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Report of the  
**Auditor General  
of Canada**  
to the House of Commons

NOVEMBER

**Chapter 11**  
Protection of Public Assets—  
Office of the Correctional Investigator



Office of the Auditor General of Canada

*The November 2006 Report of the Auditor General of Canada comprises Matters of Special Importance—2006, Main Points—Chapters 1 to 12, Appendices, An Overview of the Federal Government's Expenditure Management System, and 12 chapters. The main table of contents is found at the end of this publication.*

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Chapter

# 11

**Protection of Public Assets**

Office of the Correctional Investigator

*All of the audit work in this chapter was conducted in accordance with the standards for assurance engagements set by the Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.*

# Table of Contents

<b>Main Points</b>	<b>1</b>
<b>Introduction</b>	<b>3</b>
Focus of the audit	4
<b>Observations and Recommendations</b>	<b>5</b>
<b>Improper and questionable payments</b>	<b>5</b>
The former Correctional Investigator received unearned salary	5
The former Correctional Investigator generated little work product	6
Annual leave was improperly cashed out	7
Payments for cash-out of annual leave for earlier years were questionable	8
Non-business travel expenses were claimed and reimbursed	8
Non-business hospitality expenses were claimed and reimbursed	9
Computer equipment was purchased for non-business use	10
The former Correctional Investigator was frequently absent from the Office of the Correctional Investigator	11
<b>Personal use of a government vehicle</b>	<b>12</b>
<b>Senior managers' practices</b>	<b>12</b>
<b>Human resources practices</b>	<b>13</b>
Human resources were poorly managed	13
The former Correctional Investigator authorized improper payments	15
<b>Comptrollership and management</b>	<b>17</b>
The former Correctional Investigator failed to provide effective oversight	17
The Executive Director's role	18
Public Safety and Emergency Preparedness Canada did not properly fulfill its responsibilities to the Office of the Correctional Investigator	20
Public Safety and Emergency Preparedness Canada did not properly fulfill its responsibilities to two other small independent agencies	23
Central agencies did not adequately oversee independent agencies	24
Special leave, management leave, and cash-out policies are unclear	29
<b>Conclusion</b>	<b>30</b>
<b>About the Audit</b>	<b>33</b>
<b>Appendix</b>	
List of recommendations	35





# Protection of Public Assets

## Office of the Correctional Investigator

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### Main Points

#### What we examined

The Office of the Correctional Investigator (OCI) acts as an ombudsman for federal offenders. It investigates complaints of individual offenders and tries to resolve them by making recommendations to Correctional Service Canada.

We examined whether the former Correctional Investigator's and OCI managers' personal leave, absences, cash-out of annual leave (vacation leave), and travel and hospitality expense claims complied with the *Financial Administration Act* and applicable Treasury Board policies, and whether they were managed with prudence and probity. Further, we examined whether the OCI's human resources management practices complied with Public Service Commission policies and applicable Treasury Board policies and practices. Our audit covered the period from 1 April 1998 to 31 March 2004; however, some transactions relating to annual leave were examined back to an earlier date. The audit included current and former OCI employees at the executive level, as well as the former Correctional Investigator who headed the agency during the audited period.

We also examined whether Public Safety and Emergency Preparedness Canada (formerly the Department of the Solicitor General), in providing the OCI with financial and human resources services, complied with the *Financial Administration Act*, applicable Treasury Board policies and practices, and Public Service Commission policies. We examined whether the Treasury Board Secretariat, the Public Service Commission, and the Privy Council Office carried out adequate oversight of the OCI.

#### Why it's important

To maintain the public's trust and confidence in government, agency heads and senior management are required to discharge their responsibilities in accordance with the highest ethical standards of integrity, objectivity, and impartiality. Their conduct and their actions are expected to exemplify the values of the public service.

Appropriate comptrollership and management are essential in any federal organization to manage financial risks and protect against

fraud, financial negligence, violations of financial rules or principles, and losses of assets or public money.

### What we found

- The former Correctional Investigator and head of the OCI, Mr. Ronald Stewart, committed serious abuses and wrongdoing, some of which resulted in substantial personal benefit. For example, he received improper payments in the form of unearned salary and reimbursement of travel and hospitality expenses unrelated to OCI business.
- The former Correctional Investigator did not report a single day of annual leave (vacation leave) for 14 years. He received payments for the full amount of his annual leave entitlements for 14 years. During the 6-year audit period, he was frequently absent from the OCI premises during business days without undertaking OCI business.
- Poor and inappropriate human resources management practices at the OCI had serious financial implications. For example, the former Correctional Investigator authorized improper payments to employees that were recorded as overtime.
- The Executive Director of the OCI was aware of some of the improper activities but took no action to stop them.
- Public Safety and Emergency Preparedness Canada did not challenge questionable expenditures and reimbursements, and problematic human resources classification and staffing practices approved by the former Correctional Investigator.
- The Privy Council Office and the Treasury Board Secretariat issued general guidance material to deputy heads (agency heads) and managers of departments and agencies, but did not carry out appropriate oversight of the OCI that could have enabled them to identify and stop the improper activities.

**The organizations have responded.** The organizations agreed with all of our recommendations. Detailed responses follow the recommendations throughout this chapter.



## Introduction

**11.1** The Office of the Auditor General received anonymous complaints alleging questionable practices at the Office of the Correctional Investigator (OCI). The complaints concerned unreported leave, annual leave (vacation leave) cash-out, and human resources staffing practices involving senior managers and the former Correctional Investigator. We decided to audit the OCI to determine whether the alleged practices had occurred.

**11.2** The Government of Canada established the OCI in 1973, pursuant to Part II of the *Inquiries Act*. In November 1992, Part III of the *Corrections and Conditional Release Act* established the OCI as a separate agency. The OCI is a small organization with about 27 employees, located in Ottawa. The OCI is a **separate employer** with non-unionized employees.

**Separate employer**—The Treasury Board is the employer for most of the Public Service of Canada. Within the Public Service of Canada, there are organizations for which the Treasury Board is not the employer. These organizations are called separate employers. Separate employers are subject to minimal ministerial control and direction. Their powers in relation to personnel management and other matters are generally set out in the legislation that creates them.

**11.3** The OCI is considered an independent ombudsman agency. The Correctional Investigator, who heads the agency, acts as an ombudsman for federal offenders. The position is independent of Correctional Service Canada. The Correctional Investigator investigates complaints from or on behalf of offenders, at the request of the responsible minister (currently the Minister of Public Safety and Emergency Preparedness Canada) or on his own initiative. The OCI has no power to direct Correctional Service Canada to make changes, but the organization can make recommendations to the Commissioner of Correctional Service Canada or to the Minister. The OCI's primary function is to investigate and help resolve offenders' complaints.

**11.4** The Correctional Investigator, whose position is equivalent to a deputy head in the public service, is a full-time Governor in Council appointee. He is appointed for a term not exceeding five years and may be removed for cause by the Governor in Council. An incumbent is eligible for reappointment.

**11.5** The issues and practices we raise in this report relate primarily to the former Correctional Investigator, Mr. Ronald Stewart, who held the position for 26 years, from November 1977 to October 2003.

**11.6** An agency head (deputy head) has a significant leadership role. As chief executive officer, the agency head is responsible for the agency's work and its effective functioning, including overseeing human resources, finances, public affairs, and programs. The agency head is accountable to the responsible minister and to Parliament.

**11.7** The *Corrections and Conditional Release Act* confers on the Correctional Investigator “the control and management of all matters connected with the Office of the Correctional Investigator.” An order-in-council delegated to the former Correctional Investigator all of the Treasury Board’s powers and functions related to human resources management, on the condition that the Correctional Investigator would exercise such powers and perform such functions in accordance with Treasury Board practices. This means the OCI could have established its own human resources policies, practices, and systems but they would have had to be consistent with Treasury Board standards. However, the OCI did not establish any human resources policies, practices, and systems so is deemed to have made a decision to follow Treasury Board policies, practices, and systems.

