs and RMAFs and WD's interpretation of such documents in the form of risk tolerances and acceptable practices and standards.

Once documented, WD should distribute its policies and procedures along with supporting forms and tools using a central Intranet site to ensure consistency and currency across all regions.



F. M&P Involvement in Reviewing Contribution Agreements

WD should clarify the intent and process for involving M&P in the review of draft contribution agreements.

WD should review current regional practices to involve M&P in the review of contribution agreements (e.g. buddy system, project review committees, M&P-developed training for Development and Assessment officers) and agree upon best practices. Director Generals in each region need to clarify and communicate M&P's role (e.g. one of advising on the structure and wording of Attachment A, and mentoring/training Development and Assessment Officers) to both the Development and Assessment, and M&P officers. WD should incorporate the review process formally into the procedures for both Development and Assessment, and M&P.

G. Training Requirements

WD should identify and address training requirements for M&P.

WD should determine the specific training requirements for M&P staff, and provide training, as needed, on the new RMAFs and RBAFs, central agency regulations and guidelines (for new staff and for significant changes), and M&P policy and procedural changes.

In addition, WD should provide training to both Development and Assessment, and M&P officers on preparing Attachment A's. This would reduce the former group's reliance on M&P and help ensure greater consistency between regions and M&P officers in their interpretations of such policies as appropriate contribution stacking and in-kind contributions.

Training should be centrally coordinated to avoid duplication in effort between regions.

H. Central Coordination of M&P

WD should define and implement a central coordinating role for the M&P function.

WD should consider dedicating a headquarters resource to overseeing the M&P function, or coordinating the function using an M&P management committee or a rotating unit chair. Regardless of the mechanism used, the central body must have sufficient time and resources to ensure that the M&P function performs efficiently and effectively across all regions, and that it keeps current with departmental changes. Initially, the required effort will be greater until the recommended changes are addressed.

At a minimum, the central role should be responsible for:

- Reviewing and redesigning as necessary the processes used by M&P;
- Ensuring consistent policies and procedures, forms and



practices are used across all regions;

- Making resources available to all regions (e.g. audit logs, training materials, policy clarifications and precedents);
- Determining and addressing the training requirements of M&P;
- Defining required position competencies for M&P staff;
- Helping the regions with succession planning and the determination of appropriate staffing levels and mix; and
- Monitoring the M&P function through the use of performance measures, quality assurance reviews and internal audits.

I. Operating Standards and Measures

WD should develop operating standards and performance measures for M&P.

WD should develop metrics, standards and measures to manage the performance of M&P, identify regional best practices, identify potential process weaknesses and assess staffing levels.

Operating metrics should include measures of M&P activity (e.g. number of claims, files, site visits, audits). Performance standards and measures should include client service measures, turnaround times, productivity/efficiency measures, and impacts on risks (e.g. incident tracking).

J. Quality Assurance Review Process

WD should implement a quality assurance review process and conduct periodic internal audits of M&P.

WD should design and implement a formal quality assurance review process to ensure consistent application of policies and procedures throughout the regions, and to identify training requirements and best practices. The M&P quality assurance review process should be integrated with a broader review process that includes all stages of the project lifecycle.

WD should also request periodic internal audits of the M&P function to test compliance with regulations and policies, and to verify the effectiveness of controls.

K. Service Delivery Partners

Address the recommendations from the Audit of the Community Futures Program (Grant Thornton, 2003) and consider their applicability to all types of service delivery partners.

As it renews terms and conditions over the next year governing its contributions under the Service Delivery Network Program, Community Futures Program, and the Women's Enterprise Initiative, WD must address the recommendations outlined in



the audit of the Community Futures Program. In particular, it should give consideration to:

- The extent to which it can rely on external auditors to provide assurance that service delivery partners are complying with the terms and conditions; and
- Standardizing performance reporting from service delivery partners, and verifying the accuracy and reasonableness of information submitted.

L. Management Information

WD should improve its management information reporting capabilities.

WD should review the capabilities of its management reporting systems (including “switched off” functionality) against management’s information requirements. WD should consider developing reports suited to management’s needs such as exception reporting, comparison and trend reporting, summary reporting, and ad hoc reporting and analysis. In doing so, WD must address information requirements that use data beyond that contained in GX (e.g. performance reporting, operational reporting).

M. Project Management System

WD should consider implementing a project management system.

WD should assess the costs and benefits associated with implementing a department-wide, project management system that would support its operations more fully.

Functionality of a project management system might include:

- Contact tracking;
- Tracking of requests/proposals/applications processed (including rejected);
- Automated workflow routing and on-line approvals;
- Workflow tracking (e.g. processing times, backlogs);
- Document management;
- Monitoring activity planning, prompting and recording; and
- Performance measurement tracking.



N. M&P Structure and Staffing

WD should review the structure of M&P, and its staffing levels and mix.

WD should review the organization structure of M&P, its required staffing levels and its resource mix following the development of an appropriate mandate and policy framework for the department and an associated redesign and standardization of M&P processes.

