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**Final
Report**

**Audit of the Integrity of Performance Information
in Consulting and Audit Canada**

October 31, 2003

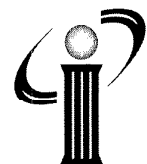


Table of Contents

| | |
|---|----|
| Executive Summary | 1 |
| 1 Introduction | 3 |
| 1.1 Authority for the Project | 3 |
| 1.2 Objective | 3 |
| 1.3 Scope | 3 |
| 1.4 Background | 3 |
| 2 Results of the Audit | 4 |
| 2.1 Work Performed | 4 |
| 2.2 Profile of the Entity | 4 |
| 2.2.1 Description | 4 |
| 2.2.2 Organization/Roles and Responsibilities | 4 |
| 2.2.3 Service Delivery/Operational Process | 5 |
| 2.2.4 Volumes/Statistics | 5 |
| 2.2.5 Recent Reviews/Recent Initiatives | 5 |
| 2.3 Findings, Conclusions and Recommendations | 6 |
| 2.3.1 Connection between Planned Results and Reported Performance | 7 |
| 2.3.2 Changes over Time | 9 |
| 2.3.3 Data Integrity | 11 |
| 2.3.4 Balance in Reporting | 15 |
| 2.3.5 Clarity of Wording | 16 |
| Appendix A List of Documents reviewed | 18 |
| Appendix B List of People Interviewed | 19 |
| Appendix C CAC's Departmental Performance Report August 13, 2002 | 20 |
| Appendix D Audit Criteria | 23 |
| | -- |

Executive Summary

Authority for the Project

This audit was conducted as part of the Public Works and Government Services Canada 2002-2003 Audit and Evaluation Plan approved by the Audit and Review Committee (ARC) in February 2002.

Objective

The objective of this study was to assure the Deputy and Audit and Review Committee (ARC) of the integrity of the performance information used by Consulting and Audit Canada (CAC) to provide performance reports on its planned results listed in the PWGSC Performance Report for the year ending March 31, 2002.

Scope

The scope of this audit was to assess the extent to which the performance information CAC uses to report on its planned results (as listed in the Departmental Performance Report 2001-2002), has integrity. (CAC's planned results for 2000-2001 and 2002-2003 were also referenced).

Background

Consulting and Audit Canada was created as a Special Operating Agency on April 1, 1990 through the merger of the Audit Services Bureau and the Bureau of Management Consulting, whose professional services date back some 50 years. The organization is mandated to recover all costs from its revenues, resulting in no cost to the taxpayer for its operation. The Chief Executive Officer reports to and is accountable to the Deputy Minister, PWGSC.

As a program of PWGSC, Consulting and Audit Canada's annual strategic plans and results/outcomes are listed within the umbrella of the department's Spring Report on Plans and Priorities (RPP). CAC's achievements against these performance expectations and results commitments set out in the RPP are subsequently reported in the Departmental Performance Report.

Key Findings

Consulting and Audit Canada has taken the Departmental Performance Reports (DPR) seriously. They have clearly defined the responsibilities for the preparation of the reports and relied heavily on advice from PWGSC Corporate Planning staff. CAC's reports contain clear organizational context, the main outcomes remained constant, and matched, for the most part, to the commitments in the corresponding Report on Plans and Priorities, and were timely. The main indicator for financial success appears to have been met and there appears to be little risk of error in the financial data provided, as it is audited on an annual basis.

Overall, the performance reporting of CAC was very good for 2001-2002, but some areas with potential for improvement have been identified with respect to: the balance in reporting; the connection from performance data to results reporting; incomplete or inaccurate client survey performance data/results; the integrity of client satisfaction and return business performance indicators, and the administration of the process to survey clients satisfaction.

Conclusions and Recommendations

Although CAC has a sound Planned Results Framework, which can serve as a basis to build improvements to enhance the understanding of readers of the DPR, we recommend that CAC review its Planned Results to identify if there are more appropriate performance indicators and/or more information which could enhance the understanding of readers of the DPR. Also, CAC should, in concert with PWGSC Corporate Planning, ensure that there is an appropriate vehicle for CAC to add explanatory information when there are changes or where further background information is required.

In addition, we recommend that in order to improve data integrity, CAC should revise its basic Client Satisfaction Survey process in order to broaden coverage and assure performance data integrity. At the time of the audit, CAC had identified the problems and the need for this, and we understand, steps are now underway to take remedial action.

To improve balance in reporting, CAC should indicate key areas for improvement in their next DPR. CAC, in a few cases, should be careful to use terms that could be more easily understood by the general public and MP's who are the readers of the DPR.

1 Introduction

1.1 Authority for the Project

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1.2 Objective

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1.3 Scope

The scope of this audit was to assess the extent to which the performance information CAC uses to report on its planned results (as listed in the Departmental Performance Report 2001-2002), has integrity. (CAC's planned results for 2000-2001 and 2002-2003 were also referenced).

