

**Western Economic Diversification Canada
Audit Report (BMCI) (17 July 2006)
Audit of Transfer Payments (Grants, Contributions and Other Transfer Payments)
Management Action Plan (06 July 2006)**

Recommendation	Management Response	Management Action Plan	Comments	Estimated Completion Date
1a) Deputy Minister initiates steps to identify how the Department knows that it is achieving an expected level of participation among qualified applicants.	The Department is satisfied with the level of participation of qualified applicants for G&C programs and does not limit the accessibility of its programs to one organization. The OAG, in a 2001 paper on Gs&Cs noted that <u>either</u> a RFP or an ongoing intake approach is acceptable depending on the circumstances. Therefore, WD is in full compliance with sections 2.3 and 5.0 of the Policy on Transfer Payments. In addition, the department notes that it delivers a range of programs on a competitive basis including: Infrastructure programs, Canada Celebrates Saskatchewan, Entrepreneurs with Disabilities – Urban, Alberta Western Economic Partnership Agreement.	The department will assess the merit of utilizing an RFP process for new programs and will document the basis for deciding on a particular delivery model.	The department accepts these recommendations for programs or sub-programs where this is not the case now. Note that by design many WD programs are systemic in nature and provide support to recipients who in turn are responsible for seeking a high level of participation from a wide range of qualified applicants who make up the targeted population.	Complete
b) Deputy Minister have criteria developed to judge which contribution programs may benefit from increasing the level of participation among qualified applicants and which programs are best served through an ongoing intake process. The rationale for decisions made using the criteria should be documented.				Complete
c) Director General, Corporate Finance and Programs set yearly performance goals for the funding of projects, which would require a defined level of participation among qualified applicants.	The Department sets performance targets for participation where applicable. In addition, performance targets are established in the annual regional business plans.			Complete
d) Director General, Corporate Finance and Programs take steps to ensure that the web site clearly indicates, for each program: guidelines and templates for the submission of proposals, eligibility criteria, terms and conditions for the programs, and the	During the course of the audit, the Department has made significant improvements to its public web-site, including information on programs, eligibility criteria, and guidelines for submissions.	The department will continue to ensure that the department's web site clearly indicates terms and conditions for programs and the current criteria against which projects will be		Fall 2006

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current criteria against which applications will be assessed.		assessed.		
<p>2a) Director General, Corporate Finance and Programs take the necessary steps to ensure that where the start date is earlier than the approval date the reasons are documented in the DDR as well as the nature and amount of any retroactive expenses</p> <hr/> <p>b) Director General, Corporate Finance and Programs establish a policy requiring that where the start date precedes the approval date, the recipient be advised in writing about the risk that they are assuming.</p>	The Department agrees that an explicit policy related to start dates is required.	<p>Document the start date policy and provide training to staff. Automated requirement to describe exceptions in Due Diligence Record when start date precede project approval date.</p> <hr/> <p>Consult with the Department of Justice to determine the appropriate way to advise clients in writing of the risk they are assuming when the start date precedes the project approval date.</p>		<p>Complete</p> <hr/> <p>Summer 2006</p>
3. Director General, Corporate Finance and Programs establish and implement a complete framework of policies, procedures and processes to support the Transfer Payments Programs.	Although there is an ongoing requirement to update policies and procedures, the department does have a number of electronic policy/process manuals that guide project assessment activities (Guidepost Manual, Project Gateway), project implementation (Monitoring and Payments manual) in addition to electronic links to relevant policies that are integrated in the department's project assessment tool.	<ul style="list-style-type: none"> • Update policies, procedures and processes for project assessment and Monitoring and Payments. • Provide staff training (completed). • Update Department's intranet site to establish a focal point for policies, manuals, etc. 		Spring 2007
4. Director General, Corporate Finance and Programs ensure that there is appropriate documentation for all authorizations under the Financial Administration Act.	The Department has adequate documentation on all projects under the Financial Administration Act. Processes and procedures for each program are documented in the Risk Based Audit Framework and regional Assistant Deputy Ministers ensure adequate documentation is on files. In the 2001 report of the OAG on Community Futures Program financial management and control, the AG found that WD exercised adequate control over G&C disbursements.	<ul style="list-style-type: none"> • Reinforce through project officer/manager training. • Reinforce through regional management/HQ challenge process. • Address documentation requirements in electronic processes, wherever possible. 		Complete