WD should prepare a succession plan to ensure that retiring staff are identified sufficiently early to hire replacements and allow for a smooth transition.

WD should review the use of full-time contractors in BC following decisions regarding the appropriate number and nature of required M&P staff.



ACTION PLAN

Having considered the findings and recommendations presented in this report, the steering committee is committed to implementing them. It has defined a working group that will be responsible for developing a detailed work plan to implement the recommendations, and monitoring progress against the plan.

Following are the steering committee's initial thoughts regarding:

- The composition of the working committee;
- Initiatives that are already in progress;
- Recommendations that can be partially or fully implemented immediately to realize benefits right away; and
- Recommendations that are longer term in nature.

Working Group

The steering committee recommends the establishment of a working group to develop a detailed work plan and monitor progress against the plan. The group should include representation from:

- All regions;
- All programs, including the Service Delivery Network;
- Headquarters;
- Director Generals;
- M&P;
- Finance; and
- Audit and Evaluation.

The working group will provide regular status reports to the Executive Committee.



Initiatives in Progress

A number of recommendations will be addressed, at least in part, by initiatives that are already underway. These initiatives are summarized in the table following.

Initiatives in Progress to Address Recommendations

Recommendation	Initiative	Anticipated Completion
A. Department-Wide Risk Management Framework	<ul style="list-style-type: none"> ▪ Development of a corporate risk profile ▪ Development and implementation of an integrated risk management framework 	<ul style="list-style-type: none"> ▪ March, 2004 ▪ TBD
B. Project Performance Measurement Function	<ul style="list-style-type: none"> ▪ Development of a performance measurement and evaluation strategy for WDP and ICIP programs ▪ Database collection of performance measures (Project Assessment Tool) ▪ Program evaluation of Service Delivery Network Program ▪ Renewal of contracts for Service Delivery Network partners (includes improvements to performance reporting) ▪ Renewal of Service Delivery Network Program, Community Futures Program, and Women's Enterprise Initiative terms and conditions 	<ul style="list-style-type: none"> ▪ March, 2004 ▪ In use ▪ TBD ▪ March, 2004 ▪ March, 2005
C. Implementation of RMAFs and RBAFs	<ul style="list-style-type: none"> ▪ Development of a performance measurement and evaluation strategy for WDP and ICIP programs to drive implementation of program RMAFs ▪ Development of project audit policies and procedures for WDP and ICIP to drive implementation of program RBAFs ▪ Renewal of Service Delivery Network Program, Community Futures Program, and Women's Enterprise Initiative terms and conditions to drive development of program RMAF and RBAF 	<ul style="list-style-type: none"> ▪ March, 2004 ▪ March, 2004 ▪ March, 2005
K. Service Delivery Partners	<ul style="list-style-type: none"> ▪ Renewal of contracts for Service Delivery Network partners and Community Futures Development Corporations (includes improvements to performance reporting) ▪ Renewal of Service Delivery Network Program, Community Futures Program, and Women's Enterprise Initiative terms and conditions 	<ul style="list-style-type: none"> ▪ March, 2004 ▪ March, 2005



Immediate Focus

The steering committee identified a number of recommendations that the working group can start to implement immediately, at least in part. These include:

Recommendation	Specific Sections of Recommendation
D. Standards for Monitoring and Claims Verification	<ul style="list-style-type: none"> ▪ Monitoring plans ▪ Documentation of monitoring activities
E. Standard Policies and Procedures for M&P	<ul style="list-style-type: none"> ▪ Sharing and standardizing practices among regions ▪ Documentation of current policies and procedures ▪ On-line distribution
F. M&P Involvement in Reviewing Contribution Agreements	<ul style="list-style-type: none"> ▪ All
G. Training Requirements	<ul style="list-style-type: none"> ▪ Immediate requirements
H. Central Coordination of M&P	<ul style="list-style-type: none"> ▪ Recommendations to be implemented by working group
L. Management Information	<ul style="list-style-type: none"> ▪ Immediate information requirements based on readily available information (e.g. management reports related to cashflows)

Mid to Long-term Focus

The working group will implement the remainder of the recommendations over the mid to long term. These include:

Recommendation	Specific Sections of Recommendation
D. Standards for Monitoring and Claims Verification	<ul style="list-style-type: none"> ▪ Defining and documenting standards
E. Standard Policies and Procedures for M&P	<ul style="list-style-type: none"> ▪ Documentation of revised policies and procedures
G. Training Requirements	<ul style="list-style-type: none"> ▪ On-going requirements
H. Central Coordination of M&P	<ul style="list-style-type: none"> ▪ Long-term definition of role
I. Operating Standards and Measures	<ul style="list-style-type: none"> ▪ All
J. Quality Assurance Review Process	<ul style="list-style-type: none"> ▪ All
K. Service Delivery Partners	<ul style="list-style-type: none"> ▪ All
L. Management Information	<ul style="list-style-type: none"> ▪ Broader information requirements
M. Project Management System	<ul style="list-style-type: none"> ▪ All
N. M&P Structure and Staffing	<ul style="list-style-type: none"> ▪ All



Appendix A

Findings by Risk



Findings by Risk

Explanation of Risk Flashcards

Group that risk belongs to (from business model).

