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Audit of the
Support for Linguistic Duality Program and
the Program for the Integration of Both Official
Languages in the Administration of Justice

Prepared by

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for the

Corporate Review Branch

Canadian Heritage

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Canada



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Appendix



1 Introduction

In the context of its annual planning for 2001-02, the Corporate Review Branch at Canadian Heritage, in collaboration with the Department's managers, identified a series of audit projects of grants and contributions programs. The Official Languages Support Programs were one of the sectors identified, and more specifically the Support for Linguistic Duality and Integration of Both Official Languages in the Administration of Justice programs.

This audit was conducted in compliance with, among other things, the Treasury Board Secretariat's requirement that departments periodically report on grants and contributions and with the request of the Auditor General and of the Standing Committee on Public Accounts to exercise due diligence within an accountability framework.

The Corporate Review Branch retained the services of the firm Progestic International Inc. to carry out this audit mandate. The audit was conducted from January to March 2002.

After explaining the methodology used to conduct the audit, section five of this report offers an overview of findings with respect to the characteristics of a well-managed grants and contributions program as described by the Office of the Auditor General (OAG). Section six is basically concerned with analysis of the management framework. Section seven presents the strengths and the areas where the file review indicates that improvements are needed. Section eight of the report contains the conclusion.

2 Objective

The objective of the audit of the management of the Support for Linguistic Duality Program (SLDP) and the Program for the Integration of Both Official Languages in the Administration of Justice (POLAJ) is to provide assurance that:

1. the grants and contributions provided comply with all relevant acts, regulations, terms and conditions and policies, and that the program is administered effectively and efficiently;
2. due diligence is exercised when funding decisions are made;
3. financial information and information on the performance evaluation of the funded activities/projects are valid and reliable;



4. the decision-making framework provides an appropriate level of transparency, accountability and risk management; and
5. none of the other risks affecting attainment of the program's objectives have been overlooked.

3 Audit Scope

The audit dealt with all the activities of the Support for Linguistic Duality Program of Canadian Heritage (PCH), both at headquarters and in the five regions of the Department. The management framework as well as a sample of files containing information on funding provided over the last two years, i.e. for the period from April 1, 2000 to December 31, 2001, were examined. The senior officer at national headquarters was interviewed and telephone conversations were conducted with a few regional officers.

All files for the Program for the Integration of Both Official Languages in the Administration of Justice are processed at headquarters. Hence the files to be examined were selected from this material. The senior program officer was interviewed at headquarters.

4 Methodology

The audit was conducted in three stages: planning, the audit itself, and the drafting of the report.

Planning involved the following activities:

1. Review of the main documents (structure, description, and terms and conditions of the programs, Treasury Board policies, Framework for Identifying Risk in Grants and Contributions Programs, framework agreements between the Department and Canadian Parents for French (CPF), Program Officer's Guide, etc.) in order to acquire a basic understanding of the SLDP and the POLAJ. A list of the documents examined during the audit is provided in **Appendix A**.
2. Drafting of an interview guide to facilitate discussions with members of the Official Languages Support Programs Branch (OLSPB).
3. Interviews with the Director General, the Manager of National Programs, and the officer responsible for each program at headquarters.
4. Drafting of an audit program based on the audit objectives, to be used in



analysing the management framework and the file review.

5. Participation in selection of the files to be examined.

The audit comprised mainly:

1. the file review with reference to the audit program;
2. collection of information on each of the files examined;
3. preparation and analysis of the management framework;
4. analysis of the information compiled during the file review; and
5. identification of the findings.

The **report drafting** stage included compilation of the file review results, validation of the findings with OLSPB management, and preparation of the draft and the final report.