**11.8** In February 2000, Parliament approved the OCI Supplementary Estimates of \$300,000 to address the OCI’s backlog of investigations, travel costs, and training, and to develop a case management tracking system. In February 2001, the OCI received \$115,000 that had been approved by Parliament for visits to federal penitentiaries and to review investigations. In October 2001, the government approved an increase to the OCI’s permanent funding for 2001–02, 2002–03, and 2003–04 in the amounts of \$849,000, \$955,000, and \$905,000 respectively. These additional funds were provided mainly so that the OCI could visit institutions, address issues related to specific offenders, and review investigations of inmate injuries and use of force. These additional permanent funds were conditional on the OCI developing and implementing a strategic corporate plan, which the OCI undertook.

**11.9** The Department of Public Safety and Emergency Preparedness Canada (PSEPC), formerly the Department of the Solicitor General, provides the OCI with financial and human resources services. PSEPC’s Finance Group records the OCI’s financial transactions, and approves and authorizes payments. PSEPC’s human resources staff maintain organizational charts, classify positions, process staffing actions, maintain leave balances, and process salary adjustments and annual leave (vacation) cash-out transactions.

#### **Focus of the audit**

**11.10** Our audit focused on human resources management practices, possible unreported leave, annual leave cash-out, and travel and hospitality expenditures with respect to OCI senior managers and the former Correctional Investigator. We also examined some of the financial and human resources services that PSEPC provided to the

OCI. The audit covered a six-year period from 1 April 1998 to 31 March 2004. Some transactions relating to annual leave were examined back to an earlier date. In addition, we examined some of the financial and human resources services PSEPC provided to two other small independent agencies.

**11.11** More details on the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this chapter.

## Observations and Recommendations

### Improper and questionable payments

**11.12** Our audit has determined that the former Correctional Investigator committed serious abuses and wrongdoing, some of which resulted in substantial personal benefit. We have identified improper payments totalling about \$198,000 and questionable payments of about \$127,000. These improper and questionable payments totalling \$325,000 are detailed in Exhibit 11.1 and explained in this chapter.

#### The former Correctional Investigator received unearned salary

**11.13** Government of Canada executives and full-time Governor in Council appointees are to work no less than an average of 37.5 hours per week on an annual basis. Executives and full-time Governor in Council appointees are not paid overtime.

**Exhibit 11.1** Improper and questionable payments to the former Correctional Investigator

Type of improper payments 1998–99 to 2003–04	Approximate amount
Unearned salary	\$83,000
Cash-out of annual leave	\$95,000
Non-business travel expenses claimed	\$7,000
Non-business hospitality expenses claimed	\$5,000
Purchase of computer equipment for non-business use	\$8,000
<b>Total improper payments</b>	<b>\$198,000</b>
Type of questionable payments 1990–01 to 1997–98	
Cash-out of annual leave	\$127,000
<b>Total payments</b>	<b>\$325,000</b>

**11.14** Our audit determined that the former Correctional Investigator was often absent from the OCI business premises during business days without being engaged in OCI business. He was not part of the OCI Senior Management Committee, rarely attended OCI meetings or functions, and rarely met with anyone on OCI business. We found little evidence that he worked or generated any work product. Senior managers and many employees said they never knew when the former Correctional Investigator would be on OCI premises. Despite having a government cellular phone, he was very difficult to reach when absent.

**11.15** Over the six-year audit period, we documented 319 business days when the former Correctional Investigator was absent from the OCI premises, and there was no evidence that he was engaged in any OCI business (Exhibit 11.2).

**Exhibit 11.2 Unreported absences of the former Correctional Investigator, 1998–99 to 2003–04**

Description of absences with no OCI business	No. of days
Summer residence	258
Travel to cities hosting Grey Cup championship	10
Other domestic travel	9
International travel	12
Annual winter holidays	15
Christmas holidays	15
<b>Total</b>	<b>319</b>

**11.16** The former Correctional Investigator earned 157 days of annual leave during the six-year audit period, which he did not report having taken. We deducted these days from the 319 days he was absent to arrive at a total of 162 days where he was absent, not working, and therefore receiving unearned salary. The unearned salary for those 162 days amounts to about \$83,000 (see paragraph 11.35 for our recommendation).

**The former Correctional Investigator generated little work product**

**11.17** For the purposes of this audit, we define “work product” as anything the former Correctional Investigator did or produced that related to OCI business. This includes such things as reports, memos, letters, notes or additions to files, emails, telephone calls, decisions, or comments that he prepared, worked on, signed or made, and any meetings he attended.

**11.18** Except for a few items of correspondence, some travel and hospitality claims, some budget approval forms, and the OCI's annual reports and departmental performance reports, we found that the former Correctional Investigator generated little work product in six years. Senior managers and employees who we interviewed could not recall ever receiving documents or other written information from the former Correctional Investigator about any meetings he may have attended off OCI premises during the audit period.

#### **Annual leave was improperly cashed out**

**11.19** The documents that Public Safety and Emergency Preparedness Canada's (PSEPC) human resources staff prepared and maintained relating to the former Correctional Investigator's leave balances show that he did not report taking a single day of annual leave during the six-year audit period (1998–99 to 2003–04). We also examined his leave records for previous years and found that he had not reported taking any annual leave from 1990–91 to 1997–98. For 14 years, the former Correctional Investigator did not report taking one day of annual leave.

**11.20** Periodically, PSEPC prepared and sent the former Correctional Investigator a leave balance statement that set out any leave taken during the year and balances to be carried over to the new fiscal year. The former Correctional Investigator did not report his absences to PSEPC, as required, to correct his annual leave balance. He accumulated annual leave, even though he was absent from the OCI premises without undertaking OCI business. In fact, when he requested a cash-out of his annual leave, he certified that the balance was correct.

**11.21** Executives and Governor in Council appointees are required to cash out unused annual leave that exceeds one year's annual leave entitlement. Every year, the former Correctional Investigator requested that PSEPC cash out his entire previous year's annual leave entitlement. We determined that the former Correctional Investigator improperly cashed out all 157 days of annual leave that he earned from 1998–99 to 2003–04, amounting to about \$83,000 in improper payments.

**11.22** We also determined that in May 1998, the former Correctional Investigator cashed out 25 days of annual leave, but PSEPC did not adjust his leave balance records to reflect this cash-out. In January 1999, he requested that PSEPC cash out these same annual leave days a second time. Consequently, he improperly received about \$12,000, bringing his total to \$95,000 for improper cash-out of annual leave (see paragraph 11.35 for our recommendation).

**Payments for cash-out of annual leave for earlier years were questionable**

**11.23** We examined leave records for earlier years. We found that the former Correctional Investigator did not report any annual leave, and cashed out all of his annual leave for 1990–91 to 1997–98. This amounted to about \$127,000. Although we did not audit the former Correctional Investigator’s absences during this earlier period, OCI employees and managers advised us that the former Correctional Investigator’s pattern of absences during this time was similar to the period we audited. We question the appropriateness of these earlier payments totalling \$127,000.

**11.24** PSEPC processed the former Correctional Investigator’s annual leave balance cash-out for 14 consecutive years without questioning or challenging the recurring requests (see paragraph 11.36 for our recommendation).

**Non-business travel expenses were claimed and reimbursed**

**11.25** The former Correctional Investigator claimed travel expenses for 16 trips during the audit period. We could not identify any OCI business conducted during 12 of those trips, and we have concluded that they were personal trips. He submitted travel claims and was reimbursed for ineligible travel expenditures totalling about \$7,000 for those 12 trips:

- five to cities hosting the Grey Cup championship,
- four to Kingston,
- one to Toronto,
- one to his high school reunion, and
- one to a Canadian Sports Hall of Fame dinner.

**11.26** For five consecutive years during the audit period, the former Correctional Investigator visited the city hosting the annual Canadian Football League championship (Grey Cup) game during the week of the game. On his OCI travel claims, he reported that he was in each city “to investigate inmate complaints.” We found no documentation to justify these business trips. The former Correctional Investigator could not provide or remember any details about which inmate complaints he investigated, who he met, or what OCI business he undertook. We could not find any work product associated with these trips.