1.4 Background

Consulting and Audit Canada was created as a Special Operating Agency on April 1, 1990 through the merger of the Audit Services Bureau and the Bureau of Management Consulting, whose professional services date back some 50 years. The organization is mandated to recover all costs from its revenues, resulting in no cost to the taxpayer for its operation. The Chief Executive Officer reports to and is accountable to the Deputy Minister, PWGSC.

As a program of PWGSC, Consulting and Audit Canada's annual strategic plans and results/outcomes are listed within the umbrella of the department's Spring Report on Plans and Priorities (RPP). CAC's achievements against these performance expectations and results commitments set out in the RPP are subsequently reported in the Departmental Performance Report.

2. Results of the Examination Phase

2.1 Work Performed

During the Preliminary Survey Phase we reviewed the Report on Plans and Priorities (RPP) Commitments and the Departmental Performance Reports (DPR's) for 2001-2002 and other years as well as other documents related to performance reporting. A full list of documents reviewed is found in Appendix A. We interviewed Consulting and Audit Canada's (CAC) management responsible for the performance reporting, reviewed their working papers, as available, and interviewed those in Public Works and Government Services (PWGSC) responsible for requesting and reviewing these reports.

We also consulted with staff of the Treasury Broad Secretariat's Results-Based Management Division as to whether they regard the CAC planned results and commitments and reporting thereof as being in line with other departments [i.e. comparison benchmarking].

In the Examination Phase, we conducted further interviews with CAC staff at the Practice Technician, Director and Director General levels, and obtained additional information that was not available or could not be reviewed in the Preliminary Survey Phase. Particular focus was given to data integrity testing of the Client Satisfaction Surveys.

A list of documents we reviewed is found in Appendix A and a list of people we interviewed is in Appendix B. CAC's DPR is found in Appendix C and the audit criteria are found in Appendix D. The small sample of Survey Reports analysis is in the working papers.

2.2 Profile of Consulting and Audit Canada

2.2.1 Description

Consulting and Audit Canada provides, on an optional and fee-for-service basis, consulting and audit services to federal government departments and agencies across Canada and, upon request, to foreign governments and international agencies.

2.2.2 Organization/Roles and Responsibilities

CAC is headed by a Chief Executive Officer and is divided into three main Branches headed by three Director Generals: Consulting; Assurance, Accounting and Audit Services; and Corporate Services, International Services and Marketing, the latter providing common administrative services including planning and reporting.

2.2.3 Service Delivery/Operational Process

CAC is required to report their performance through the PWGSC Corporate Planning group to the Treasury Board Secretariat and on to Parliament. The Corporate Services, International Services and Marketing section has the responsibility to develop the Departmental Performance Reports (DPR) for CAC. Corporate Planning Division in PWGSC provides advice to CAC on the content and format of the DPR and consolidates the DPR's for the various business lines and provides an editorial service prior to presenting the reports to the Treasury Board Secretariat. The Treasury Board Secretariat provides the principles and guidelines for the DPR and tables the reports to Parliament. The Treasury Board does not undertake a pre-tabling review of individual reports and the reports for 2001-2002 were tabled on November 7, 2002.

2.2.4 Volumes/Statistics

There are approximately 385 staff members in CAC. In 2001-2002, they reported total expenditures of \$115 million and an excess of revenue over expenditures of \$1.3 million. There were about 3000 projects undertaken annually under MOUs [Memoranda of Understanding or equivalent multi-phase contracts], which includes many more individual assignments and/or phases performed under each MOU. Major consulting MOUs are with agencies such as CIDA [\$8 million] for general consulting support, or for audit services with, for example, CCRA Charities Audits [\$2m]. About 50% of assignments are sub-contracted, in whole or part, to individual private management consultants and auditors or firms.

2.2.5 Recent Reviews/Recent Initiatives

Performance reporting in the Government of Canada has been the subject of many reviews over the years. More recent audits and studies in this area are listed here.

The Office of the Auditor General (OAG) audited Performance Reporting to Parliament in 2000 in both Chapters 19 and 20 of their report. They indicated a need to strengthen performance reports to ensure that the reader could understand the context and the strategy, what results were expected, what results occurred, what changes were made and how reliable was the data.

The DPR process changed significantly in 2001, based on OAG and Canadian Comprehensive Audit Foundation (CCAF) analysis, to be principle-based rather than a prescriptive process. This was to provide more ownership to departments and to challenge them become more outcome-oriented in line with the *Results for Canadians* initiative.

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

This has not been an easy process for many departments and agencies. While quality review reports on individual departments were not created, a summary report on the assessment of 2001 Departmental Performance Reports indicated that: in general the DPR's did not tell a coherent and logically linked performance story; few of the reports actually focus on true strategic outcomes [as opposed to reporting outputs]; departments did a better job at using the outcomes and commitments in the previous RPP than they did of associating their performance with these commitments; leave a lot to be desired in setting the context for performance; and few departments have in place financial information systems that can provide the cost of achieving outcomes.