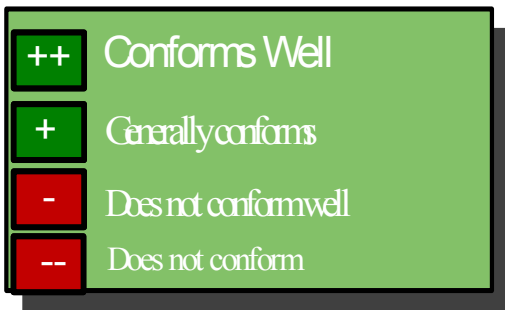
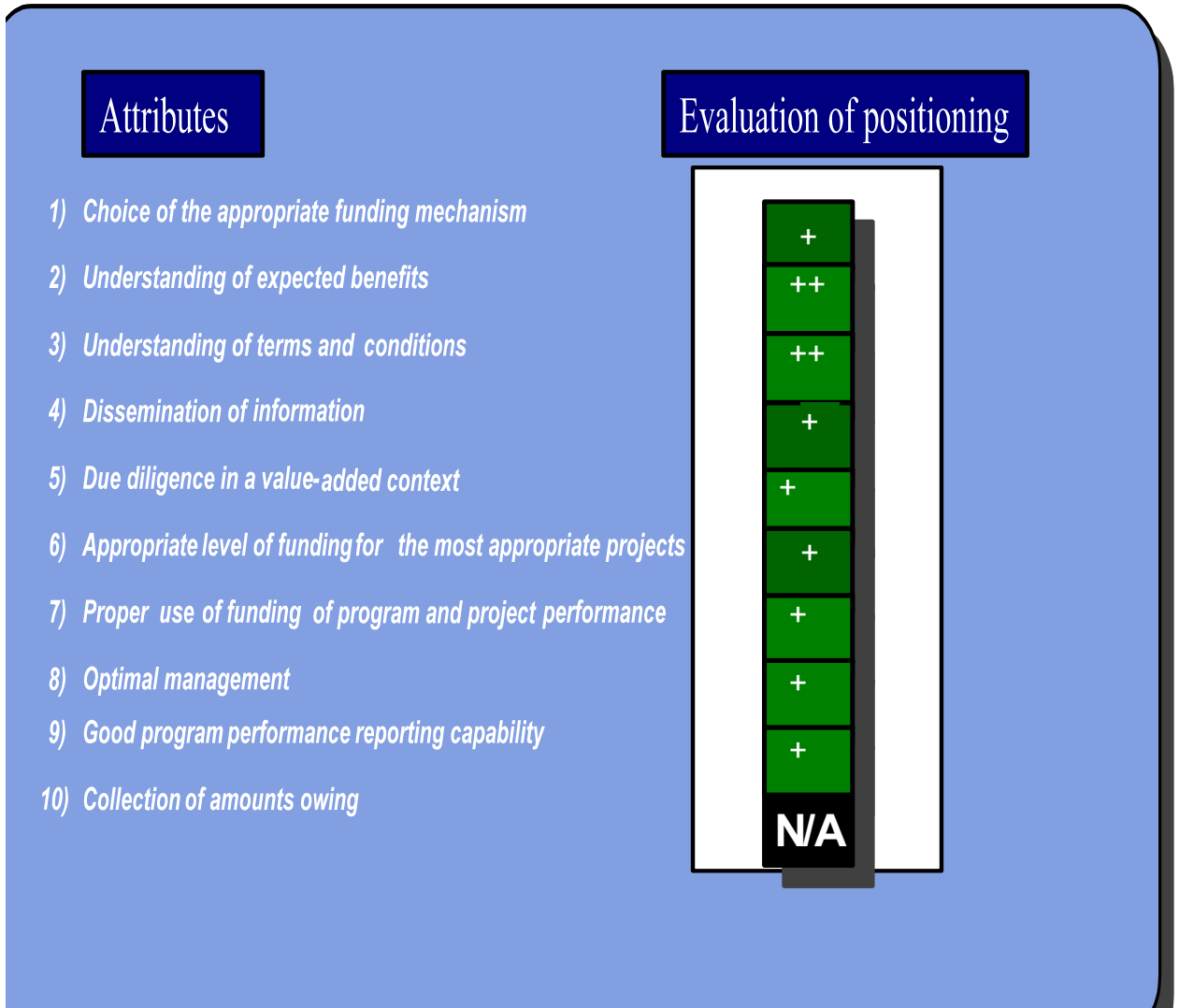
5 Summary of Due Diligence Findings

The Office of the Auditor General of Canada (OAG) has identified ten characteristics or attributes for determining whether a grants and contributions program is well managed. The following chart offers a summary evaluation of how these two programs performed in terms of each of these attributes.

Explanations of how each of these attributes was evaluated appear on the following pages.



Attributes identified by the Auditor General





5.1 Choice of the appropriate funding mechanism

OAG statement

The choice of funding instrument - grant or contribution - respects accountability to Parliament and achieves a fair balance among principles of cost-benefit, risk management, and reasonable treatment of program recipients.

OLSPB performance

Management of the POLAJ satisfies this attribute well, since it has introduced new rules for determining which funding mechanism to use. For the SLDP, however, funding to provincial organizations has been provided as contributions, whereas grants are still used for the national organization. The Department should have used the same approach for all CPF organizations, because the funding mechanism specified in all the agreements was the same.

5.2 Understanding of expected benefits

OAG statement

Management can explain how recipients are expected to benefit from funding and to what end.

OLSPB performance

Management has a very good understanding of the expected benefits. In the call letter for applications for 2001-02, management stated that it was in the process of improving its administrative practices in order to enhance results-based management. Officers insist that applications include a description of the expected results, and that project completion reports contain a description of results obtained.

5.3 Understanding of terms and conditions

OAG statement

Program officers understand who is entitled to funding, what projects are eligible, under what conditions funding can be provided, for what purposes, and in what amounts.

OLSPB performance



Examination of documentation for the audited programs and selected files shows that management has a good understanding of the terms and conditions of the two programs.

5.4 Dissemination of information

OAG statement

Potential applicants are aware of the program.