Risk stated as rated.

Residual risk rating as rated by the steering committee.

Group: Mandate and Policy

- Risk
1. Broad WD mandate and programs result in various interpretations of policies and procedures at regional levels.

Risk reference number from original list of risks.

Risk Rating: **High**

Commentary providing clarification on the risk or important context.

Risk Assessment	<ul style="list-style-type: none"> This risk pertains primarily to assessing and approving projects This risk only impacts M&P when Terms and Conditions ("Attachment A") do not clearly define project and eligible expenditures 	
Controls	Ref.	Description
	1.	M&P involvement in defining Attachment A to ensure subsequent claims can be processed without question of eligibility
	2.	Multiple reviews and approvals by management and executive to ensure project eligibility and output/outcome measurability
	3.	Documentation to assist Project Development Officers assess project eligibility (i.e. Program-level Results-Based Management and Accountability Frameworks, Logic Model, Guideposts)
Deficiencies	Description	Rec.
	Limited formal training specifically on structuring Terms and Conditions ("Attachment A")	G
	M&P reviews of and feedback on Attachment A not universally received and not always constructive	F
	Results-Based Management and Accountability Frameworks only approved for two programs	C
	Project Development Officers and M&P Officers not formally trained on new Results-Based Management and Accountability Frameworks	G

Major controls identified that help to mitigate the risk. Each control has a unique reference number. Many controls mitigate more than one risk.

Deficiencies or gaps in the identified controls' ability to adequately mitigate the risk, and reference to a recommendation to address the deficiency.

Findings by Risk (Cont'd)

Group: Mandate and Policy

Risk

1. Broad WD mandate and programs result in various interpretations of policies and procedures at regional levels.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> • This risk pertains primarily to assessing and approving projects • This risk only impacts M&P when Terms and Conditions (“Attachment A”) do not clearly define project and eligible expenditures 		
Controls	Ref.	Description	
	1.	M&P involvement in defining Attachment A to ensure subsequent claims can be processed without question of eligibility	
	2.	Multiple reviews and approvals by management and executive to ensure project eligibility and output/outcome measurability	
	3.	Documentation to assist Project Development Officers assess project eligibility (I.e. Program-level Results-Based Management and Accountability Frameworks, Logic Model, Guideposts)	
Deficiencies	Description		Rec.
	Limited formal training specifically on structuring Terms and Conditions (“Attachment A”)		G
	M&P reviews of and feedback on Attachment A not universally received and not always constructive		F
	Results-Based Management and Accountability Frameworks only approved for two programs		C
	Project Development Officers and M&P Officers not formally trained on new Results-Based Management and Accountability Frameworks		G

Findings by Risk (Cont'd)

Group: Mandate and Policy

Risk
 2. Lack of standardized, current and documented policies and procedures.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> Existing M&P policy and procedure manuals have not been updated since 1993 and are not widely used by current M&P staff WD relies on the extensive experience of its M&P staff to perform the M&P function in accordance with regulatory requirements Anticipated retirements and recent staff turnover increase the need for documented policies and procedures 		
	Controls	Ref.	Description
	4.	WD operates within the context of government policies and regulations (e.g. Treasury Board Transfer Payment Policy, Financial Administration Act)	
Deficiencies	Description		Rec.
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E
	M&P follows different procedures and policies (e.g. audit policy, thresholds for supporting claims documentation) between regions		E
	There is no central coordination of the M&P function		H

Findings by Risk (Cont'd)

Group: Mandate and Policy

Risk

3. Various forms, policy-type documents and checklists create confusion and inconsistent application in the regions.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> Inconsistencies in M&P activities are not driven by various policy-type documents, but arise from the absence of standard policies and procedures across the regions Various M&P forms and checklists are a result of the inconsistencies between regions 		
Controls	Ref.	Description	
	4.	WD operates within the context of government policies and regulations (e.g. Treasury Board Transfer Payment Policy, Financial Administration Act)	
Deficiencies	Description		Rec.
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E
	M&P follows different procedures and policies (e.g. audit policy, thresholds for supporting claims documentation) between regions		E
	There is no central coordination of the M&P function		H

Findings by Risk (Cont'd)

Group: Mandate and Policy

Risk

4. WD not in compliance with Treasury Board (TB) requirements and Financial Administration Act (FAA Sections 32 – 24).

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> WD relies extensively on the M&P function to ensure it is in compliance with TB requirements and the Financial Administration Act 		
Controls	Ref.	Description	
	2.	Multiple reviews and approvals by management and executive to ensure compliance	
	5.	Segregation of duties between Project Development Officers, M&P Officers and Finance	
Deficiencies	Description		Rec.
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E
	M&P follows different procedures and policies (e.g. audit policy, thresholds for supporting claims documentation) between regions		E
	There is no central coordination of the M&P function		H
	There is no training of M&P staff on regulations and WD interpretations, including on-going training on changes		G
	Risk-Based Audit Frameworks only approved for two programs		C
	Risk-Based Audit Frameworks not incorporated into M&P policies and procedure (e.g. project audit practices not defined)		C
	There is no quality assurance review process or internal audit of the M&P function		J