In 2002, the Auditor General followed up on its 2000 audit with a chapter on "A Model for Rating Departmental Performance Reports." This model was requested by the House of Commons Standing Committee on Public Accounts to assess departmental performance reports. The criterion for assessment include: organizational context and strategic outcomes are clear; performance expectations are clear and concrete; key results are reported against expectations; reliability of information is supported; and use of performance information is demonstrated.

The Treasury Board, we understand, is currently reviewing the concept and content of DPRs, especially as the new Parliamentary Committee on Estimates & Government Operations will be taking more interest in Results for Canadians, in addition to the Public Accounts Committee.

2.3 Findings, Conclusions and Recommendations

This section includes general comments, followed by sections with specific issues:

Consulting and Audit Canada reported on five Planned Results in the PWGSC DPR, which are repeated in full in Appendix C. The titles of these are:

- Planned Result 1: Services that contribute to the improvement of public sector management and operations in Canada and abroad
- Planned Result 2: Sharing of knowledge and expertise
- Planned Result 3: High quality, professional assurance, accounting, audit and consulting services
- Planned Result 4: Meeting Treasury Board Targets for Revolving Funds
- Planned Result 5: A rejuvenated workforce

Consulting and Audit Canada has taken their responsibilities for Departmental Performance Reports (DPR) seriously. They have clearly defined the responsibilities for

2002-727 Audit of the Integrity of Performance Information in CAC Final Report

the preparation of the reports and relied heavily on advice from PWGSC Corporate Planning staff. The CAC's reports contain clear organizational context, the main outcomes remained constant, matched to the commitments in the corresponding Report on Plans and Priorities and were presented in a timely manner. The main indicator for financial success appears to have been met and there appears to be little risk in its financial data as it is audited on an annual basis.

Overall, we believe that the performance of CAC was very good for 2001-2002 as stated, but some areas for improvement for the next year have been identified which would enhance the performance integrity and reporting balance and reduce operational risks. In addition, there are areas where we were not able to follow the connection from performance data to results reported.

We also found that CAC has much existing performance data that could be incorporated into their DPR to improve the narrative description which would resolve many of the issues raised in the subsequent sections.

In the sections that follow, each audit issue [based on the Audit Criteria detailed in Appendix D] is discussed and findings, conclusions and recommendations are made.

2.3.1 Connection between Planned Results and Reported Performance

FINDINGS

There should be a logical progression between Planned Results and the reported performance in the DPR. In a few areas, CAC Planned Results are not fully supported by the reported performance indicators or the planned results were not clearly connected to identified targets stated in the 2001-2002 Report on Plans and Priorities (RPP).

Examples of RPP targets not clearly connected include: *“Transfer and share knowledge and expertise through CAC publications and conferences”*; *“Develop new products and services as required by client departments and to reflect the evolving priorities of government”*; and *“Promotion of a more flexible work environment”*.

Planned Result 1: Services that contribute to the improvement of public sector management and operations in Canada and abroad

There is limited performance information related to *Services that contribute to the improvement of public sector management in operations in Canada and abroad*. There are projects listed in the DPR in support of this planned result, but insufficient information is reported on the results and impacts of these projects on the client organizations. *Client satisfaction and repeat business* performance indicators are not

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

clearly linked to improvement of the public sector management service, which is the planned outcome/result.

It is unclear how these projects have improved Public Service management's operations. Clients could be satisfied with the services received but achievement of significant program improvement as a result is not reported. CAC Audit Directorate could appropriately state for instance that their Cost Audits every year find an average of \$10-20m in potential cost savings for PWGSC [CAC's client in this case] from auditing the terms and conditions of government awarded contracts to the private sector. In the Consulting and Corporate Services Directorates, this could be stated by giving examples such that, by developing innovative methodologies for certain consulting sector practice areas, CAC has introduced client departments to leading edge management strategies.

There is no data gathered as part of the client satisfaction survey process on whether the clients felt that the services of CAC contributed to the improvement of their organization.

Planned Result 2: Sharing of knowledge and expertise.

This planned result measures *partnering* with the private sector. Eighteen horizontal projects and one specific example are cited, but, there is limited information on the type of knowledge and information shared, how it was shared, and how relevant it was to those who received it. There is much additional information available through CAC which could be incorporated here such as the names and some details on the 18 projects that CAC led.

The CAC *Extranet site* is listed in support of this result, which contains a listing of typical projects with summary information. There are some articles contained on Extranet written by CAC staff on aspects of government and which partly address this planned result. However, we were told that there is no monitoring for the number of visits to the site by OGDs and it is unknown to what extent this is used as an information source by potential clients or as a marketing tool by CAC.

Planned Result 3: High quality, professional assurance, accounting, audit and consulting services

There is no information on professional practice or service delivery methodology in the DPR.

Also a new *increase in business volume* performance indicator was added without explanation. It does not seem to fit where CAC is reporting it. It is hard to connect the *increase of business volume* indicator directly to high quality service delivery without increased contextual information on what is planned as targeted growth, what is truly appropriate in the government context, and what socioeconomic and government initiative factors may impact on the growth of business.