**11.27** The former Correctional Investigator's flights to the cities hosting the Grey Cup championship were always booked months in advance. They were not booked through the government travel agent. Football Canada or the Canadian Football League made the reservations for some of the airline tickets and hotel accommodations. Some invoices were made out jointly to the former Correctional Investigator and Football Canada or the Canadian Football League. Despite that, PSEPC paid the invoices without challenging them. These trips took place during the regular OCI work week, resulting in 10 days of unreported leave.

**11.28** We could not find any letters, agendas, institutional reports, or notes related to four trips that the former Correctional Investigator took to Kingston and one he took to Toronto. Furthermore, senior managers were unaware of these trips and the former Correctional Investigator was unable to provide or remember details of the OCI business he conducted when travelling.

**11.29** The former Correctional Investigator also attended his high school reunion and a Canadian Sports Hall of Fame dinner, and billed both trips as OCI business. The OCI records do not show any invitation, information, or speech text indicating that the former Correctional Investigator was invited in his official capacity to attend or speak at these functions (see paragraph 11.35 for our recommendation).

### **Non-business hospitality expenses were claimed and reimbursed**

**11.30** Treasury Board policy allows public officials to extend hospitality in circumstances when it will facilitate government business or as a matter of courtesy. During the audit period, the former Correctional Investigator submitted hospitality claims for 80 occasions where he claimed he extended hospitality.

**11.31** We determined that on 58 of these occasions, the former Correctional Investigator entertained relatives, friends, and acquaintances. These occasions did not facilitate OCI or other government business. In our opinion, these 58 occasions did not warrant extending government hospitality and were personal. Therefore, about \$5,000 of ineligible expenses were reimbursed.

**11.32** The former Correctional Investigator not only signed his hospitality and travel claims as a claimant, but he also approved all of his own claims. This contravenes Treasury Board policy, which states that no one shall exercise spending authority concerning a payment

from which he or she can personally benefit, directly or indirectly. The former Correctional Investigator had the authority to approve expenditures under sections 33 and 34 of the *Financial Administration Act* (FAA), through the ministerial financial signing authorities (Schedule 1). However, this document specifically denies claimants the ability to approve their own claims. Nevertheless, PSEPC paid all these hospitality and travel claims without challenge, even though the claims did not have the appropriate approval signature (see paragraph 11.35 for our recommendation).

### **Computer equipment was purchased for non-business use**

**11.33** The former Correctional Investigator did not know how to use a computer, never used one at work, and did not have a computer in his office at the OCI; however, he authorized the purchase of two computer equipment systems (computer, software, monitor, and printer) for non-OCI business purposes. Members of his family used them. One system cost about \$5,000 and exceeded OCI specifications. The former Correctional Investigator gave instructions for this computer equipment to be purchased and picked up in another city, where one of his family members used it. Four months later, the OCI purchased a second computer system costing about \$3,000. The former Correctional Investigator took this computer system to his residence in Ottawa, where other members of his family used it.

**11.34** We found no evidence that the former Correctional Investigator used either computer system for OCI business. The two computer system purchases constitute improper expenditures and use of government assets, contravening the FAA and applicable Treasury Board policy.

**11.35 Recommendation.** The Office of the Correctional Investigator, the Treasury Board Secretariat, and the Privy Council Office should submit a report to Parliament setting out the actions that will be taken to identify and recover, where possible, any amount of money improperly paid out, as identified in this report, and the time frame for accomplishing these tasks.

**Each organization provided the same response.** Agreed. The Office of the Correctional Investigator, the Treasury Board Secretariat, and the Privy Council Office will submit a report to Parliament setting out the actions that will be taken to identify and recover money improperly paid out, and the time frame for accomplishing these tasks.



**11.36 Recommendation.** The Office of the Correctional Investigator, Public Safety and Emergency Preparedness Canada, and the Treasury Board Secretariat should review the questionable payments for cash-out of annual leave to the former Correctional Investigator for 1990–91 to 1997–98, to determine if the amounts paid out to him were warranted.

**Each organization provided the same response.** Agreed. The Office of the Correctional Investigator, in conjunction with the Treasury Board Secretariat and Public Safety and Emergency Preparedness Canada, will review the cash-out of annual leave to the former Correctional Investigator for 1990–91 to 1997–98.

**The former Correctional Investigator was frequently absent from the Office of the Correctional Investigator**

**11.37** In our observations of unearned salary and cash-out of annual leave, we documented 319 days when the former Correctional Investigator was absent from the OCI premises during business days, and was not undertaking OCI business (Exhibit 11.2). There was no justification for his absences. We could not find any record of visits to institutions, inmate investigations, meetings attended, or letters, notes, reports, or business telephone calls made during these absences. In addition, OCI senior managers and employees could not identify what OCI business the former Correctional Investigator undertook during these absences, nor could the former Correctional Investigator.

**11.38** The former Correctional Investigator spent the majority of his time from April to October each year at his summer residence, located on an island more than one and a half hour's drive from Ottawa. This summer residence had no electricity or land telephone line and was accessible only by boat. We determined that over the six-year audit period, the former Correctional Investigator spent 258 business days in the vicinity of his summer residence without conducting OCI business.

**11.39** We identified 19 days when the former Correctional Investigator was away during normal OCI business hours, in Kingston, Toronto, and in the cities hosting the Grey Cup championship. In addition, he took two international business trips where he stayed for an additional 12 days after concluding his OCI business. These were unreported absences.

**11.40** During most winters, the former Correctional Investigator was away on vacation for at least one week. He was also absent from the OCI premises during the Christmas holiday period. These unreported absences total 30 days.

**11.41** The former Correctional Investigator told us that he regarded his unreported absences as time-in-lieu of hours worked over and above the normal work week, on weekends, or for travel time. He said he had maintained records documenting his excess hours, but had disposed of the records a year after the end of his tenure at the OCI. He could not specify what work necessitated the excessive hours. We found no evidence that the former Correctional Investigator worked any of these excessive hours.

### Personal use of a government vehicle

**11.42** During the audit period, the former Correctional Investigator had a government vehicle that was dedicated to him, even though our audit determined business use of less than 10 percent annually. We found, however, that the former Correctional Investigator reported to PSEPC that about 85 percent of the vehicle use was OCI related.

**11.43** Personal use of an employer-supplied vehicle is a taxable benefit. PSEPC calculated the value of that taxable benefit yearly, based on information the former Correctional Investigator supplied. Our audit determined that from 1998–99 to 2003–04, the PSEPC calculations understated the value of the benefit because of the information the former Correctional Investigator provided. The taxable benefit during the six-year audit period was understated by at least \$28,000.

**11.44 Recommendation.** Public Safety and Emergency Preparedness Canada should review the basis on which it calculated the former Correctional Investigator’s taxable benefits for the use of the government vehicle. PSEPC should correct the amounts of taxable benefits it reported for all applicable years.

**Public Safety and Emergency Preparedness Canada’s response.** The Department relied on the information provided by the former Correctional Investigator to calculate the original taxable benefit amount and has no documentation on which to base a recalculation. The matter will be referred to the Canada Revenue Agency for any action deemed appropriate.

### Senior managers’ practices

**11.45** We reviewed senior managers’ leave records and determined that some senior managers carried over more than one year’s annual leave entitlement. Treasury Board policy and practice requires everyone to cash out annual leave balances exceeding established limits. Three senior managers had large annual leave balances. One senior manager accumulated more than 120 days of annual leave, far more than the 25 days of accumulated annual leave he was eligible to carry over according to Treasury Board policy.

**11.46** Public Safety and Emergency Preparedness Canada (PSEPC) informed the Office of the Correctional Investigator (OCI) periodically about the mandatory cash-out policy for each category of employee, and reported the excess annual leave balances of some senior managers. The former Correctional Investigator authorized his senior managers to carry over large annual leave balances; however, there was no justification for these decisions in OCI files.

**11.47** We are also concerned about the annual leave reporting and cash-out of annual leave by some senior managers. One senior manager did not report taking any annual leave for three consecutive years. Another senior manager waited until April 2002 to report his annual leave for July and August 2001, and only reported it after he was asked to do so. These two directors cashed out large annual leave balances when they retired in 2002.

**11.48** We reviewed the travel claims of senior managers for 2000–01 to 2003–04. We found that they documented and supported the business purposes of their trips, and the claims were reimbursed properly, according to the Treasury Board travel directive.