Voting Results by Risk (Cont'd)

Group: Mandate and Policy

Risk

6. Lack of functional leadership for M&P to reflect department and program changes on a consistent basis.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> There is informal coordination provided by headquarters, but no dedicated leadership role or accountability This risk contributes to inconsistencies and duplicated effort (e.g. in the design of materials) among regions, and a lack of direction for and monitoring of M&P activities 				
	Controls	<table border="1"> <thead> <tr> <th>Ref.</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td></td> <td>No department-wide, formal and current controls exist</td> </tr> </tbody> </table>	Ref.	Description	
Ref.	Description				
	No department-wide, formal and current controls exist				
Deficiencies	Description	Rec.			
	There is no central coordination of the M&P function	H			

Voting Results by Risk (Cont'd)

Group: Mandate and Policy

Risk

7. M&P roles and responsibilities not clearly understood.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> M&P staff are clear about their roles and responsibilities with respect to traditional M&P activities There is a lack of clarity about M&P's role with respect to new activities such as evaluating project performance and tracking outcomes. WD has not yet determined if these activities are the responsibility of M&P In some regions, interviewees reported instances of M&P staff questioning the eligibility of projects, but there is universal understanding among interviewees that M&P's formal input into the review of new projects is to assist Development and Assessment Officers write appropriate Terms and Conditions 		
	Controls	Ref.	Description
		No department-wide, formal and current controls exist	
Deficiencies	Description		Rec.
	There is no central coordination of the M&P function		H
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E
	There is no formal training for M&P officers		G

Voting Results by Risk (Cont'd)

Group: Mandate and Policy

Risk

8. M&P-related activities not clearly and appropriately allocated between Program Development Officers, M&P and Finance resulting in duplication of effort, unclear accountabilities and gaps.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> M&P, Finance, and Development and Assessment staff interviewed are clear about the allocation of most activities among the three groups While both Finance and M&P must be involved in financial forecasting, the specific tasks that each must perform related to forecasting could be clarified in some regions 		
Controls	Ref.	Description	
		No department-wide, formal and current controls exist	
Deficiencies	Description		Rec.
	There is no central coordination of the M&P function		H
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E
	WD has not formally assigned project evaluation and outcome tracking activities to any organizational unit		B

Voting Results by Risk (Cont'd)

Group: Mandate and Policy

Risk

9. M&P function's focus, approach and effort inappropriate (I.e. emphasis on controls over outcomes).

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> • WD relies extensively on the M&P function to ensure it is in compliance with TB requirements and the Financial Administration Act • In the absence of current, documented policies outlining WD's acceptable risk tolerances and policies for monitoring and claims verification activities, M&P staff feel obligated to apply a rigorous verification process to all claims 			
Controls	Ref.	Description		
		No department-wide, formal and current controls exist		
Deficiencies	Description			Rec.
	There is no central coordination of the M&P function			H
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations			E
	WD has not formally assigned project evaluation and outcome tracking activities to any organizational unit			B

Voting Results by Risk (Cont'd)

Group: Risk Management

Risk

10.Lack of a Risk Management Framework for WD.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> WD has initiated the development of an Integrated Risk Management Framework 			
Controls	Ref.	Description		
		No department-wide, formal and current controls exist		
Deficiencies	Description			Rec.
	There is no Integrated Risk Management Framework			A

Voting Results by Risk (Cont'd)

Group: Risk Management

Risk

11.M&P roles and responsibilities not linked to the overall WD risks (I.e. post 1995).

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> • WD has initiated the development of an Integrated Risk Management Framework • WD relies extensively on the M&P function to ensure it is in compliance with TB requirements and the Financial Administration Act • WD's requirements to ensure terms and conditions are met and payments are based on expenses incurred have not changed with the change in client mix • In the absence of current, documented policies outlining WD's acceptable risk tolerances and policies for monitoring and claims verification activities, M&P staff feel obligated to apply a rigorous verification process to all claims 		
	Controls	Ref.	Description
			No department-wide, formal and current controls exist
	Deficiencies	Description	
There is no Integrated Risk Management Framework		A	
M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E	

Voting Results by Risk (Cont'd)

Group: Risk Management

Risk

12. Over-controlling impedes efficiency (e.g. multiple sign-off's for project amendments).

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> The most common concerns cited regarding over-controlling pertain to project and amendment approvals and the limited delegation of signing authorities In the absence of current, documented policies outlining WD's acceptable risk tolerances and policies for monitoring and claims verification activities, M&P staff feel obligated to apply a rigorous verification process to all claims Claim processing activities are not tracked (e.g. average processing time, backlog, productivity, pending and rejected claims) to quantify impact of possible over-controlling 		
Controls	Ref.	Description	
		No department-wide, formal and current controls exist	
Deficiencies	Description		Rec.
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E
	M&P lacks operating standards and measures by which it can monitor its efficiency		I

Voting Results by Risk (Cont'd)