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

Planned Result 5: A rejuvenated workforce.

There is limited connection made between the reported results and the rejuvenation of the workforce. There is no explanation of what was intended by this result. For example, no baseline figures were provided on the demographics of the workforce and changes to the demographics or retention figures as a result of the reported human resources indicators such as “*appointments to level*” and the *average number of training days per employee*.

CONCLUSIONS

As detailed above, we conclude that it is not always possible to follow the path from planned results to actual reported results for some of the Planned Results in the DPR.

RECOMMENDATIONS

We recommend that:

CAC review its Planned Results to identify if there are more appropriate performance indicators and/or more information which could enhance the understanding of the reader in the DPR and provide assurance of integrity and balance.

2.3.2 Changes Over Time

FINDINGS

Departments are expected to associate their performance with earlier performance reports and explain any changes. In 2000-2001, CAC reported on the planned results: *Relevance to Government; Knowledge Sharing; Service Delivery, Financial Self-Sufficiency; Organizational Health and Focusing on our People*. In 2001-2002, CAC reported on: *Services that contribute to the improvement of public sector management and operations in Canada and abroad; Sharing of knowledge and expertise; High quality, professional assurance, accounting, audit and consulting services; Treasury Board targets for Revolving Funds are met; and A rejuvenated workforce*.

The majority of these changes were accordance with the Treasury Board requirement to become more outcome-oriented. Most also kept the same performance indicators which required limited explanation of change.

However, there were a few items noted that follow, where it was not clear that benchmark indicators had been changed and thus year over year performance incrementality could not be discerned.

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

Planned Result 3: High quality, professional assurance, accounting, audit and consulting services,

A new *increase in business volume* indicator was added without explanation.

Planned Result 5: A rejuvenated workforce

The performance indicators changed significantly. Performance indicators not reported in the 2002 DPR, but reported in the 2001 DPR, included some information *on grievances, departures and sick leave; recruitment plans and the number of new recruits, number of orientation sessions; number of employees with training plans with the amount of investment improvement; the number of orientation sessions and recognition ceremonies; increased communications, sharing of information with employees, establishment of employee advisory committees, and the use of employee skills*. Some of this same information was also identified in the Report on Plans and Priorities (RPP) for 2001-2002 but not reported upon in the DPR for 2001-2002.

Changing the basis of the data also means that incrementality cannot be measured against the baselines established, thus performance information was inconsistent from year to year.

New performance indicators reported on in 2001-2002 include *a professional development framework with five learning programs, an appointment to level process and a career plan framework*. There is no context provided for these changes that would provide the reader with an understanding of the importance of the new indicators to CAC.

CONCLUSIONS

It was not clear how CAC's performance indicators have changed from previous years and what was the intended or actual impact from the changes. This may be confusing to the reader.

Again, in this respect, PWGSC Corporate Planning advice, via their Call Letter, may have led to CAC providing minimal information, to which further data could easily have been added, since it is available. At present, there is no notation in the DPR to inform readers where they could access additional information.

RECOMMENDATIONS

It is recommended that:

CAC should provide additional explanatory information when there are changes to the Planned Results or to the performance indicators, so that the baseline benchmarks, changes from year to year, and impact of these, are apparent .

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

CAC should enter into discussions with PWGSC Corporate Planning to ensure there is an appropriate vehicle for them to add explanatory information when there are changes to benchmarks and performance indicators occur or additional background information is required. The use of internet hyperlinks [for DPR electronic versions], which some departments are using, could be reviewed as a tool here.

2.3.3 Data Integrity

FINDINGS

Data integrity is key to the performance reporting system (DPR) and Canadians should have confidence in the methodology and data provided to substantiate performance. Reports need not be restricted to information that can be proven with absolute certainty, but the readers should be made aware when conclusions are inferred or where there are issues related to the reliability of the data.

Performance data reported against planned results includes both quantitative and qualitative information such as on the projects, employee skills development, client satisfaction surveys and purely financial data.

With respect to the financial information in the DPR, this is audited by external auditors on an annual basis and their assurance is stated in the DPR and therefore was deemed to be of high integrity and low risk.

We reviewed in detail the non-financial performance data provided on client satisfaction and repeat business and on the number of training days per employee indicators.

Both training days and client satisfaction/repeat business information is acquired from CAC's Assignment Management Program (AMS) and their Salary Management System (SMS). The AMS is reported to be a stable and reliable system, maintained in-house and in use since 1993.

Client Satisfaction Survey Process: One of the main sources for key performance indicators is the client satisfaction survey. Most Clients are expected to complete a Client Satisfaction Survey Report answering questions on their satisfaction with the quality and process of the audit or consulting project and whether they would use CAC again and what potential savings they realized as a result of CAC's work.