**11.49** We reviewed senior managers' hospitality claims. We found that senior managers made few claims, and that most were for OCI staff meetings. All the claims we reviewed complied with the Treasury Board hospitality policy.

## Human resources practices

### Human resources were poorly managed

**11.50** Although the Office of the Correctional Investigator (OCI), as a separate employer, has the authority to establish its own human resources policies, practices, and systems, it did not do so. Its human resources policies are required to be consistent with Treasury Board standards. We were informed by Treasury Board Secretariat officials that since OCI did not set its own human resources policies, practices, and systems, the separate employer is deemed to have made a decision to follow Treasury Board policies, practices, and systems. During the audit period, the former Correctional Investigator had been delegated by the Public Service Commission all staffing authority except for recruitment from outside the public service and executive staffing.

**11.51** The OCI's human resources management practices were poor. Many did not comply with Treasury Board policies and practices or meet the Public Service Commission's staffing values. We wish to emphasize that our concerns are with the actions and processes of the OCI and are not in any way a reflection on the performance, actions,

qualifications, or expertise of the OCI employees who were reclassified or promoted.

**11.52** Within a short period, half of the OCI employees were reclassified or promoted. Our review of classification files uncovered differences between what was reported in the departmental performance reports for Parliament, what was submitted to PSEPC for classification action, and what actually happened. For example, organizational charts that the OCI submitted to Public Safety and Emergency Preparedness Canada (PSEPC) in support of reclassifications were incorrect as the number of positions was overstated, responsibilities for some functions were shifted from one position to another, and reporting relationships were sometimes not properly reflected. These elements can affect classification decisions by PSEPC and related staffing decisions by the Public Service Commission.

**11.53** The OCI staffing practices were also poor. While the OCI complained about the difficulty of finding qualified investigators, prior to 2002, it did not perform a wide search, and rarely ran competitions that were open to the greater public service or to the general public. When competitions were run, the successful candidate was frequently already working within the OCI on a casual, term, secondment, or on an interchange basis. We noted occasions where language and educational requirements for positions were established to match the profiles of candidates that were already identified.

**11.54** An example of questionable human resources practices involved the retroactive reclassification and staffing of three executive-level positions (EX 01) as directors of investigation. The questionable processes were characterized by unusually long periods of retroactivity (33 months in two cases and 18 months in the third). A reclassification of one position to a higher level with no changes to the original position description was made retroactive to the initial date of establishing the position. This resulted in an unusual two-level position increase for the incumbent. There was also a duplication of director positions (three incumbents for two ongoing positions). Unclear organizational charts were presented to the Public Service Commission for staffing purposes. While OCI indicated that it had created a third director position for succession planning and transition purposes, the reason for such an extended overlap period (18 months) was not apparent. Throughout, the OCI was not transparent in its dealings with the Public Service Commission for the staffing of these reclassified positions.

**11.55** In addition, all three employees appointed to these executive positions were retroactively granted the maximum performance pay for

fully satisfactory performance. The first two received retroactive performance awards for three years, and the third one for two years. However, there were no performance agreements and appraisals, as required under Treasury Board policies and practices, to justify these performance awards.

**11.56** We believe that PSEPC, as the human resources service provider, had a duty to challenge some of the problematic human resources practices at OCI. However, it simply processed whatever it received from the former Correctional Investigator without challenging it.

**11.57 Recommendation.** Public Safety and Emergency Preparedness Canada should certify and process only human resources and staffing actions that comply with Treasury Board and Public Service Commission policies and practices.

**Public Safety and Emergency Preparedness Canada's response.** Agreed. The Department will only certify and process staffing actions that are consistent with the Office of the Correctional Investigator's (OCI) Appointment Delegation and Accountability Instrument, and OCI staffing policies. Where there are no OCI policies, Treasury Board and Public Service Commission policies that are relevant will apply.

#### **The former Correctional Investigator authorized improper payments**

**11.58** Treasury Board policies provide for overtime payments for non-unionized and non-management employees. We were advised that the OCI did not normally compensate employees for working excessive hours. However, for many years, the OCI provided investigators with an additional week off as compensation for excessive hours worked. The OCI did not appropriately manage overtime as managers did not pre-approve overtime or record and track overtime, as required by Treasury Board policy and practices.

**11.59** A surplus from the OCI's appropriations was available for 1999–2000, 2000–01, and 2001–02, and therefore the former Correctional Investigator authorized a payment to all full-time, non-management employees. OCI requested these payments as overtime and PSEPC recorded them as such. The OCI determined an amount to be paid out and divided those funds equally among all non-management employees, with the exception of two directors. In 2000, the two directors, who were not considered managers at the time, received double what the other employees received. However, when the two directors were promoted to the executive level, these amounts were deducted from their retroactive salary for the

reclassification to the executive level. The OCI improperly paid out to employees (as overtime payments) \$139,000 in 2000, \$30,000 in 2001, and \$94,000 in 2002, for a total of more than \$260,000 over the three-year period.

**11.60** The OCI officials had to manipulate calculations to make sure that each employee received about the same amount of money recorded as overtime, despite the differences in their job classifications and salary scales. The former Correctional Investigator signed letters requesting and approving the processing of the payments as overtime.

**11.61** The OCI did not maintain employee overtime records. Several OCI employees told us that they did not work overtime or did not work the amount of overtime for which they were paid. Other employees thought the payments were bonuses. These payments contravened the *Financial Administration Act* because they were not associated with actual overtime worked and it cannot be verified that the payments were made to eligible recipients. We could not determine any legitimate reason for the payments.

**11.62** As the human resources service provider that processed the overtime payments, PSEPC had a duty to challenge or make inquiries into the peculiarity of almost identical overtime payments to all the non-management employees (see paragraph 11.35 for our recommendation).

**11.63 Recommendation.** The Office of the Correctional Investigator (OCI), Public Safety and Emergency Preparedness Canada, and the Treasury Board Secretariat should immediately ensure that the OCI has an effective management control framework in the key areas of financial management and human resources management.

**Office of the Correctional Investigator's response.** Agreed. Since the appointment of the current Correctional Investigator, the Office of the Correctional Investigator undertook, in consultation with the Treasury Board Secretariat (TBS) and Public Safety and Emergency Preparedness Canada, an extensive initiative to modernize the Office's management practices and the implementation of more effective internal control mechanisms. The modernization of the Office included a complete review of its governance structure, financial and human resource management framework, and a re-examination of performance measurement and reporting requirements consistent with government-wide TBS initiatives. The Office has sought third-party independent advice on the adequacy of its current internal control mechanisms.

**Public Safety and Emergency Preparedness Canada’s response.**

Agreed. Public Safety and Emergency Preparedness Canada (PSEPC) will provide advice and assist OCI in establishing more effective management practices and control mechanisms. In exercising section 33 authority, PSEPC financial officers will ensure the adequacy of section 34 account verification and ensure that it is being properly and conscientiously followed.

**Treasury Board Secretariat’s response.** Agreed. The Treasury Board and its Secretariat provide general oversight, not day-to-day supervision or control, of departments. Ministers are accountable for respecting Treasury Board financial and administrative policies and, in turn, all deputy heads, including the Correctional Investigator, are expected to follow Treasury Board financial management policies. Bill C-2, The Federal Accountability Act, should it come into force, will reinforce the responsibilities and accountabilities of deputy heads, as “Accounting Officers,” in such areas as compliance with government policies, internal control, and signing departmental accounts. In addition, the Federal Accountability Action Plan has mandated a senior committee of deputy ministers to strengthen and streamline Treasury Board financial management policies. This includes an effective financial management control framework. The Treasury Board Secretariat will work with Public Safety and Emergency Preparedness Canada and the Office of the Correctional Investigator to ensure financial management roles and accountabilities are clearly understood.

As a separate agency, however, accountability for human resource management rested solely with the Correctional Investigator. Neither the Treasury Board Secretariat nor the Public Service Human Resources Management Agency of Canada (PSHRMAC) had the authority or accountability to oversee the human resource practices of the OCI. However, PSHRMAC is available to provide advice and guidance to OCI to set up an effective human resources management framework.