Group: Risk Management

Risk

13. Project approval and/or payment decisions perceived to be inappropriate.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> Project approval decisions are outside the scope of M&P 	
Controls	Ref.	Description
	6.	Terms and conditions outline project objectives and eligible expenses
	7.	M&P Manager, or another manager with appropriate authority, reviews all claims and applies Financial Administration Act Section 34 authorization indicating payment has been reviewed in accordance with the FAA
	8.	Finance Manager reviews all payment authorizations before processing payments to ensure Section 34 authorization has been applied and supporting documentation exists
Deficiencies	Description	Rec.
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations	E
	There is no quality assurance review process or internal audit of the M&P function	J

Voting Results by Risk (Cont'd)

Group: Risk Management

Risk

15. Misrepresentation and fraudulent activity occurs.

Risk Rating: Mod.

Risk Assessment	<ul style="list-style-type: none"> Due diligence related to new clients is the responsibility of Development and Assessment 	
Controls	Ref.	Description
	6.	Terms and conditions outline project objectives and eligible expenses
	7.	M&P Manager, or another manager with appropriate authority, reviews all claims and applies Financial Administration Act Section 34 authorization indicating payment has been reviewed in accordance with the FAA
	8.	Finance Manager reviews all payment authorizations before processing payments to ensure Section 34 authorization has been applied and supporting documentation exists
	9.	M&P requires invoices and proof of payment from clients for all material, claimed expenses
	10.	M&P performs periodic site visits to confirm project status
	11.	External audits on projects performed as required by the RBAF and as deemed appropriate by M&P

See deficiencies next page

Voting Results by Risk (Cont'd)

Deficiencies	Description	Rec.
	There is no quality assurance review process or internal audit of the M&P function	J
	M&P monitoring activity is not always planned based on an assessment of the client or project risk, and documented as having been done	D
	The criteria for performing site visits is not clear and consistent across regions	D
	Risk-Based Audit Frameworks only approved for two programs	C
	Risk-Based Audit Frameworks not incorporated into M&P policies and procedure (e.g. project audit practices not defined)	C
	M&P follows different procedures and policies (e.g. audit policy, thresholds for supporting claims documentation) between regions	E

Voting Results by Risk (Cont'd)

Group: Performance Management (Rated as a group)

Risks

16. WD programs not achieving intended outcomes.
17. Project planned (DDR) and actual outcomes not linked to program objectives.
18. Insufficient focus on program results and outcomes.
19. Lack of appropriate management information reports on program performance and outcomes.

Risk Rating: Critical

Risk Assessment	<ul style="list-style-type: none"> Performance measurement is a new area for WD and it has not been fully implemented. Establishment of planned project outcomes is the responsibility of Development and Assessment 			
Controls	Ref.	Description		
	12.	Terms and conditions now include planned project outcomes and measures		
Deficiencies	Description			Rec.
	WD has not formally assigned project evaluation and outcome tracking activities to any organizational unit			B
	Results-Based Management and Accountability Frameworks only approved for two programs			E
	Project Development Officers and M&P Officers not formally trained on new Results-Based Management and Accountability Frameworks			G
	WD does not have a system to track and aggregate performance-related information			B

Voting Results by Risk (Cont'd)

Group: Management and Coordination

Risk

21. M&P approach jeopardizes client relationships with WD.

Risk Rating: Mod.

Risk Assessment	<ul style="list-style-type: none"> Most concerns cited with respect to client concerns related to claims not being processed promptly or inconsistent messages with respect to allowable costs and required documentation. These concerns largely stem from ambiguities in WD's policies and the Attachment A's of projects Claim processing activities are not tracked (e.g. average processing time, backlog, productivity, pending and rejected claims) to quantify impacts on client service 				
	Controls	<table border="1"> <thead> <tr> <th>Ref.</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>6.</td> <td>Terms and conditions outline project objectives and eligible expenses</td> </tr> </tbody> </table>	Ref.	Description	6.
Ref.	Description				
6.	Terms and conditions outline project objectives and eligible expenses				
Deficiencies	Description	Rec.			
	WD does not formally track client satisfaction or complaints	I			
	M&P lacks operating standards and measures by which it can monitor its efficiency	I			
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations	E			

Voting Results by Risk (Cont'd)

Group: Management and Coordination

Risk

22. Inconsistencies in M&P processes across regions and programs (e.g. risk assessments, project monitoring, claim verification, advance payments, project evaluations).