OLSPB performance

Applicants for the SLDP are much the same from year to year, for both program and project funding. Management could step up its efforts to promote the Program and try to attract new organizations. The promotion strategy, however, takes account of changes in the target population. For the POLAJ at the moment, whether because of the funding criteria or limited promotional methods, it seems that very few organizations are eligible, mainly for program funding. General information on these two programs is available on the Web. This measure should ensure that these programs are known to targeted organizations that have not yet submitted applications.

5.5 Due diligence in a value-added context

OAG statement

Eligible projects represent value for money to both the applicant and the program.

OLSPB performance

On the whole, the current management of the two programs generally seems to make it possible to answer the central question asked by the Auditor General on this point, namely, "does it make sense?" It is very likely that if the file review had been for 2001-2002 only, the ranking would have been higher.

5.6 Appropriate level of funding for the most appropriate projects

OAG statement

More promising recipients qualify for funding and at an appropriate level.

OLSPB performance

The amounts requested are examined closely, and the amount granted is often less than



what was requested. It appears, however, that few projects have been funded for the SLDP, given the overall envelope available for this program. The amount of funding granted for certain projects was very high because of the nature of the activities proposed.

5.7 Proper use of funding

OAG statement

Funding is used for the purposes agreed.

OLSPB performance

For grants, payments are made in compliance with the terms and conditions, and an activity report is required. For contributions, the second or last instalment is paid after the financial statements and activity reports are received and approved. Financial statements are not only analysed by program officers, but also submitted to the Grants and Contributions Secretariat for review. In addition, the procedures for compliance with the *Financial Administration Act* are in place. There are also sound mechanisms for ensuring that activity reports have been examined and approved by the officer responsible for the program.

5.8 Optimal management of program and project performance

OAG statement

Problems with project and program performance are resolved quickly.

OLSPB performance

For both programs there are sound tools and sound methods for ensuring that program objectives are met and that funding will yield the expected results over the longer term.

5.9 Good program performance reporting capability

OAG statement

Management reporting demonstrates a good knowledge of program performance.

OLSPB performance

The latest modifications to the information management system make it possible to



collect much more information on applications received, funding provided, activities anticipated and implemented, outputs and outcomes following funding. However the two programs have yet to be evaluated, although an evaluation is planned for 2003-04.

5.10 Collection of amounts owing

OAG statement

Money owing to the Crown is collected.

OLSPB performance

For many of the files reviewed, funding was provided as grants. For contributions, most organizations reported that they spent the money provided with a slender surplus or deficit. Had an audit of contribution agreement recipients been conducted, it might have been possible to identify the amounts owed to the Crown.



6 Management Framework

This section provides primarily an analytical description of the elements of the management framework, highlighting each of the findings resulting from the analysis.

6.1 Definition

The management framework includes all regulations, policies, organizational structures, procedures, tools, etc., that are in place to support decision-making with a view to attaining the target objectives. An efficient management framework leads to sound and effective program management. It enhances program performance in achieving the expected results while appropriately managing financial and non-financial risks. The management framework must also take into account the human factor and the realities of day-to-day management.

6.2 Description and analysis

To assist with comprehension, we have attempted to illustrate the management framework in place at PCH, as we perceive it, by means of a diagram. The main component of the framework is “*execution*”, which is located in the centre and includes all functions directly related to program delivery. Here we find the annual program cycle, from preparation/review of the Guide to the Funding Application Form through analysis and approval to evaluation of the reports submitted by recipients.

“*Upstream*”, we find all the elements to be used as references for delivery of the program. This component also includes elements external to the OLSPB (statutes, government policies and directives) as well as internal elements (procedures, forms, guides and systems). Changes have to be made to these planning elements when problems or new issues are identified during execution or as a result of one of the framework’s “*downstream*” elements. The elements found downstream have a direct impact on the upstream elements, in that they oblige management to review the latter in order to improve the framework and make it more efficient.



Analysis of Management Framework

Upstream

- Statutes and Regulations
- Terms and Conditions
- Relevant Policies
- Strategic Objectives
- Accountability Framework
- Administrative directives
- Established procedures
- GCIMS

Execution

- Framework agreements
- Guide and form
- Call letter
- Receipt of applications
- Analysis and recommendation
- Drafting of agreements
- Approval
- Payment
- Final Evaluation

Downstream

- Audits
- Evaluations
- Feedback
- Public reaction
- results
- Annual Official Languages Report
- Etc.



The following sections provide a brief description of the elements found in the framework for each of the three components.

6.2.1 *Upstream elements*

- The **statutes and regulations** cover all the main reference documents used by the OLSPB in administering the two programs, including the Official Languages Act, the Financial Administration Act, and the Department of Canadian Heritage Act.
- The **program terms and conditions** are the authorizations that define how PCH intends to implement its OL programs.
- The **policies** cover policies issued both by Treasury Board and by the Department. These include all documents concerned with results-based management.
- The **strategic objectives** of the Department indicate the direction in which the Department intends to steer its efforts.
- The **accountability framework** aims to clarify the objectives of its programs by means of clear, achievable goals and expected results.
- The **administrative directives** cover all documents issued by the Department to improve management of its programs, i.e. modern management tools for grants and contributions, mandate of the National Review Committee, *Essential Elements of Due Diligence* published by the Corporate Review Branch, etc.
- The **established procedures** are mainly collected in the Program Officer's Guide, which refers to departmental Intranet links for the main documents that occasionally have to be modified.
- The **Grants and Contributions Information Management System (GCIMS)** is a tool used by the Department to gather information on funding granted to applicant organizations.