**Comptrollership and management****The former Correctional Investigator failed to provide effective oversight**

**11.64** Senior managers and employees told us that the former Correctional Investigator was frequently absent from the office and not very committed to the Office of the Correctional Investigator’s (OCI) mandate. They stated that the former Correctional Investigator had little impact on OCI’s day-to-day operations.

**11.65** Senior managers and employees consulted with the former Correctional Investigator infrequently, since it was difficult to know

when he would be at the OCI office. Files that required action by the former Correctional Investigator often remained unattended for long periods.

**11.66** According to the current and former employees we interviewed, morale at the OCI was very poor. Investigators complained about unduly heavy workloads, which were supposed to be relieved by the hiring of new investigators. Employees told us their work environment was difficult and they received little direction, support, or help.

**11.67** As a result of the former Correctional Investigator's absences and his inaction, it is our opinion that the former Correctional Investigator did not direct or oversee the organization properly and the OCI functioned for years without appropriate management from its agency head.

#### **The Executive Director's role**

**11.68** The Executive Director of the Office of the Correctional Investigation (OCI) is the most senior public service executive in the organization. He manages the day-to-day operations of the OCI. As a result of the former Correctional Investigator's absences and inaction, the Executive Director was left to assume most of the agency head's responsibilities.

**11.69** All managers in the government are trustees of public resources. Financial management is an integral element of overall management and is not only the concern of financial specialists. Managers have to ensure that transactions comply with the *Financial Administration Act* (FAA), applicable Treasury Board policies, and support government business. When delivering federal programs and services, all managers have a duty to ensure that they do so with prudence and probity.

**11.70** The Executive Director was aware of the former Correctional Investigator's absences, some of the annual leave cash-out, and the travel claims being submitted in relation to Grey Cup trips. Further, he was aware of all the overtime payments and was involved in some of the human resources reclassifications and staffing actions. The Executive Director took no action to stop these activities.

**11.71** The Executive Director had no role in authorizing the former Correctional Investigator's improper expenditures or approving his conduct. He did not request or approve of the improper overtime payments. He advised us that he indicated to the former Correctional Investigator that the overtime payments were not appropriate.



The Executive Director did not personally benefit from any of these inappropriate transactions.

**11.72** The Executive Director had a duty to take timely measures to advise senior government officials of his concerns or suspicions about improper expenditures and inappropriate activities in his organization. He could have advised the Deputy Comptroller General or other officials of the Treasury Board Secretariat, the Deputy Minister or Minister of Public Safety and Emergency Preparedness Canada (PSEPC), or officials of the Privy Council Office.

**11.73** Within departments and agencies, the senior financial officer has certain important financial responsibilities, including ensuring that transactions and payments comply with the FAA and are handled with prudence and probity. The Treasury Board Policy on Responsibilities and Organization for Comptrollership states that where the senior financial officer is convinced that an action his or her deputy head is proposing is inappropriate or illegal, he or she must make every effort to persuade the deputy head to follow a different course, including seeking the opinion and advice of the Deputy Comptroller General.

**11.74** While the Executive Director signed for many years as the senior financial officer of OCI on the representation letters accompanying the financial statements of the organization for the Public Accounts of Canada, he advised us that he was never the senior financial officer. He thought that function was performed by a PSEPC official.

**11.75** It is not clear who was assuming the position and functions of the senior financial officer at the OCI. Documentation in 2004 reflects some confusion or uncertainty among Treasury Board, PSEPC, and OCI as to who was the designated senior financial officer for the OCI. In that year, the Executive Director stopped signing as the senior financial officer. For 2003–04 to 2005–06 there has been no designated senior financial officer for the OCI.

**11.76** In our opinion, as the most senior public servant in the organization, the Executive Director had a responsibility to alert government officials in a timely manner about inappropriate financial transactions in his organization and the poor conduct of the former Correctional Investigator. The Executive Director told us that the work habits of the former Correctional Investigator were a source of difficulty for him in the discharge of his own operational role, but he felt unable to effect any change. He further told us that he had informed certain senior officials at the highest levels of PSEPC. In our view, the relating

of this information did not constitute action because it was either not timely or not sufficiently detailed to warrant action by PSEPC.

**11.77 Recommendation.** The Treasury Board Secretariat should ensure that every small independent organization has a senior financial officer formally designated and appropriately trained on his or her responsibilities and duties.

**Treasury Board Secretariat's response.** Agreed. As noted in our response to the recommendation at paragraph 11.63, Treasury Board financial management policies are being reviewed by a senior committee of deputy ministers. This review includes the consideration of a new Chief Financial Officer Model for the Government of Canada, including their appointment, competencies, responsibilities, and accountabilities. In the meantime, the current Treasury Board Policy on Responsibilities and Organization for Comptrollership requires deputy heads of all organizations, including the Office of the Correctional Investigator, to designate a senior financial officer having a direct reporting relationship to the deputy head.

**11.78 Recommendation.** The Treasury Board Secretariat should advise and consult with management of small independent agencies to ensure that they fully understand their responsibilities if they become aware of inappropriate activities by the head of their agencies.

**Treasury Board Secretariat's response.** Agreed. The Treasury Board Secretariat will work with small departments and agencies to ensure that the roles and accountabilities of senior financial officers under the current policy are clearly understood. This includes the steps that should be taken when the senior financial officer believes the actions of the deputy head place the department at risk or violate the spirit or form of legislation or policy.

**Public Safety and Emergency Preparedness Canada did not properly fulfill its responsibilities to the Office of the Correctional Investigator**

**11.79** The OCI relies on PSEPC to provide financial and human resources services. Among the financial services PSEPC provides the OCI is the certification of financial transactions under section 33 of the FAA, thereby authorizing payments on behalf of the OCI. In discharging this responsibility, PSEPC officials have a duty to ensure that all OCI transactions comply with the FAA and applicable Treasury Board policies. This includes their duty to challenge any questionable expenditure and not to authorize payments that do not comply with the FAA and Treasury Board policies.

**11.80** Furthermore, because PSEPC provides human resources services to OCI, in our opinion, PSEPC officials have a duty to ensure that human resources management and staffing practices comply with applicable Treasury Board and Public Service Commission policies and practices. PSEPC needed to obtain the appropriate written justification for any variance in OCI's application of these policies and practices. PSEPC officials also have a duty to challenge any questionable human resources practice.

**11.81** According to Treasury Board policy and the signing authority delegation, the former Correctional Investigator was not authorized to approve his own travel and hospitality expenditures. PSEPC is required to ensure that someone with the necessary approval authority, other than the person submitting a claim, certifies that the expenditures are proper and eligible to be reimbursed. PSEPC officials were required to review and challenge the former Correctional Investigator's travel and hospitality claims and annual leave cash-outs, to satisfy themselves that those expenditures were legitimate government expenditures.

**11.82** We believe PSEPC had a duty to challenge some of the questionable human resources management and staffing practices at the OCI. PSEPC processed, without question

- the reclassification of OCI employees,
- the requests for employees to carry over excess annual leave, and
- the yearly requests for almost identical overtime payments to all full-time non-management employees.

Further, PSEPC was required to decline authorizing payments for transactions that appeared questionable or non-compliant with the FAA.

**11.83** PSEPC officials told us their role was not to challenge OCI expenditures, job reclassifications, or staffing methods or practices. They considered their role simply to supply services to the OCI. Therefore, they did not challenge any of the former Correctional Investigator's actions or decisions, even when they believed they were wrong or inappropriate. PSEPC officials certified and therefore approved all OCI expenditures, staffing, and classification requests because the agency head of the OCI submitted or authorized them. The PSEPC officials stated that the former Correctional Investigator was responsible for his own budget and was accountable for OCI's expenditures and staffing. Therefore, they did not challenge his actions and decisions regarding the finances or human resources of his agency.

**11.84** In our opinion, PSEPC officials did not properly fulfill their responsibilities to provide human resources and financial services as they did not challenge but instead approved questionable or inappropriate transactions of the OCI. Therefore, they did not take reasonable and prudent actions as government employees to stop or prevent improper activities at the OCI and failed to report concerns or suspicions to appropriate government officials. PSEPC officials could have reported their concerns to senior officials of the Treasury Board, the Public Service Commission, or the Privy Council Office.