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> There is limited, informal coordination provided by headquarters, but no dedicated leadership role or accountability 			
Controls	Ref.	Description		
		No department-wide, formal and current controls exist		
Deficiencies	Description			Rec.
	There is no central coordination of the M&P function			H
	M&P follows different procedures and policies (e.g. audit policy, thresholds for supporting claims documentation) between regions			E
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations			E
	There is no training of M&P staff on regulations and WD interpretations, including on-going training on changes			G
There is no quality assurance review process or internal audit of the M&P function			J	

Voting Results by Risk (Cont'd)

Group: Management and Coordination

Risk

23. Structure of M&P does not promote communication and collaboration with Project Development Officers and Finance.

Rating: **Mod.**

Risk Assessment	<ul style="list-style-type: none"> Most interviewees do not believe that there is anything intrinsic about the structure that prevents M&P from working effectively with Project Development Officers and Finance Some regions have implemented steps to encourage communication (e.g. a “buddy system” and regularly scheduled meetings) 		
Controls	Ref.	Description	
		No department-wide, formal and current controls exist	
Deficiencies	Description		Rec.
	No systemic deficiency noted		

Voting Results by Risk (Cont'd)

Group: Management and Coordination

Risk

24.RMAF's & RBAF's (for ICIP and WDP) not clearly understood and effectively utilized.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> The RMAF's and RBAF's were only recently approved 			
Controls	Ref.	Description		
		No department-wide, formal and current controls exist		
Deficiencies	Description			Rec.
	There is no central coordination of the M&P function			H
	There is no training of M&P staff on regulations and WD interpretations, including training on the new RBAF's and RMAF's			C
	Results-Based Management and Accountability Frameworks and Risk-Based Audit Frameworks are not incorporated into M&P policies and procedure (e.g. project audit practices not defined, project evaluation responsibility not assigned)			C

Voting Results by Risk (Cont'd)

Group: Management and Coordination

Risk
25.QAR process not effective.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> QAR process was not designed to be a quality assurance review process. It refers primarily to the checklists to ensure proper documentation exists on file The QAR checklists are used inconsistently between regions and files, and in many cases, are completed after the project has been completed rather than as it progresses 			
Controls	Ref.	Description		
		No department-wide, formal and current controls exist		
Deficiencies	Description			Rec.
	There is no central coordination of the M&P function			H
	There is no quality assurance review process or internal audit of the M&P function			J

Voting Results by Risk (Cont'd)

Group: Management and Coordination

Risk

26. File documentation not appropriate and adequate.

Risk Rating: Critical

Risk Assessment	<ul style="list-style-type: none"> • File documentation pertaining to claims is reasonably complete • File documentation pertaining to formal monitoring activities is absent from many files reviewed • The use of forms (e.g. claims verification checklist and risk assessment form) vary significantly between regions from very limited use to possibly excessive use • Files are structured differently between regions 		
Controls	Ref.	Description	
	7.	M&P Manager, or another manager with appropriate authority, reviews all claims and applies Financial Administration Act Section 34 authorization indicating payment has been reviewed in accordance with the FAA. This review typically includes a review of supporting documentation on file	
Deficiencies	Description		Rec.
	There is no central coordination of the M&P function		H
	M&P follows different procedures and policies (e.g. audit policy, thresholds for supporting claims documentation) between regions		E
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E
	There is no training of M&P staff on regulations and WD interpretations, including on-going training on changes		G
	There is no quality assurance review process or internal audit of the M&P function		J

Voting Results by Risk (Cont'd)

Group: Management and Coordination

Risk

27. Services delivered through third-parties not managed or monitored effectively.

Risk Rating: Critical

Risk Assessment	<ul style="list-style-type: none"> WD delivers very few programs through third-parties. An example of a program that will be delivered on WD's behalf is the Forestry Adjustment program in BC that will be delivered through the Community Futures Development Association of B.C. Therefore, this risk was interpreted to refer to the management of Service Delivery Network Partners, Community Futures Development Corporations and Women's Enterprise Centres (collectively referred to as "service delivery partners") WD is primarily concerned about tracking the performance of its service delivery partners 		
Controls	Ref.	Description	
	11.	WD requires audited financial statements and a statement of compliance from external auditors	
	25.	Service delivery partners must submit annual operating plans and quarterly performance reports against operating objectives	
Deficiencies	Description		Rec.
	WD may be relying inappropriately on external auditors' compliance reports for Service delivery partners		K
	Performance reports from service delivery partners are not always useful and WD does not verify their accuracy		K

Voting Results by Risk (Cont'd)

Group: Management and Coordination

Risk

28. Lack of coordination, clear accountability and risk assessment between contributing partners (e.g. provincial government).

Risk Rating: Mod.

Risk Assessment	<ul style="list-style-type: none"> This risk pertains to WEPA's that can be structured such that: the province takes the lead in monitoring the project; WD takes the lead in monitoring the project; or each party contracts separately with the client Interviewees did not see this risk being significant as WD has the ability to negotiate appropriate controls (including control over administering the contribution agreement) with the province 		
Controls	Ref.	Description	
	13.	The respective accountabilities and responsibilities of the province and WD are outlined in the WEPA agreements for each individual project	
Deficiencies	Description		Rec.
	Insufficient number of WEPA's reviewed to identify control deficiencies		

Voting Results by Risk (Cont'd)

Group: Project Assessment (Rated as a group)