This data is reported under Planned Result 1: *Services that contribute to the improvement of public sector management and operations in Canada and abroad* and in Planned Result 3: *High quality, professional assurance, accounting, audit and consulting services*. The *Client Satisfaction* performance indicator is reported at 87% and the *Repeat Business*

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

performance indicator reported at 93% and is derived from the Client Satisfaction Survey generated by the Assignment Management System.

The client satisfaction surveys are generated by the Assignment Management System when the project is deemed completed. All projects [defined as MOUs or multi-phase contracts] and some project phases are supposed to receive client surveys. Survey procedures in the three directorates: Consulting Sector, Audit Sector and Corporate Services Sector [the latter being responsible for International projects abroad and for a large MOU with CIDA], are not uniform.

For instance, in the Consulting Sector, it is more likely, due the way that project levels have been defined in each directorate, that individual project assignments will be surveyed. In comparison, the Audit Sectors and International Sector areas where multi-million and multi-assignment project MOUs are only sent only one or two Survey Forms for completion [e.g. for charities audits and CIDA desk assignments], individual project assignments are unlikely to be surveyed or sampled.

Some MOUs may have up to a hundred individual assignments and some MOU's may continue for several years before they are sent a client satisfaction survey. Although overall client satisfaction may be the case, it could be that the results of the survey are at too high a level to be meaningful.

Clients at the sub phases or assignments [the lowest classification level of projects], do not automatically receive a survey form, nor do the up-to-50% of assignments which are undertaken mainly by sub-contractors. [apparently for reasons of confidentiality where comments made by Clients about subcontractors would become public knowledge].

For this same data, there is an additional risk and possible distortion of results in the use of exception codes which are used to override the automatic distribution of the client satisfaction surveys. Although there may be some valid reasons for not sending out a Survey Questionnaire, we found that the use of the "client dissatisfied" [code #2] in a procedure manual and on the AMS Client Listing Survey Form, could distort the survey results. We were advised that this code is no longer being used.

In the Consulting Directorate, a new process was reportedly in place over the last year and all usage of exception codes are now approved by the Director General. There is no such review process in the Assurance, Accounting and Audit Services and Corporate Services [for International] Directorates.

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

The statistics for CAC's projects are based on the following hierarchy:

Total Number of CAC Projects/Assignments - Fiscal Years 2000-2001 & 2001-2002

| Type | 2000-2001 | 2001-2002 |
|--|--------------|--------------|
| High Level Project/ MOU | 1,161 | 1,494 |
| Phase or assignment within the above project MOU | 653 | 1,067 |
| Sub-phase/Assignments | 667 | 482 |
| Total Projects | 2,481 | 3,043 |

Based on AMS reports provided

Review of the 2002 DPR Survey Administration. The data provided for Client Satisfaction was based on 739 surveys sent out, representing approximately 25% of the average of all MOUs for 2000-2. Of the projects which are supposed to have a 100% send-out rate, only 70% were sent out. Missing projects included some with large dollar values.

There was also a time lag, generally from three to nine months, from the end of the project, as entered in AMS, until the survey was issued. In addition, projects may be held open in AMS after the actual work has been completed, and, although there may be valid reasons for this, more controls may be needed. In fiscal 2001-2, due to the time lag, surveys were sent out related to work completed generally from December 2000 to December 2001, although some projects for Survey Reports received were completed as far back as June 2000. This is the client survey data that is reported in the DPR for fiscal year 2001-2002.

The time lag results in many survey forms that could be sent to clients who may have since moved on to another department, which may contribute to the fact that only 44 % of those sent out were returned. There is no, or inconsistent, follow up to check on this to enhance the completion rate by clients.

Of those surveyed for the DPR for 2002, the vast majority (79%) were from Consulting Services. In addition, we noted that there were no surveys sent out for the Audit Sector for the Quebec Region, although 60 projects were listed in this time frame in 2000-2001. For the Toronto Region, although 5 projects were listed in the relevant time frame, these were not sent a Survey Questionnaire [note: these regional office statistics can also be confusing since some regional office assignments fall under CAC HQ MOUs].

Audit Sample Results: We selected a small, non-scientific sample of 35 projects, commensurate with the audit scope, covering each practice area in each sector, that had had Survey Reports returned. These were analyzed for data integrity to see if the Survey Reports had been entered into the assignment management system [AMS] correctly and what actual level of satisfaction clients' reported.

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

It proved difficult to obtain a representative sample as, of the approximately 3000 MOUs and assignments undertaken each year, some may start in one year and be completed in another causing us to select from several years' listings. Projects do not carry over into another year's listing in AMS. The sample we selected included projects which ended in the calendar year 2001 which would correspond to the results reported in the DPR.