**11.85** We expected PSEPC and OCI to have reached a common understanding about the financial and human resources services PSEPC supplies to the OCI, the standards those services have to meet, and the roles and responsibilities of each party. This was not the case.

**11.86 Recommendation.** Public Safety and Emergency Preparedness Canada should take greater care in fulfilling its role in supplying financial and human resources services. The Department should challenge and, if necessary, refuse to process financial or human resources requests that do not comply with applicable Treasury Board policies and practices and the *Financial Administration Act*.

**Public Safety and Emergency Preparedness Canada's response.**

Agreed. The Department has issued a directive to its human resources (HR) personnel that states that, as HR service providers, their role is to ensure that the advice and services provided to each agency respect the legislative, policy, and regulatory context as well as public service values and ethics, collective agreements, staffing values, and best practices. It has also taken steps to ensure that its financial officers are informed of their respective responsibilities related to the provisions of financial services.

**11.87 Recommendation.** The Office of the Correctional Investigator should enter into a signed Memorandum of Understanding with Public Safety and Emergency Preparedness Canada (PSEPC). This agreement should specify the financial and human resources services PSEPC will supply, the service standards that should be met, and the roles and responsibilities of each party.

**Organizations' response.** The Office of the Correctional Investigator (OCI) and Public Safety and Emergency Preparedness Canada will enter into a Memorandum of Understanding (MOU), which outlines each organization's role and responsibilities, as well as the finance, human resources, information management/information technology, and security services to be provided. The OCI has sought third-party

independent advice on this MOU. This will provide further assurance that this new MOU best responds to this important recommendation of the Auditor General.

**Public Safety and Emergency Preparedness Canada did not properly fulfill its responsibilities to two other small independent agencies**

**11.88** During our audit, we learned that PSEPC provides similar financial and human resources services to two other small independent agencies. We therefore examined the way in which it provided these services to them. We determined PSEPC provided the services in the same way as it did for the OCI. PSEPC procedures and practices are supplied in the same manner for all three organizations. We are not implying abuses or wrongdoing in these two other agencies. Our concerns relate to PSEPC and its procedures and practices in providing financial and human resources services to other organizations.

**11.89** PSEPC officials process the financial and human resources services for these two other agencies without challenging any of the transactions. PSEPC officials again advised us that heads of these agencies are responsible and accountable for their own funds, and for human resources management and staffing activities in their organizations. PSEPC officials said it is not their role to question those decisions. PSEPC officials certify and therefore approve the expenditures of the two agencies under section 33 of the FAA, without ensuring that the funds have been expended appropriately before payments are issued. Furthermore, PSEPC did not challenge the reclassifications or staffing activities of these two agencies.

**11.90** In our opinion, PSEPC is not properly fulfilling its responsibilities to these two agencies for financial and human resources services, since the Department takes no actions to ensure that such services comply with the FAA or applicable Treasury Board and Public Service Commission policies and practices.

**11.91** We expected PSEPC and each of these other two small independent agencies to have reached a common understanding about the financial and human resources services PSEPC is expected to supply, the service standards it is to meet, and the roles and responsibilities of each party. This was not the case.

**11.92 Recommendation.** The Treasury Board Secretariat should reinforce existing guidelines on the responsibilities and accountabilities of service providers.

**Treasury Board Secretariat and Privy Council Office provided the same response.** Agreed. Legislation and current Treasury Board policies outline certain requirements relating to the provision of services to others and the exercising of duties. The Treasury Board Secretariat (TBS) will review current guidance to determine if revisions are required. In addition, the TBS will work with departments and agencies to provide a better understanding of these responsibilities and accountabilities to reduce the likelihood of similar incidents occurring in the future. The TBS will also remind departments and agencies of the need for Memoranda of Understanding when services are provided to or for others. Finally, the TBS will work with the Privy Council Office to update management and financial accountabilities for the *Guide Book for Heads of Agencies* should Bill C-2, the Federal Accountability Act, come into force.

**11.93 Recommendation.** Public Safety and Emergency Preparedness Canada (PSEPC) should enter into a Memorandum of Understanding with each of the other two small independent agencies to which it provides financial and human resources services. These agreements should specify the financial and human resources services PSEPC will supply, the service standards that should be met, and the roles and responsibilities of each party.

**Public Safety and Emergency Preparedness Canada's response.** Agreed. PSEPC and the two agencies will enter into Memoranda of Understanding that will outline each organization's role and responsibilities as well as the finance, human resources, information management/information technology, and security services to be provided.

#### **Central agencies did not adequately oversee independent agencies**

**11.94 Accountability and oversight.** The Privy Council Office's *Guide Book for Heads of Agencies* (1999) requires the minister's office and the Senior Personnel Secretariat at the Privy Council Office to be informed about any situation or issue involving a Governor in Council appointee. The *Guide* explains that a deputy minister is responsible for overseeing the small agencies within a ministerial portfolio.

**11.95** However, the *Guide* notes the sensitive nature of the relationship between independent government agencies and the minister responsible for them. An agency must maintain its independence while discharging its mandate, and at the same time act in accordance with government policies and the public interest. Furthermore, because of this need for independence, the expectations for a deputy minister's oversight of

small independent agencies are unclear. The independence issue may discourage both deputy ministers and ministers from intervening, resulting in a lack of oversight of these agencies.

**11.96** Privy Council Office officials advised us that there are 38 government organizations that they categorize as independent organizations. We learned that the Privy Council Office does not monitor heads of independent agencies.

**11.97** We found considerable gaps in the information available to agencies about accountability and oversight. The Privy Council Office's *Guide* does not adequately explain accountability for management responsibilities (such as finance and human resources). The roles and responsibilities of deputy heads are not clear.

**11.98** The Privy Council Office, the Treasury Board Secretariat, and the Public Service Commission all provide considerable written guidance about the behaviour they expect of deputy heads. The former Correctional Investigator told us he received the booklet entitled *Terms and Conditions of Employment for Full-Time Governor in Council Appointees*. However, he said he never received any advice about his responsibilities or the expectations of the Privy Council Office, Treasury Board Secretariat, or the minister or department responsible for the OCI.

**11.99 Recommendation.** The Privy Council Office, in consultation with the Treasury Board Secretariat, should clearly establish the accountability of the heads of small independent agencies on matters related to financial management and human resources management.

**Privy Council Office's response.** Agreed. The Privy Council Office will revise its *Guide Book for Heads of Agencies*, which sets out the role of heads of agencies with respect to operations, structures, and responsibilities in the federal government, including a section on the exercise of their responsibility and accountability as defined by statute and by convention. These revisions will provide more details on agency heads' accountability for the management of their organization and clarify their roles and responsibilities as deputy heads.

**11.100 Recommendation.** The Privy Council Office should ensure that it appropriately advises and trains full-time Governor in Council appointees about their expected standards of conduct as holders of public office.

**Privy Council Office's response.** Agreed. The Privy Council Office will provide more detailed information when advising appointees, prior

to their appointment, of the conflict of interest rules and other standards of conduct that apply to them. Upon appointment, appointees are contacted by the Office of the Ethics Commissioner to discuss any concerns they may have with respect to their office. The Privy Council Office will provide further written advice to appointees on these matters, following their appointment.

In addition, the section in the *Guide Book for Heads of Agencies* that explains how public service values and probity apply to them will be enhanced to provide more detailed advice. Also, the booklet entitled *Terms and Conditions of Employment for Full-Time Governor in Council Appointees* will be amended by adding a section on standards of conduct.

The Canada School of Public Service provides formal orientation and training sessions for heads of agencies. It is proposed that such training become mandatory for heads of agencies. Individual sessions with Treasury Board Secretariat and Privy Council Office officials, which are currently available upon request, will be provided to agency heads upon their appointment.

**11.101 Performance awards.** The Privy Council Office did not formally review or appraise the performance of the former appointed heads of the three small independent agencies because of the need to respect their independence. Instead, these appointees automatically received annual lump sum performance awards in recognition of their management responsibilities. We were informed by Privy Council Office officials that since April 2001, full-time Governor in Council appointees identified as requiring independence are classified as GCQ and stopped receiving a performance award as it was incorporated in their salary. However, some incumbents, including the former Correctional Investigator, whose total cash compensation exceeded the maximum of the GCQ salary range, were not converted to the new pay structure. Therefore, the former Correctional Investigator continued to receive his salary and annual performance awards.