Risks

- 29. Project assessment, including risk assessment, inappropriate or inappropriately performed.
- 30. Project assessment tools and forms (e.g. DDR) vague and cumbersome.
- 31. Intended outcomes not clear and measurable.
- 32. Project assessment activities not linked to the individual project risk identified.
- 33. Insufficient or excessive due diligence on proponents' longevity and credibility (as necessary), and project eligibility.
- 34. Project review committee does not exist.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> • These risks pertain primarily to assessing and approving projects • The risks only affect M&P when Terms and Conditions ("Attachment A") do not clearly define project and eligible expenditures, and project risk is not appropriately assessed 	
Controls	Ref.	Description
	1.	M&P involvement in defining Attachment A to ensure subsequent claims can be processed without question of eligibility
	2.	Multiple reviews and approvals by management and executive to ensure project eligibility and output/outcome measurability
	3.	Documentation to assist Project Development Officers assess project eligibility (i.e. Program-level Results-Based Management and Accountability Frameworks, Logic Model, Guideposts)
	14.	Risk assessment forms used to standardize risk assessment process

Continued next page

Voting Results by Risk (Cont'd)

Controls	Ref.	Description	
	15.	Enhancement identification and implementation process for on-line Project Assessment Tool (including enhancements to the DDR)	
Deficiencies	Description		Rec.
	Limited training specifically on structuring Terms and Conditions ("Attachment A")		G
	Project review committees not used across all regions		F
	Risk elements in risk assessment form may not be true determinants of client or project risks		C
	Results-Based Management and Accountability Frameworks only approved for two programs		C
	Project Development Officers and M&P Officers not formally trained on new Results-Based Management and Accountability Frameworks and performance measurement		G

Voting Results by Risk (Cont'd)

Group: Project Monitoring

Risk

39. Project monitoring activities not specifically linked to the individual project risk identified.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> M&P does not vary its claims verification activities significantly in accordance with project risk identified. Claims verification includes monitoring the project status 		
Controls	Ref.	Description	
	10.	M&P performs periodic site visits to confirm project status	
	11.	External audits on projects performed as required by the RBAF and as deemed appropriate by M&P	
	16.	Cashflow management helps to identify projects for which there has not been recent claim activity and prompts monitoring action	
	17.	Claims verification includes monitoring activities such as reviewing submitted progress reports, following up with client regarding progress or claim, and confirming use of funds as intended	
Deficiencies	Description		Rec.
	M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations, including guidelines for monitoring projects		E
	There is no quality assurance review process or internal audit of the M&P function		J
	M&P monitoring activity is not always driven by an assessment of specific client or project risks, and documented as having been done		D
	The criteria for performing site visits is not clear and consistent across regions		D

Continued next page

Voting Results by Risk (Cont'd)

Deficiencies (Continued)	Risk-Based Audit Frameworks only approved for two programs	C
	Risk-Based Audit Frameworks not incorporated into M&P policies and procedure (e.g. project audit practices not defined)	C
	Risk elements in risk assessment form may not be true determinants of client or project risks	D
	M&P does not proactively develop a monitoring plan for each project based on the risk assessment, and the nature of the client and/or project	D

Voting Results by Risk (Cont'd)

Group: Project Monitoring

Risk

41. Monitoring activities are not effective at addressing identified risks.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> Interviewees indicated that there have been very few problems with projects not meeting their terms and conditions (apart from project timing) 		
Controls	Ref.	Description	
	10.	M&P performs periodic site visits to confirm project status	
	11.	External audits on projects performed as required by the RBAF and as deemed appropriate by M&P	
	16.	Cashflow management helps to identify projects for which there has not been recent claim activity and prompts monitoring action	
	17.	Claims verification includes monitoring activities such as reviewing submitted progress reports, following up with client regarding progress or claim, and confirming use of funds as intended	
Deficiencies	Description		Rec.
	M&P monitoring activity is not always driven by an assessment of specific client or project risks, and documented as having been done		D
	M&P does not proactively develop a monitoring plan for each project based on the risk assessment, and the nature of the client and/or project		D
	M&P does not track monitoring activity overall and correlate it to the number of project problems encountered		I

Voting Results by Risk (Cont'd)

Group: Post Project Evaluation

Risk

46.Outcomes not tracked and measured at the project level adequately.

Risk Rating: Critical

Risk Assessment	<ul style="list-style-type: none"> Performance measurement is a new area for WD and it has not been fully implemented. 			
Controls	Ref.	Description		
	12.	Terms and conditions now include planned project outcomes and measures		
Deficiencies	Description			Rec.
	WD has not formally assigned project evaluation and outcome tracking activities to any organizational unit			B
	Results-Based Management and Accountability Frameworks only approved for two programs			C
	Project Development Officers and M&P Officers not formally trained on new Results-Based Management and Accountability Frameworks			G
	WD does not have a system to track and aggregate performance-related information			B

Voting Results by Risk (Cont'd)

Group: Post Project Evaluation

Risk

47. Intended outcomes not achieved for investments made (e.g. value for money).

Risk Rating: Critical

Risk Assessment	<ul style="list-style-type: none"> Performance measurement is a new area for WD and it has not been fully implemented. 		
Controls	Ref.	Description	
	12.	Terms and conditions now include planned project outcomes and measures	
Deficiencies	Description		Rec.
	WD has not formally assigned project evaluation and outcome tracking activities to any organizational unit		B
	Results-Based Management and Accountability Frameworks only approved for two programs		C
	Project Development Officers and M&P Officers not formally trained on new Results-Based Management and Accountability Frameworks		G
	WD does not have a system to track and aggregate performance-related information		B

Voting Results by Risk (Cont'd)

Group: Information Systems Management (Rated as a group)

Risks

- 52. Lack of appropriate management information reporting system.
- 53. Lack of an effective project management system (e.g. system to route workflow, link to GX, capture key data and dates, support outcome reporting, track proposals not approved, support project monitoring, and prompt and track site visits).
- 54. Information in GX inaccurate and incomplete.
- 55. Lack of effective use of information technology capability (e.g. use of Intranet to distribute policies and forms).