Of our sample, only about half of the survey forms could be either found on the project file or the project file itself found. Of these forms, 31% had data entry errors but we found there were as many positive entries as negative entries missed and therefore did not appear to alter the results. We found that 77% of the total surveys entered had good or excellent ratings, excluding those that had only satisfactory or worse; 82% of clients were sure that they would use CAC again, in our sample. [CAC reported percentages of 87% and 93% respectively, in the 2002 DPR]

However, in reporting these results, CAC used a different method of assessing client satisfaction than we used above. For client satisfaction, CAC adds all the responses to the seven questions on the survey form and then takes the percentage of the total which is either good or excellent. The responses are not weighted and one question is on invoicing practices. When we applied the CAC methodology, the client satisfaction rate was at 84%, both for the whole sample and the part of the sample which we fully verified. This is similar to the 87% reported in the 2002 DPR.

Training Days Data Integrity: We also reviewed training days per employee as reported in Planned Result 5: *A Rejuvenated workforce* which was reported at 11.9 days annually. Since the average for many departments is 5 or 6 days per employee, we examined the data used by CAC. Upon review, we found that the data also included official languages training which does not fit the definition of training in departments. When we separated the data, we still found that CAC did provide greater than the average number of days training per employee at 9.6 days annually.

CONCLUSIONS

While client satisfaction rates of over two thirds in our small sample are very good, we were unable to attest and assure that the data reported in the DPR is accurate and unbiased, for information reported on client surveys and training days per employee.

CAC requires additional controls on its client satisfaction survey. The system would be more timely and effective if surveys were sent out to all clients automatically. As well, the Agency's record keeping in this area needs improvement. The overall results may not present the same picture depending on the tabulation methodology selected, as our small sample demonstrated, and the present methodology should be reviewed. There is inconsistency between the three Directorates in the handling of client questionnaires.

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

An enhanced client survey system would help CAC to better identify trends in declining satisfaction in particular practice areas or with particular project managers, in a timely manner.

The inclusion of official language training days with professional development days may be misleading to the reader of the DPR, although CAC clearly provides significant training to its employees.

We understand from CAC that there are plans to address these controls and activities and they will continue to address the need to enhance their client satisfaction survey.

RECOMMENDATIONS

We recommend that:

CAC reduce the risk in client satisfaction reporting and report business data by revising the basic Client Survey system to broaden coverage to all project assignments [or do this on a sampling basis], including work done by sub-contractors, reduce manual intervention to suppress surveys questionnaires being sent out by those project managers being rated and increase the timeliness of the distribution of survey questionnaires.

CAC improve their record keeping practices for projects and client surveys.

CAC revise the AMS Procedure Manual and remove the “Client Dissatisfied” exemption code.

CAC should validate the performance data in each Directorate and institute regular reporting to their senior management on the results of surveys returned and follow up with clients who express some reservations with CAC.

CAC should report official languages training and professional development days separately, so that there is consistency between the different branches of PWGSC and with other Departments.

2.3.4 Balance in Reporting

FINDINGS

Performance reports should be straight forward and present a coherent and balanced picture of departmental performance that is brief and to the point. In this context, balance means reporting on both the achievement of results and the identification of areas still requiring improvement over the next year. Also, the effect of outside external factors [such as a government wide freeze on hiring which would have the effect of using CAC consultants more] are not added to the Results scenario.

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

In all the reporting on Planned Results and in the DPR Performance Conclusion, CAC reported that they met all their targets with no areas noted for improvement over the next year.

We did not undertake a full program review of Consulting and Audit Canada, nevertheless the types of issues that we found, which could have been added as areas of improvement, follow:

Planned Result 2: Sharing of knowledge and expertise

In the Wellness Survey report, it was noted that staff reported that internal information flow and access to methodologies were issues. A Wellness Committee is active in CAC and communications and information is in the action plan.

Planned Result 5: A rejuvenated workforce

We noted, in CAC reports we reviewed, that the employee population in CAC is aging and many are still approaching retirement.

In the Wellness Survey results, we noted several other areas where CAC hopes to improve including: Training and Development, Career Enhancement and Working Conditions.

CONCLUSIONS

While the overall performance of CAC is very good as stated in the DPR, CAC could improve the balance of the DPR report by including some areas for improvement.

RECOMMENDATIONS

We recommend that:

CAC should indicate key areas for improvement in their next DPR and relate this to the previous year, to ensure balanced reporting.

2.3.5 Clarity of Wording

FINDINGS

The DPR report should provide the reader with a clear picture of the performance without the use of a few terms with which readers' may be unfamiliar. Some words used in CAC's 2001-2002 DPR are not clear under Planned Result 5: *A rejuvenated workforce*.

**2002-727 Audit of the Integrity of Performance Information in CAC
Final Report**

For example, “*Appointment to level*” is a term not easily understood by the average reader and could apply to a variety of programs such as the Financial Officer Recruitment Program (FORD). In this case, it is a specific CAC in-house program but this is not clearly explained.

In addition, in Planned Result 5, the words “*well positioned*” used in relation to the outcomes of the Wellness Survey could be read many ways, from meaning very good results on all questions to meaning very bad results on all questions with a solid corrective plan in place. When reviewing the Wellness Survey, we found that these words were taken from the Wellness Report itself and meant, based on its findings, that many things were going well but there were some issues noted previously in this report that need some improvement. CAC needs to clarify and explain terms to readers to provide them with an adequate understanding of their level of performance.