**11.102** From April 1998 to April 2003, the former Correctional Investigator received a total of about \$41,000 in performance awards in addition to his salary, notwithstanding his frequent absences from OCI work premises and lack of work product.

**11.103** We appreciate that the Privy Council Office does not wish to compromise the independence of independent agencies. However, before granting a performance award or re-appointing an incumbent, the Privy Council Office needs to conduct some review to ensure that



the head of any small independent agency has performed managerial and administrative functions properly. Our review of Privy Council Office personnel files of former heads of the three small independent agencies we examined contained no information that supported decisions to grant them performance awards or to re-appoint them.

**11.104 Audit, monitoring, and evaluation.** The Public Service Commission delegates staffing authority to deputy heads through formal agreements. Until 2003, the Public Service Commission relied on self-reporting to ensure accountability. Since then, the Public Service Commission has started to develop a more rigorous, risk-based approach to assessing organizations, supported by an active audit function. However, this function has limited capacity to audit all the organizations that have delegated authority.

**11.105** The Treasury Board is the government's management board. As outlined in the FAA, the Treasury Board acts on all matters relating to administrative policy, financial management, expenditure plans, programs and priorities of departments, human resources management, and other issues related to the prudent and effective use of public resources to support government objectives. The Treasury Board may make regulations and require reports from departments and agencies.

**11.106** Each department and agency is expected to have an internal audit and program evaluation function, or to hire a contractor to perform it. We were informed by Treasury Board Secretariat officials that financial assistance and support was available to small agencies to conduct audits and evaluations. However, these three small independent agencies did not avail themselves of this financial assistance and support. The OCI and the other two small agencies we examined do not have an internal audit and program evaluation function, and do not contract it out, leaving them more vulnerable to risks.

**11.107** From discussions with the Office of the Comptroller General, we learned that it has not undertaken any financial or performance audits of small agencies except for one.

**11.108 Recommendation.** The Treasury Board Secretariat should begin monitoring small independent agencies to assess the effectiveness of their management and financial control frameworks, and to ensure they comply with applicable Treasury Board policies and practices. The Treasury Board Secretariat should also conduct internal audits of small independent agencies.

**Treasury Board Secretariat's response.** Agreed. Small agencies, including the Office of the Correctional Investigator (OCI), are monitored through the Management Accountability Framework (MAF) exercise that establishes accountabilities between departments and agencies, including their deputy heads, and the Treasury Board Secretariat in relation to management and financial control frameworks. It should be noted that the human resources component of the MAF does not apply to separate agencies such as OCI.

The new Treasury Board Policy on Internal Audit that came into effect in April 2006 has a particular focus on small departments and agencies. Under the policy, the Office of the Comptroller General will undertake internal audits of small departments and agencies. The first such audit has been launched. New protocols for internal audit services to small departments and agencies have been developed and financial assistance totalling \$27 million has been made available to all departments and agencies to build internal audit capacity.

**11.109 Recommendation.** The Treasury Board Secretariat and the Privy Council Office should ensure there is periodic monitoring of small independent agencies.

**Treasury Board Secretariat's response.** Agreed. Small independent agencies are monitored through the Management Accountability Framework (MAF) exercise. The human resources component of the MAF does not apply to separate employers such as the Office of the Correctional Investigator. However, the Public Service Human Resources Management Agency of Canada (PSHRMAC) does monitor management of departmental performance management programs for executives in all departments and agencies that form part of the core public service. As well, the PSHRMAC is completing a classification monitoring exercise in which classification programs in a sample of 13 small departments and agencies were monitored. These monitoring programs are ongoing, but do not extend to separate employers. Finally, the Treasury Board Policy on Internal Audit provides for closer monitoring of small departments and agencies through audits undertaken by the Office of the Comptroller General.

**Privy Council Office's response.** The Privy Council Office will be informed of any anomalies identified through this monitoring, as outlined in the Treasury Board Secretariat's response, concerning heads of agencies appointed by the Governor in Council.

### **Special leave, management leave, and cash-out policies are unclear**

**11.110** The policy and guidelines concerning special leave for full-time Governor in Council appointees, such as the former Correctional Investigator, are unclear, leaving room for abuse. It is also unclear who authorizes the cash-out of unused annual leave for full-time Governor in Council appointees, who are agency heads.

**11.111** Full-time Governor in Council appointees are allowed to take special leave with pay for reasons other than vacations or illness—for example, time in lieu of excessive hours worked.

**11.112** Full-time Governor in Council appointees apply to their deputy head for special leave with pay. This would be the case when there is more than one Governor in Council appointee in an organization. There are no guidelines about what constitutes excessive hours of work, nor any indication of who must approve the leave for heads of agencies. Granting significant additional leave effectively changes the compensation such people receive.

**11.113** In March 2004, the Office of the Auditor General raised the following four issues with the Privy Council Office and the Public Service Human Resources Management Agency (PSHRMAC). We asked them to clarify and act on these issues:

- lack of guidance concerning the use of special leave with pay;
- lack of clarity concerning authorities for approving special leave with pay, especially for full-time Governor in Council appointees who head agencies;
- inconsistent application of the cash-out policy for unused annual leave; and
- inconsistent or non-existent reporting of leave for senior officials.

**11.114** In March 2005, the PSHRMAC issued additional guidance for deputy heads regarding executives' use of special leave with pay. PSHRMAC and Treasury Board officials advised us that they are working toward a single integrated policy for all matters related to executives. The new policy and directives outlining administrative procedures are expected by the end of 2006–07.

**11.115** The Privy Council Office has not issued further guidance to agency heads on special leave, management leave, and cash-out policies. It indicated that this matter would be discussed in the near future by the Advisory Committee on Senior Level Retention and Compensation.

**11.116 Recommendation.** The Privy Council Office should issue clear guidelines on policies for full-time Governor in Council appointees, regarding management and special leave and cash-out of annual leave. The guidelines should specify who approves leave and cash-out of annual leave for Governor in Council appointees who are heads of departments and agencies. The Privy Council Office should monitor the way full-time Governor in Council appointees take management and special leave, and how they cash out their annual leave.

**Privy Council Office's response.** Agreed. Heads of agencies are responsible for managing leave and cash-out of annual leave of appointees within their organization. The Privy Council Office is developing guidelines that will provide guidance to deputy heads with respect to the approval, usage, and reporting of their own leave and cash-out of annual leave. This reporting requirement will serve as the basis for the monitoring of these matters.

## Conclusion

**11.117** We found abuses and wrongdoing at the Office of the Correctional Investigator (OCI). The former Correctional Investigator approved and directed certain improper payments and purchases, some of which resulted in substantial personal benefit. Improper payments to the former Correctional Investigator include payments for unearned salary, cash-out of annual leave, non-business travel and hospitality expenses, and purchase of computer equipment for non-business use. Improper payments to OCI employees were those that were recorded as overtime.

**11.118** We identified significant absences by the former Correctional Investigator during business days for which he did not report taking leave and no OCI work could be identified. The former Correctional Investigator did not properly fulfill his responsibilities.

**11.119** We determined that OCI senior managers' travel and hospitality claims from 2000–01 to 2003–04 were reimbursed in accordance with Treasury Board policies and directives. However, we have concerns about the annual leave reporting and cash-out of annual leave by some senior managers.

**11.120** We found that OCI human resources management practices were poor. Many did not comply with Treasury Board policies and practices or meet the Public Service Commission's staffing values.

**11.121** The Department of Public Safety and Emergency Preparedness Canada (PSEPC) did not fulfill its responsibility to provide adequate financial and human resources services to OCI, because it did not challenge questionable expenditures and problematic classification and staffing practices that the former Correctional Investigator had requested and approved.

**11.122** The Treasury Board Secretariat and the Privy Council Office did not adequately oversee the OCI to ensure it complied with applicable government policies and practices. It did not ensure the organization was well-managed, and therefore did not identify or stop the inappropriate activities.