6.2.2 *Execution elements*

- The **framework agreements** are agreements signed with the Canadian Parents for French organizations in the context of delivery of the SLDP. These agreements are reviewed and/or evaluated every three to five years.
- The **Guide and Form** comprise the application form used by organizations to submit their funding request and the instructions they are given to explain the program's objectives and priorities, who is eligible for funding, how to complete the form, and the process used by the Department in awarding funding.
- The other execution elements (from the call letter to the final evaluation) represent the various requisite stages of the program delivery process. For the two programs audited, an annual cycle is used for the submission of new applications, except for certain projects that receive multi-year funding (SLDP).

6.2.3 *Downstream elements*

- The **audits and evaluations** provide a general examination of the elements of the management framework to assess their strengths and weaknesses and to determine whether the program's objectives have been met or are still relevant. The recommendations made in the reports that follow these exercises lead managers to revise and improve the upstream and execution elements of the framework and to introduce new measures to improve program management.
- **Public reaction** is another important element of a management framework, particularly when the program in question is highly visible. Certain reactions may lead to changes to statutes and regulations or to departmental policies and directives.
- **Annual and performance reports**, prepared by the Department following delivery of its programs, demonstrate to Parliament and the general public the results obtained by each program. These reports can also have an impact on the upstream and execution elements, and cause management to review its program delivery processes.



6.3 Strengths of the process

Subsequent to audits of other programs conducted in recent years and the publication by TB in March 2000 of the document entitled “*Results for Canadians*” and in light of the revised TB Policy on Transfer Payments, the OLSPB has begun to modernize its management tools and has introduced new measures that allow it to exercise more due diligence in implementing its programs.

This modernization has greatly improved the program management framework. Since substantial effort has been made to implement these new tools and new practices, we believe it appropriate to underscore the improvements made to the management framework. Hence these are identified in our analysis.



Accountability framework - This document presents the objectives of the Official Languages Support Programs and their expected results, and also establishes the links to the Department's strategic objectives and their expected results. The framework is divided into two sections: logic frameworks and performance measures. For each strategic issue, the logic frameworks present the short- and medium-term results targeted, the desired long-term impact, activities and outputs that the Department will implement to achieve the results, and impacts on resources. The performance measures are elements that prove that activities have had an impact on results.

Information Management System - The Department's Grants and Contributions Information Management System (GCIMS) has been modified and upgraded to make it more user-friendly and better adapted to the needs of the program officers. In addition to the accounting functionalities, the capacity to collect much more program-related information has been added - in terms of funding objectives, activities and expected results, analysis and decision making, justification of recommendations, and capacity to enter comments after reports submitted by recipients are analysed.

Officer's Guide - A new two-volume Program Officer's Guide has been prepared to help define the due diligence requirements. Volume I contains all the reference documents needed by the program officer. Volume II, compiled for the Support for Official-Language Communities Program, also includes the directives to follow for each stage in using the GCIMS and specifies the fields in which to enter the information so as to meet the due diligence requirements.

Guide to the Funding Application - For the Support for Linguistic Duality Program, the funding application form has been greatly improved so as to collect more information on the expected results and all other elements required by due diligence. New templates have been designed to facilitate preparation of applications and to standardize the information received from organizations. In addition, a Guide to the Funding Application Form has been drafted to facilitate preparation of the application, outline the eligibility conditions and explain the review process used by the Department.



Operational Practices Unit - This new measure adds an extra level of control for program execution. The unit has been established to support the National Review Committee in deciding on the files to be recommended to the Minister. The unit is also responsible for developing guidelines, policies, practices, standards and operational tools for ensuring effective management of grants and contributions programs.

Contribution agreements - For 2001-02, since most funding has been provided in the form of contributions, the OLSPB has developed new contribution agreement models and is seeing that specific clauses are drafted for certain types of funding, when this is deemed necessary. This applies to funding over \$25,000, or when the organization presents a higher risk level and certain conditions have to apply.

6.4 Observations on the framework

Accountability framework

The management and accountability framework for Official Languages Support Programs is designed to clarify program objectives through the use of clear, achievable goals and expected results. The document was developed by a working group prior to the publication of the TBS “Guide for the Development of Results-based Management and Accountability Frameworks” (RMAF). We examined the version included in the Program Officer's Guide.