CONCLUSIONS

The use of some terms without a clear definition is confusing and could be misinterpreted by the general public and Members of Parliament.

RECOMMENDATIONS

We recommend that:

CAC should use terms that are easily understood by the general public and MP’s who are the readers of the DPR.

PWGSC Corporate Planning should review the input provided by CAC and provide advice on clarity of wording or provide a glossary of terms.

**2002-727 Audit of Integrity of Performance Information in CAC
Final Report**

Appendix A

Documents Reviewed

1. PWGSC, ARB, Integrity of Performance Information, Principles and Practices Statement, Draft 3
2. CAC Brochure - Solutions That Deliver
3. PWGSC Report on Plans & Priorities, 2002-3 In Brief [sic].
4. CAC Charter, January 2000
5. CAC Objective - for 2002-3, from 2001-2 Part III Estimates, Section III, Plans & Priorities, pages 31-4
6. A) CAC extract from DPR, Aug 13, 2002 version
B) CAC DPR 1st draft to PWGSC
7. Memo from Guylaine Ouimet, Aug 27, 2002 re calculation of performance indicators
8. CAC Performance Management, Presentation to the Business Board, May 8, 2001
9. CAC Business Plan, Focus on 2001-2, dated April 5, 2001
10. CAC Business Line Plan, 2002-4
11. Performance Agreement for 2001-2, ADM, Corporate Implementation Group [CIG], CEO CAC
12. List of Consultant and Staff in CAC Oct 3, 02
13. CAC Integrated Risk Management July 31, 2001
14. CAC Organization Chart February 2002
15. AEC Meeting Record of Decisions of March 13, 2002 (example)
16. Performance Measurement Results:
 - a) Training Expenses example from 2002-2003 and Minimum Training Investment Report and background reports for 2001-2002
 - B) Client Ratings of CAC Services and Survey Document
17. TB Policy on Special Revenue Spending Authorities effective July 1, 2000
18. Letter to Ross Hornby at TB re CAC Charter -Trend Analysis for 2000-2001 related to TB Minute 828007.
19. CAC Charter Trend Analysis 1999-2000
20. CAC Trend Analysis 2000-2001
21. PWGSC Planning reporting and Accountability Structure (PRAS) 2001
22. PWGSC Call Letter for the Departmental Performance Report fro period ended March 31, 2002
23. Final Version of DPR as reported to Parliament
24. Departmental Performance Report for 2000-2001
25. Departmental Performance Reports 2002 - Preparation Guide
26. Preparing DPR for period ending March 31, 2002 from TBS website
27. Assessment of 2001 DPR - Summary Report from TBS website
28. Model for Rating Departmental Performance Reports - Chapter 6 - OAG report 4/2002 OAG website
29. Extract of Report Expectations from Reporting to Parliament - Chapter 19 OAG Report 12/2000
30. CAC Fall Performance Report 2001-2002 - Overview prepared by Vicki Winter November 5, 2002
31. 2002-2003 Estimates Part III - Report on Plans and Priorities
32. Selected Project Data from the AMS for 2000-2 for projects and Survey Reports sent out and returned
33. Survey Reports for the Survey Report sample.
34. Wellness Report for CAC, Conference Board of Canada
34. Additional data on in-house training days
35. CIC DPR [via the Govt website]

Interviews Conducted - Alphabetical Order

CAC

| | |
|--------------------|--|
| Andre Auger | Director, Cost Audit Directorate |
| Fred Jaakson | Director General, Audit Directorate |
| Lynne Deachman | Practice Technician, Consulting Directorate |
| Peter Everson | Director, Consulting Directorate |
| Bill McCann | Director General, Consulting Directorate |
| Guylaine Ouimet | Manager Business Planning and Admin. Services |
| Linda Potvin | Manager, Project Management, Support and Systems |
| Dave Roberts | Practice Technician, Audit Directorate |
| Louis Vadeboncoeur | Director General, Corporate Services, International Services and Marketing Directorate |
| Vicky Winter | Manager, Finance |

PWGSC

| | |
|--------------|---------------------------------------|
| Daniel Byrne | A/Director, Corporate Planning, PWGSC |
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TBS

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|---------------|---|
| Anne Routhier | Senior Analyst, Results-Based Management TBS |
| Albert Tsang | Director, SOA Reporting TBS |
| Judy Watling | Senior Director, Results-Based Management TBS |

Performance Reporting - DPR 13 August '02

Planned Result 1: Services that contribute to the improvement of public sector management and operations in Canada and abroad

- To improve public sector management and operations we maintain a high level of involvement in public policy issues such as shared systems support, sustainable development, as well as participating in workshops and meetings with leading Canadian and international experts.
- We have provided sustained support to client departments implementing the Financial Information Strategy, developed evaluation methods and rationale for Canada Business Service Centres and for International Development Contributions to Multilateral Programs, and evaluated the Environmental Farm Management Program.
- We have completed projects on integrated justice information, integrated proceeds of crime evaluation, identification and examination of issues related to the provision of employment insurance services, values and ethics, work-life balance and linking resources to results.
- We have an ongoing involvement with Treasury Board Secretariat and client departments on policy reviews in support of the new Treasury Board Special Revenue Spending Authorities policy with respect to revolving funds.
- We met both our client satisfaction and repeat business targets. See planned result 3 for details.