Risk Rating: Critical

Risk Assessment	<ul style="list-style-type: none"> • While interviewees were generally confident in the financial information in GX, they recognized a need for better project information and project management support 	
Controls	Ref.	Description
	18.	InfoQuest allows users to generate pre-defined reports using information from GX
	19.	GX captures important project information, including a project description, program, commitments and cashflow, disbursements, and project status
	20.	Project information is initially entered into GX through an interface with PAT (DDR). This information is reviewed and approved by at least one manager
	21.	Finance is required to verify data in GX prior to providing Section 32 and Section 33 approvals
	22.	InfoQuest contains limited error checking or exception reports that can be used to identify possible errors or missing information in GX

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Voting Results by Risk (Cont'd)

Controls (Continued)	23.	The on-line project assessment tool (PAT) ensures all regions use a standard Due Diligence Report and Project Approval Record	
	24.	Each region has an Intranet site through which it can make policies and forms available to its M&P officers	
Deficiencies	Description		Rec.
	InfoQuest does not allow ad hoc reporting and does not include management reports (e.g. exception reports, summary reports, trend and comparison reports, activity reports)		L
	GX does not support project management by routing work (e.g. approvals), tracking proposals not approved, prompting and tracking monitoring activities, providing exception reporting, and capturing outcome measures		M
	Project coding information is often incorrect. Some codes (e.g. "Sustainable Communities") are not yet available in GX pending their further definition and implementation		L
	WD does not distribute current and standard versions of M&P-specific policies and forms to all regions using the Intranet		E
	With the exception of one region, regional offices do not make effective use of the Intranet to ensure its officers have access to current policy documents and forms		E
	WD does not have a system to track and aggregate performance-related information		B

Voting Results by Risk (Cont'd)

Group: Staff Management

Risk

56. Inappropriate resource level and mix for M&P.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> Claim processing activities are not tracked (e.g. average processing time, backlog, productivity, pending and rejected claims) to quantify workloads The workload associated with increased monitoring, and project evaluation activities has not been quantified The impact on workload of possibly reducing the amount of claims verification activity has not been quantified Different regions are staffed differently to reflect regional volumes and procedures 		
	Controls	Ref.	Description
			No department-wide, formal and current controls exist
	Deficiencies	Description	
WD cannot assess its staffing levels or requirements until it has determined the activities M&P must perform (including monitoring and performance evaluation activities, and the extent of claim verification activities), quantified volumes and standardized procedures for M&P		N	
There is no central coordination of the M&P function		H	
M&P lacks any current and specific policies and procedures to govern its activities and processes in accordance with regulations and WD interpretations		E	
M&P lacks operating standards and measures by which it can monitor its efficiency		I	
WD has not formally assigned project evaluation and outcome tracking activities to any organizational unit		B	

Voting Results by Risk (Cont'd)

Group: Staff Management

Risk

57. Lack of appropriate training (e.g. project evaluation, outcomes, DDR, approvals, post assessment, risk management, teamwork, etc.).

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> WD relies extensively on the knowledge and experience of its senior M&P officers 			
Controls	Ref.	Description		
		No department-wide, formal and current controls exist		
Deficiencies	Description			Rec.
	There is no central coordination of the M&P function to identify and address training requirements			H
	There is no training of M&P staff on regulations and WD interpretations, including on-going training on changes			G

Voting Results by Risk (Cont'd)

Group: Staff Management

Risk

58.Lack of succession planning for anticipated retirements.

Risk Rating: High

Risk Assessment	<ul style="list-style-type: none"> • WD relies extensively on the knowledge and experience of its senior M&P officers • Many senior M&P officers are nearing retirement 		
Controls	Ref.	Description	
		No department-wide, formal and current controls exist	
Deficiencies	Description		Rec.
	There is no central coordination of the M&P function to identify and address succession issues		H
	There is no formal succession planning done in the regions		N

Voting Results by Risk (Cont'd)

Group: Staff Management

Risk

59. Inappropriate use of contractors to perform M&P activities.

Risk Rating: Mod.

Risk Assessment	<ul style="list-style-type: none"> Only one region continues to use contract M&P resources on a full-time basis 		
Controls	Ref.	Description	
		No department-wide, formal and current controls exist	
Deficiencies	Description		Rec.
	There is no compelling reason to use permanent and full-time contract resources to perform M&P activities performed by staff in other regions		N