In our opinion, sections 1 and 2 of the framework are difficult to understand, because they are based on the Department's strategic issues instead of the objectives of each program. It is difficult to make the connection between section 2 and section 1 to identify the performance measures whereby one can determine whether the expected results have been achieved. The document presents no evaluation strategy (all of the issues and questions which, once resolved, will serve to evaluate the program's success in depth). Furthermore, the Model used does not clearly illustrate the results chain and the linkages between activities, outputs and the sequence of expected outcomes.

Recommendation 1

The OLSPB should review the management and accountability framework so as to simplify it and make it conform more to the “Guide for the Development of RMAF” published by TBS.



Promotion of the SLDP

The Department primarily utilizes its Web site and the 1 800 O-Canada telephone line to promote its Official Languages Support Programs. In addition, organizations that have received funding in previous years and those requesting it are sent a call letter, together with the application form and the Guide to the Funding Application Form.

Given that much of the program's budget is already committed to CPF organizations, we observed that most applications received are almost always from the same organizations and that few are submitted for new projects. We therefore believe that the Department could step up its efforts to promote the program and try to attract new organizations.

Recommendation 2

The OLSPB should make more targeted efforts to promote its program and encourage new organizations to submit project proposals that meet the program's objectives.

Human resources

We have noted that the process for deploying staff to the various official languages support programs could be improved by adopting measures that would facilitate officer rotation among the programs. This would enable officers to enhance their knowledge of the programs, offer them more professional development opportunities, and help make the funding process more transparent.

Recommendation 3

In consultation with its staff, the OLSPB should review its practices for assigning officers to its various programs by adopting measures that would permit better staff rotation.

POLAJ findings

The POLAJ has a mandate to contribute to the promotion and enhancement of the administration of justice in the two official languages; it provides funding to organizations working in the judicial area. These organizations are linked in a network under the **POLAJ** banner, and offer a range of products and services for Canadian jurists serving official-language minority communities.

Since these organizations and the content of their products and services seem to have a connection to the mandate of the Department of Justice, we believe that their funding could derive from that department. It should be noted that the Department of Justice



already funds French-speaking legal professional associations for activities similar to those of the POLAJ. Furthermore, in evaluating funding applications submitted under the POLAJ, PCH is often required to consult the Department of Justice.

The “evaluation framework” for the implementation of sections 41 and 42 of the *Official Languages Act* stipulates that it is the responsibility of each department to assess the results achieved through the implementation of section 41. For example, Health Canada (and not the Department of Indian and Northern Affairs) is responsible for administering programs related to the health of aboriginal people.

Recommendation 4

In the context of the implementation of section 41 of the Official Languages Act and in light of the role of the Department of Justice in this matter, the Department should evaluate the relevance of Canadian Heritage continuing to administer the POLAJ.

SLDP findings

As the Department is bound by agreements signed with the Canadian Parents for French (CPF) organizations, it is the amounts entered in the agreements that influence funding decisions. Although the organizations are required to provide detailed information on the application (objectives, activities and results), this is only a formality, since the amounts awarded are always those entered in the agreements signed by the Minister.

The agreements with CPF were designed at a time (1997, revised in 1999) when the OLSPB was administering its programs in a way very different from today, that is, prior to introduction of the due diligence concept. As most funding was provided as grants, an organization that did not spend the full amount of its funding in one year and accumulated a surplus did not have to reimburse the Department, and that surplus was not taken into consideration the next time funding was granted.

Recommendation 5

When new agreements are negotiated with CPF organizations, the OLSPB will have to take account of due diligence, its new practices and its new accountability framework. For funding provided in the form of contributions, the Department should ensure that it pays only for actual expenses incurred according to the expenditure reports submitted.

Evaluation of the two programs



The two programs audited have been in existence for a few years now, but have never been evaluated. Under the 2000-05 multi-year evaluation and audit plan, these two programs should be evaluated in 2003-04.

Recommendation 6

As provided for in its evaluation plan, the OLSPB should conduct a comprehensive evaluation of the two programs to identify their strengths and weaknesses and to determine whether they meet the established objectives or are still relevant.



7 File Review

7.1 Selection

The Corporate Review Branch (CRB) had set the objective of reviewing 30 grants and contributions files for the two programs being audited, distributed as follows:

- POLAJ, 10 files, all for 2000-2001,
- SLDP, 20 files, including the 10 CPF files for program funding granted in 2000-2001, and 5 project files for two years, i.e. 2000-01 and 2001-02.

The file sample was established by the Corporate Review Branch, in collaboration with the OLSPB and Progestic, based on payment reports generated by the GCIMS. Total value of the files selected was approximately \$3,393,000.

The audit program used to review the grants and contributions files was prepared on the basis of certain major audit objectives. Among other things, it served to determine:

- the files' compliance with statutes, regulations, policies, eligibility criteria and applicable procedures,
- achievement of objectives,
- exercise of due diligence,
- respect for ethical principles and risk control.

7.2 Strengths of the process

It was not the sole purpose of the audit of the two programs to identify areas requiring improvement; the audit was also an excellent opportunity to assess their strengths.