Planned Result 2: Sharing of knowledge and expertise

- In providing our services domestically and internationally, we partner with small and medium-sized businesses (SMEs) between 50% and 60% of the time. In 2001-02, 66% of our business was partnered with SMEs.
- During 2001-02, our consultants and auditors transferred and shared knowledge across federal departments and agencies by delivering or supporting 18 government-wide projects. For example, we provided support in the implementation of the Financial Information Strategy. We managed the Airline Assistance Program which compensated air carriers for the grounding of commercial flight activity as a result of the September 11 attacks. We offered our expertise to the Office of Critical Infrastructure Protection and Emergency Preparedness.
- We also launched our Extranet site to transfer and share knowledge across government and with our employees. This is the first of a two-year implementation plan.

Planned Result 3: High quality, professional assurance, accounting, audit and consulting services

- During 2001-02, our client satisfaction rate was 87% (against a target of 85%) with 93% (against a target of 80%) of clients indicating that they would use our services again. Our overall business volume increased by 3%.
- We develop new products and services as required by client departments and to reflect the evolving priorities of government. In 2001-02 we expanded our international services in line with the overall government agenda. We managed claim programs on behalf of other departments and agencies to reimburse, for example, airline companies for supplementary cost related to security checks of passengers and luggage and external policing surveillance in the proximity of airports as a result of the September 11 events. We also offered information technology security consulting services.

Planned Result 4: Treasury Board targets for Revolving Funds are met

- We met all Treasury Board targets for revolving funds (i.e., generated a net profit or surplus and a net cash contribution).
- For 2001-02 we generated a positive cash contribution of \$3.6 million as compared to our planned contribution of \$1.1 million and a net profit or surplus of \$1.3 million versus our planned surplus of \$0.6 million.

Planned Result 5: A rejuvenated workforce

- We initiated or implemented a number of initiatives to attract, retain and promote employees and improve our workplace environment. These included a workplace wellness survey that confirmed that we are well positioned to provide a healthy and productive environment; a professional development framework with five learning programs; an appointment-to-level process; and a career plan framework which includes performance accords and mentoring and advancement plans.
- Ninety-two percent of all employees received training during the year as compared to our target of 80%. The average number of training days per employee was 11.9, compared to 9.8 days in 2000-01. Not all employees requested training as many are approaching retirement.
- During 2001-02, we met all employment equity requirements, with the exception of the number of women in the scientific and professional category. However, the majority (56%) of all new recruits for the year were women.

**2002-727 Audit of Integrity of Performance Information in CAC
Final Report**

Performance Conclusion

Our employees made a leading contribution to the improvement of public sector management and operations in Canada and abroad. We are proud to say that we met or exceeded all planned results for the year and our special operating agency did so while remaining financially self-sustaining. We managed the growth of our organization while meeting client expectations, balancing the interests of stakeholders and meeting the Treasury Board financial targets for revolving funds. We have also taken the necessary steps to rejuvenate our workforce and to create the type of positive workplace environment identified by our employees through our workplace wellness survey.

Audit Criteria

The following criteria are the basis upon which Integrity of Performance Information [IPI] audits are undertaken:

1. It should be clear what performance information is needed, and which managers are responsible for producing that information and ensuring its integrity.
2. *Performance measures should be as clear and simple as possible. Where a clearer or simpler measure can do the same job equally well, it should be used.*
3. The performance data set, as a whole, should be meaningful, unbiased, timely, cost-effective, and sufficiently comprehensive to enable managers to make informed and balanced decisions and reports.
4. Individual measures of performance should be valid, reliable and replicable. In particular, performance claims should be based on a causal-chain analysis, normally set out in a “logic model” diagram, that shows how the performance measures are correctly attributed.
5. The values of the performance measures, as calculated and used, should be accurate and up- to-date.
6. Performance measures should have continuity over time, and integrity should not be compromised by unnecessary changes that obscure trends and make comparability difficult.
7. Performance information and appropriate benchmarks should have integrity jointly – that is, the entity should define its performance measures in such a way that it can and does, periodically, compare its performance with best practices in other organizations.
8. Performance information and financial [cost] information should have integrity jointly – that is, the entity should periodically ascertain its cost per unit of performance.
9. Performance information should acknowledge risk and uncertainty, and performance claims should be made within stated confidence limits.
10. Management should have quality controls in place to ensure the integrity of performance information, and these should be reviewed periodically.
11. If an external party is involved in measuring performance, then the controls in place as part of the external party’s operations should meet the same criteria as in-house controls would be expected to meet, and the entity should have documented assurance of this.