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5a) Director, Audit and Evaluation ensure that the Deputy Minister has appropriate information to meet the Treasury Board Policy on Internal Audit which requires that a management action plan adequately addressing the recommendations has been prepared and that there is the required reporting on the status of the recommendations.	The Department agrees with the recommendation and notes that following the completion of the report on "Risk-Based Review of the Projects Monitoring and Payment Function" a management action plan was developed to address the recommendations and this action plan is updated regularly	Implement procedures to ensure that management action plans are prepared and that the status of actions is monitored.		Complete
b) Director General, Corporate Finance and Programs ensure that measuring and tracking project outcomes is assigned to the Monitoring and Payments Function and carried out.	The Department remains committed to measuring project outcomes at all levels of the organization. Where project outcomes occur some time after WD funding has been disbursed, responsibility for monitoring results will be the responsibility of the regional Directors General of Operations. Performance measurement will also occur as part of the program evaluation work that is undertaken by WD's internal Audit and Evaluation group.	<ul style="list-style-type: none"> • Review assignment of measuring and tracking project outcomes. • Incorporate performance measurement into the department's electronic project management system. 		Fall 2007
c) Director General, Corporate Finance and Programs ensure that the policies, procedures and processes for the Monitoring and Payments Function are updated where appropriate and then maintained.	Work that was outlined in the July 2004 Action Plan for the Monitoring and Payments Function and Quality Assurance Review Process is nearing completion.	Update Monitoring and Payments policies, procedures and processes.		Summer 2006
6. Director General, Corporate Finance and Programs change the policy requiring contribution agreement recipients to adhere to the Treasury Board Travel Directive to allow for recipients to adhere to their own policy when it is more restrictive than the federal government requirements.	The Department agrees with this recommendation.	Insert a standard clause into the Contribution Agreements.		Complete
7. Director General, Corporate Finance and Programs establish a policy requiring that all project funding be expended in a manner that clearly indicates that the best value was achieved in making the particular spending decisions and a clause to this effect be	The Department's project assessment process requires that projects be approved with the minimum amount of government assistance required to complete a project to ensure best value for money. Project costs are examined as	<ul style="list-style-type: none"> • Reinforce through project officer/manager training. • Reinforce through regional management/HQ challenge process. 	WD adheres to the Policy on Transfer Payments, which requires that assistance be provided for projects at the	Complete

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required in each new contribution agreement.	part of the due diligence process and then detailed in the contribution agreement.	<ul style="list-style-type: none"> • Include in DDR Tool Tips as a reminder to staff 	minimum level to further the attainment of the stated program objectives and expected results.	
8. a) Director General, Corporate Finance and Programs establish a policy that in future the desk reviews and audits are to also include an assessment of whether or not the recipient is achieving best value in the expenditures under the agreement.	Best value for money is determined as part of the due diligence process and then controlled through detailed project cost schedules and special conditions in the contribution agreement. Monitoring and Payments staff review agreements and suggest special conditions and improvements to cost schedules based on past experience with clients and projects. Desk reviews confirm compliance with the terms and conditions of contribution agreements, including the requirement to procure significant capital assets and/or services through a competitive process and comply with travel cost requirements.	<ul style="list-style-type: none"> • Reinforce through project officer/manager training. • Reinforce through regional management/HQ challenge process. • Include in DDR Tool Tips as a reminder to staff 	<ul style="list-style-type: none"> • WD adheres to the Policy on Transfer Payments, which requires that assistance be provided for projects at the minimum level to further the attainment of the stated program objectives and expected results. • Note that a subsequent audit conducted January 2006 found that WD has a diligent process in place for processing claims. 	Complete
b) Director General, Corporate Finance and Programs ensure that future contribution agreements have clauses that reflect any lessons learned that result in best value being achieved.	The Department routinely updates its Contribution Agreements to ensure compliance with changing Transfer Payment Policies and to reflect best practices.	<ul style="list-style-type: none"> • Reinforce through case studies used in officer/manager training. • Develop standard special condition clauses to use where applicable 		Fall 2006
9. Director General, Corporate Finance and Programs take the necessary steps to have the conference support sub program identified as a grant subject to certain conditions such as that the conference takes place and a defined number of individuals participated	The Department will consider using grants for the Conference Support Program.	Review mechanism for delivery of the conference support sub-program.	The Policy on Transfer Payments does not permit conditions to be placed on grants.	Fall 2006
10. Director General, Corporate Finance and Programs	The Department agrees to assess the merit of	WD will continue to assess the		Spring 2006

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ensure that in the future similar programs and sub-programs be established as grants.	using grants for the delivery of smaller sub-programs.	appropriate type of transfer payment for all programs and sub-programs.		
<p>11a) Director General, Corporate Finance and Programs ensure that all proposals received are documented in the appropriate WD information systems including the rationale for acceptance or rejection.</p> <hr/> <p>b) Director General, Corporate Finance and Programs ensure that training for Development and Assessment Officers covers all policies, procedures and processes of WD.</p> <hr/> <p>c) Director General, Corporate Finance and Programs ensure that there is a process for consistently evaluating proposals for funding under each WD program.</p> <hr/> <p>d) Director General, Corporate Finance and Programs establish and publish service standards for each WD program.</p>	<p>The Department accepts these recommendations and notes that the Guidepost Manual utilized for project assessment, is designed to ensure that proposals are fairly and consistently assessed.</p> <hr/> <p>The Department will consider implementing service standards where appropriate and meaningful.</p>	<p>Implement an initial project assessment process to document and track all project proposals including reasons for project rejections or recommendations for further assessment.</p> <hr/> <p>Provide project officer/manager training.</p> <hr/> <p>Reinforce consistency for due diligence through regional management/HQ challenge process.</p> <hr/> <p>Review existing programs to determine if service standards are appropriate.</p>		<p>Fall 2005</p> <hr/> <p>Complete</p> <hr/> <p>Complete</p> <hr/> <p>Spring 2007</p>