Good file maintenance - Generally speaking, for both programs and for the regional files, all documents received are well filed in chronological order, and in many cases tabs are used to make access easier. For larger files, a different folder is used to file permanent records. When necessary or to support a decision, additional notes are prepared and signed by the person responsible. E-mails and notes from telephone conversations with organizations' personnel are kept in the files.

Well-documented use of funding - The applications submitted are generally properly completed, and are examined carefully by the officer to ensure that all the required information has been provided. The action plans and expected results are included and correspond to the program objectives. For the POLAJ, organizations provide an expenditure breakdown for each activity proposed and not a single operating budget by expenditure type for the entire project.

Well-documented decisions - The Recommendation for Approval Form (RAF) is properly completed using the GCIMS, including the project description and funding justification boxes. In addition, the copy signed by each authority level is filed. The other funding sources are declared, entered on the RAF and taken into consideration in granting funding.

Sustained effort of program officers - We observed that in two project application files (SLDP), the program officer demonstrated transparency, and through sustained effort succeeded in demonstrating to the requester that the application had to follow the normal process in order to ensure due diligence with respect to external influences.

Appropriate funding instrument - Following the introduction in March 2001 of new measures designed to exercise greater due diligence, all funding over \$25,000 has been awarded as contributions, and the two parties have signed a document specifying the conditions of the agreement. Furthermore, agreements are drafted in collaboration with the Grants and Contributions Secretariat.



Compliance of payment process - Generally, all matters related to payments to recipients comply with the *Financial Administration Act* (FAA). In most cases the original Approval of Payment Forms (APF) are in the files and signed in accordance with sections 32 and 34 of the FAA by the authorized persons, and the number of funding instalments conforms to TB policies and the program terms and conditions. A copy of the letter authorizing the funding is always on file, dated and signed by the Minister.

7.3 Observations on the file review

The observations are grouped into three categories (receipt, analysis and follow-up), and are presented whenever possible in the same order as the decision-making process.

7.3.1 Receipt of applications

Application form

There is nothing on the application form to indicate that the person authorized to sign the application has read the conditions listed in Part D of the form.

Recommendation 7

"Part E - Declaration" of the application form should include a sentence to indicate that the person authorized by the applicant has read the conditions set forth in "Part D - Conditions" relating to this application.

Conflict of interest form

Even though this is a newly introduced procedure for the two programs, very few TB forms on the Conflict of Interest and Post-Employment Code for the Public Service were found in the files.

Recommendation 8

The OLSPB should ensure that its policy requiring certification that no employee of the organization is a former public office holder who has left the federal government in the last twelve months is in effect.



Fiscal year

Of the 29 files examined, there were 11 instances of funding granted to organizations whose fiscal year ended on a date other than March 31. This makes it difficult to differentiate, on the financial statements, funding received from the Department and funding from other sources, for the period corresponding to the funded activities, since they are distributed over two fiscal years.

Recommendation 9

The Department could require the auditor of organizations whose fiscal year ends on a date other than March 31 to indicate, by means of a note to the financial statements, amounts of funding received from PCH and from other sources during the fiscal year. This condition could apply in particular to funding provided in the form of contributions.

7.3.2 Analysis and decision making

Agreements with CPF

Under the agreement with the CPF provincial organizations, the Minister undertook to pay funding in grant form (an amount which could not be reduced if the organization met all the conditions stipulated in the comprehensive agreement) until the expiry of the agreement, i.e. in March 2002. However, for the year 2001-2002, the provincial organizations have been granted their funding under the new policy whereby contributions are to be used for amounts of \$25,000 or more. The national organization has continued to receive its funding as a conditional grant, i.e. provided it remits the reports required in the letter of ministerial approval, even though the funding was over \$25,000. These organizations should have been treated the same way. This is an anomaly which could be attributable to the distinctive characteristics of each agreement, and hence to the differing interpretations made of them. A recommendation to this effect has been made in section 6.4.

Surplus

According to the files reviewed for the SLDP, the financial statements of the great majority of organizations applying for program or even project funding show an accumulated surplus. The audit determined that for only four funding decisions in the 29 files reviewed did the financial statements indicate little or no surplus (\$5,000 or less).



According to information obtained from the Grants and Contributions Secretariat personnel in the Financial Management Branch, since the Department has introduced new measures as a result of due diligence, they are taking account of surpluses or deficits accumulated by organizations when formulating contribution agreements.

Recommendation 10

The OLSPB will have to take account of the surpluses accumulated by organizations, particularly when awarding program funding and when renewing agreements with CPF groups.

7.3.3 Follow-up and information review

Activity reports

For the POLAJ, the activity report requested for projects in the Minister's letter at the time funding is announced is not always received from the organization. In the nine files examined, four recipients did not respond to the Department's requests. Three of these projects were funded for small amounts paid in a single instalment.

Recommendation 11

The OLSPB will have to take account of the fact that certain organizations have not responded to the Department's requirements before awarding them new funding.

Review by Financial Management Branch

For all programs under which the Department grants funding, it is the practice for the Grants and Contributions Secretariat of the Financial Management Branch to examine the organization's financial statements and authorize the release of the second payment or subsequent payments. For all the files reviewed, there is nothing to indicate that the OLSPB asked the Secretariat's financial analysts, when analysing the applications, to examine the financial statements received with the application to get an opinion on the financial risks that might exist before granting funding to the organization. According to Volume II of the Program Officer's Guide (prepared for the Support for Official-Language Communities Program), program officers have received training to help them review and analyse financial statements received.



8 Conclusion

The auditing of the two programs has served to assure the Corporate Review Branch that management of the two programs generally satisfies the audit objectives. Certain shortcomings were noted, however, during the review of both the management framework and the files. These are presented in the report, followed by the recommendations we have deemed appropriate.

The two audited programs have been in existence for a number of years, but this is the first time that they have been audited. They have never been evaluated.

Notwithstanding certain observations made in this report, it is important to mention that, in general, the two programs are well managed and that substantial effort is continually being made by the OLSPB to improve its administrative practices.

During the audit, OLSPB personnel were always very cooperative with the audit team; all files and any other information requested were promptly provided. The Finance Branch also provided us with information on its role in the funding process.

Given the fact that other official languages programs were audited last year and that numerous measures have been introduced as a result of due diligence to improve management of all the programs, we have noted a net improvement.

Implementation of the recommendations in this report will help to further improve the tools and processes, and will ensure more effective program management while minimizing risks related to program delivery.



9 Management Response

The Official Languages Support Programs Branch (OLSPB) generally accepts the recommendations made in this internal audit report.

In the context of the modern management framework which the Government of Canada adopted in a document entitled *Results for Canadians*, published by the Treasury Board in March 2000, and in light of the revised Treasury Board Policy on Transfer Payments, the OLSPB has undertaken a modernization of its management tools as well as the measures that allow it to exercise greater due diligence in the administration of its funding files. To this end, it has adopted a management practices improvement plan this past year which provides for a good many measures that respond to the recommendations. Some of the measures are already in effect, while others will be implemented shortly.

MANAGEMENT FRAMEWORK

Management and accountability framework

In 2001, prior to publication of the Treasury Board Guide for the Development of Results-based Management and Accountability Frameworks, the OLSPB had developed such a tool for all of its programs. This framework has offered the program a first step toward results-based management. The Branch is now launched upon an exercise to upgrade its program terms and conditions by 2003-04, and in that context is revising the framework developed in 2001 to make it conform to the standards prescribed by Treasury Board.

Promotion

In the context of its Support for Linguistic Duality Program, the OLSPB will be attempting to define avenues of action for targeting certain clientele in 2003-04, thereby promoting the program to these new potential recipients.

Human resources

The Branch is currently receiving many new staff members. As a result there is more of a regular rotation in most of its programs. We are in the process of training new officers to take over various files. These officers are required to work in concert with other officers of the Branch in sharing information, thereby facilitating an eventual succession and the



Evaluation

In April 2000, as part of its management practices improvement plan, the Branch established an evaluation and audit plan which provides for the cyclical evaluation and audit of all program components between 2000 and 2005. In 2003-04, it intends to begin evaluation of the programs which are the subject of the present audit.

For the Program for the Integration of Both Official Languages in the Administration of Justice, the Branch will give consideration to the involvement of the Department of Justice in this matter, so as to evaluate the relevance of administering this program in the context of the Official Languages Support Programs.

FILE REVIEW

Management of contribution agreements and due diligence

As part of its management practices improvement plan, the OLSPB has created the Grants and Contributions National Review Committee in order to acquire a continuous audit process, for the purpose of exercising greater due diligence in the review and approval of grants and contributions. In its first year of existence, this committee has reviewed all funding files and made recommendations on the development, selection, approval and follow-up of projects funded by grant or contribution and on the allocation of resources for the various program components, in the aim of helping the Branch achieve its objectives and priorities.

This committee has already issued a number of administrative and program policy directives (policy on the use of grants and contributions; directives on surpluses, large cash balances, revenue carried forward, fiscal year of organizations, etc.; procedures for preparing contribution agreements, etc.). Under this continuous audit process, contribution agreements have been reviewed regularly so as to take account of the new management practices. The next series of agreements with the CPF organizations will reflect the directives and orientations adopted by the National Review Committee.

In the training activities offered at Headquarters and in the regions in fall 2001, we dealt with management by results and all aspects of processing a funding application (analysis of eligibility, analysis of complexity, analysis of financial statements, budget analysis of an application, analysis of activity reports, documentation of analyses and funding decisions, conflict of interest certification, etc.). To that end, an officer's and manager's guide incorporating various working tools was developed and will be updated annually. A financial analysis training module was also offered to staff in May 2002, and other



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Heritage

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targeted modules will be offered over the coming year. These training activities allow us

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to take action on the report's recommendations, including those on the management of contribution agreements and the financial analysis required before the funding decision is made.

Other considerations

The Branch also intends to make certain adjustments to its application forms or the complementary documents that accompany applications in 2003-04. At that time we will be able to add a certification to the effect that the conditions attached to the application have indeed been read by the person with signing authority.

**SUMMARY OF MAIN RECOMMENDATIONS
AND MEASURES UNDERTAKEN OR PLANNED**

Recommendations	Measures undertaken or planned	Target date
MANAGEMENT FRAMEWORK		
<p>Management and Accountability Framework Revise the management and accountability framework for Official Languages Support Programs to simplify it and make it conform more to the Guide for the Development of RMAF published by Treasury Board.</p>	<ul style="list-style-type: none"> • Exercise under way 	2002-03
<p>Promotion Make more targeted efforts to promote its Support for Linguistic Duality Program and encourage new organizations to submit project proposals that meet the program's objectives.</p>	<ul style="list-style-type: none"> • Target certain new clientele and promote the program to them. 	2003-04
<p>Human resources Revise the practice for assigning officers to the various programs by adopting measures that permit better staff rotation.</p>	<ul style="list-style-type: none"> • There already is regular rotation of files in most of the Branch's programs. However, we are in the process of training new officers to take over various files. These officers are required to work in concert with other officers of the Branch in sharing information and facilitating the sharing of knowledge about the programs. 	2002-03
<p>Evaluation</p> <ul style="list-style-type: none"> • In the context of implementation of section 41 of the Official Languages Act and in light of the role of the Department of Justice in this matter, the Department should evaluate the relevance of continuing to administer the POLAJ. • Conduct a comprehensive evaluation of these two programs. 	<ul style="list-style-type: none"> • This aspect will be examined in the context of the evaluation of the POLAJ scheduled for 2003-2004 • An evaluation of these two programs is provided for in the OLSPB's evaluation plan for 2003-2004 	2003-04
<p>Management of contribution agreements When negotiating new agreements with CPF organizations, take account of due diligence, its new practices and its new accountability framework. Ensure that only actual expenses incurred are paid, in line with expenditure reports submitted.</p>	<ul style="list-style-type: none"> • Certain measures have already been taken to adapt new agreements to the Branch's modern management practices. • Contribution agreements have been revised to clarify the clause pertaining to submission of financial statements. 	2002-03

FILE REVIEW

<p>Form Part E - Declaration of the application form should include a sentence indicating that the person authorized by the applicant has read the conditions set forth in Part D - Conditions relating to the application.</p>	<ul style="list-style-type: none"> • This addition will be considered when the application forms or complementary accompanying documents are next reviewed, i.e. in fiscal 2003-2004. 	<p>2003-04</p>
<p>Conflict of interest policy Implement the Conflict of Interest and Post-Employment Code for the Public Service.</p>	<ul style="list-style-type: none"> • The Treasury Board Conflict of Interest form has been appended to the application form and must be systematically completed by any organization submitting a funding application. 	<p>2002-03</p>
<p>Due diligence recommendations:</p> <ul style="list-style-type: none"> • require that a note to the financial statements indicate amounts received from PCH and from other sources during the fiscal year, especially for contributions to organizations that do not have the same fiscal year as the government • take account of the surpluses accumulated by organizations, particularly when awarding program funding and when renewing agreements with CPF groups • before granting certain organizations new funding, take account of the fact that they may not have responded to the Department's requirements, e.g. to submit activity reports 	<ul style="list-style-type: none"> • Issuing of various directives along this line by the National Review Committee in the context of the continuous audit system introduced by the OLSPB • Development of an officer's and manager's guide reviewing all requirements with respect to analysis of funding applications (complete processing of an application) and annual updating • Training workshops on the guide for officers and managers responsible for official languages • Workshop on financial analysis • Other targeted training modules 	<p>ongoing (since 2001-02)</p> <p>since September 2001</p> <p>October 2001</p> <p>May 2002</p> <p>2002-03</p>

Appendix A

List of documents examined during the audit

Official Languages Act

Department of Canadian Heritage Act

Treasury Board Policies on Transfer Payments (June 2001 version)

Program Terms and Conditions

Budget breakdown - Official Languages Support Programs 2000-2001

Framework for Identifying Risks in Grants and Contributions Programs - Office of the Auditor General of Canada (March 2000)

Organization chart of the Department of Canadian Heritage

Organization chart of Official Languages Support Programs

Strategic Objectives of Canadian Heritage

Canadian Heritage Departmental Performance Report

Annual Report of the Canadian Heritage Official Languages Program

2000-2005 Evaluation and Audit Plan

Management and Accountability Framework for Official Languages Support Programs

Program Officer's Guide (Volumes I and II)

General Application Form and Guide to the Funding Application Form for the two programs reviewed

Document published in 1991 by the National Program for the Integration of Both Official Languages in the Administration of Justice on the occasion of the program's tenth anniversary

Framework agreements with Canadian Parents for French