**11.123** Several organizations receive certain administrative services from larger departments because of a lack of resources and capacity. In the absence of any oversight mechanism for 38 independent organizations, we believe that the government is exposed to an unnecessary level of risk of improper activities.

**11.124** We determined that PSEPC provides financial and human resources services to two other small independent agencies in the same manner as the services provided to OCI. We believe that the procedures and practices at PSEPC and at the three small independent agencies are not adequate to minimize the risk of inappropriate transactions. However, we emphasize that the abuses and wrongdoing identified in this chapter are applicable only to the OCI.

**11.125** In view of the concerns our audit of the OCI has raised, we are currently auditing the other two small independent agencies to which PSEPC provides financial and human resources services. That audit is focusing on comptrollership and senior management compensation, absences, cash-out of annual leave, travel and hospitality expenditures, and human resources practices.

**Office of the Correctional Investigator's overall response.** The Office of the Correctional Investigator (OCI) shares the concerns raised by the Auditor General's report, and is fully committed to do what is necessary to address each recommendation and ensure public confidence in this important federal institution.

The OCI fully agrees with the four recommendations of the Office of the Auditor General of Canada (OAG) specifically directed at the OCI. The OCI supports new initiatives and OAG recommendations that will enhance accountability and transparency of government agencies and departments. This Office has specifically indicated to all involved departments that it wishes to fully participate in the

development of government-wide enhanced accountability measures that will result in improved financial and human resource management. This Office will cooperate with efforts to identify and recover money improperly paid out, as recommended by the OAG.

It is important to note that during the six-year period audited, the Office fulfilled its legal mandate by responding to more than 40,000 offender complaints. The OCI staff conducted more than 16,000 individual interviews and spent more than 2,100 days visiting penitentiaries. It also reviewed almost 750 Correctional Service Canada investigative reports dealing with offender injuries or deaths.

Shortly after his appointment, the current Correctional Investigator was briefed by management on the findings of the Auditor General's audit of OCI human resource practices. Work then began to develop a number of initiatives to modernize and enhance the Office's administrative practices, including implementing more effective internal control mechanisms. The modernization of the Office has included a complete review of its governance structure, financial and human resource management framework, and a re-examination of performance measurement and reporting requirements consistent with government-wide TBS initiatives.

The key initiatives adopted by the current Correctional Investigator since his appointment to strengthen governance, financial management and accountability, human resources management, and performance measurement and reporting can be reviewed at our Internet site at [www.oci-bec.gc.ca](http://www.oci-bec.gc.ca).

## About the Audit

### Objective

The objective of our audit was to examine the practices and activities of the Office of the Correctional Investigator (OCI) senior managers and the former Correctional Investigator. We sought to identify, examine, and report any cases of questionable practices and suspected wrongdoing related to financial expenditures and human resources management. We wished to ascertain whether senior managers and the former Correctional Investigator

- were absent extensively, received proper salaries, and recorded and cashed out annual leave entitlements properly;
- submitted travel claims and expenses appropriately and were reimbursed in accordance with Treasury Board policy and directives;
- submitted hospitality claims appropriately and were reimbursed for these expenses in accordance with Treasury Board policy;
- submitted expenditures that were incurred in accordance with Treasury Board policies and with prudence and probity; and
- managed human resource staffing practices appropriately.

We also examined the financial and human resources services that Public Safety and Emergency Preparedness Canada (PSEPC), formerly the Department of the Solicitor General, provided to OCI. Our objective was to determine if the Department supplied the services in accordance with the *Financial Administration Act* (FAA), and in compliance with applicable Treasury Board Secretariat and Public Service Commission policies and practices, and with prudence and probity. Our audit objective also included determining whether the Treasury Board Secretariat, the Public Service Commission, and the Privy Council Office adequately oversaw the OCI.

### Scope and approach

The audit focused on the activities of OCI's senior managers and the former Correctional Investigator for the period from 1 April 1998 to 31 March 2004. Some transactions relating to annual leave were examined back to an earlier date. The audit did not examine the OCI program. In addition, we examined some of the financial and human resources services PSEPC provided to OCI.

We interviewed current and former senior managers and employees at OCI, as well as the former Correctional Investigator. We also interviewed employees of PSEPC, the Treasury Board, the Public Service Commission, and the Privy Council Office. We reviewed pertinent OCI, PSEPC, Treasury Board, Public Service Commission, and Privy Council Office records.

As a result of our findings, we extended the scope of this audit to review services PSEPC provided to two other small independent agencies. We also reviewed whether the Treasury Board Secretariat, the Public Service Commission, and the Privy Council Office adequately oversaw these two agencies.

## Criteria

The following criteria guided our audit work:

- Senior managers' salaries and cash-out of annual leave are governed by the FAA, government regulations and policies, and should be incurred with prudence and probity.
- Government regulations and policies govern the types of leave senior managers take, and these leaves are to be managed with prudence and probity.
- Senior managers should work the hours their terms and conditions of employment stipulate, and they should provide evidence of work performed during unreported absences from OCI business premises.
- Travel and hospitality expenditures are regulated in accordance with the FAA; government regulations policies, and directives; and should be incurred with prudence and probity.
- Human resources are managed in accordance with government regulations, policies and practices.
- Financial transactions are certified and processed in accordance with the FAA and Treasury Board policies, and with prudence and probity.

## Audit work completed

Audit work for this chapter was substantially completed on 17 August 2006.

## Audit team

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## Appendix List of recommendations

The following is a list of recommendations found in Chapter 11. The number in front of the recommendation indicates the paragraph where it appears in the chapter. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Organizations' responses
<b>Improper and questionable payments</b>	
<p><b>11.35</b> The Office of the Correctional Investigator, the Treasury Board Secretariat, and the Privy Council Office should submit a report to Parliament setting out the actions that will be taken to identify and recover, where possible, any amount of money improperly paid out, as identified in this report, and the time frame for accomplishing these tasks. (11.12–11.34)</p>	<p><b>Each organization provided the same response.</b> Agreed. The Office of the Correctional Investigator, the Treasury Board Secretariat, and the Privy Council Office will submit a report to Parliament setting out the actions that will be taken to identify and recover money improperly paid out, and the time frame for accomplishing these tasks.</p>
<p><b>11.36</b> The Office of the Correctional Investigator, Public Safety and Emergency Preparedness Canada, and the Treasury Board Secretariat should review the questionable payments for cash-out of annual leave to the former Correctional Investigator for 1990–91 to 1997–98, to determine if the amounts paid out to him were warranted. (11.23–11.24)</p>	<p><b>Each organization provided the same response.</b> Agreed. The Office of the Correctional Investigator, in conjunction with the Treasury Board Secretariat and Public Safety and Emergency Preparedness Canada, will review the cash-out of annual leave to the former Correctional Investigator for 1990–91 to 1997–98.</p>
<b>Personal use of a government vehicle</b>	
<p><b>11.44</b> Public Safety and Emergency Preparedness Canada should review the basis on which it calculated the former Correctional Investigator's taxable benefits for the use of the government vehicle. PSEPC should correct the amounts of taxable benefits it reported for all applicable years. (11.42–11.43)</p>	<p><b>Public Safety and Emergency Preparedness Canada's response.</b> The Department relied on the information provided by the former Correctional Investigator to calculate the original taxable benefit amount and has no documentation on which to base a recalculation. The matter will be referred to the Canada Revenue Agency for any action deemed appropriate.</p>

Recommendation	Organizations' responses
<p><b>Human resources practices</b></p> <p><b>11.57</b> Public Safety and Emergency Preparedness Canada should certify and process only human resources and staffing actions that comply with Treasury Board and Public Service Commission policies and practices. (11.50–11.56)</p> <p><b>11.63</b> The Office of the Correctional Investigator (OCI), Public Safety and Emergency Preparedness Canada, and the Treasury Board Secretariat should immediately ensure that the OCI has an effective management control framework in the key areas of financial management and human resources management. (11.50–11.62)</p>	<p><b>Public Safety and Emergency Preparedness Canada's response.</b> Agreed. The Department will only certify and process staffing actions that are consistent with the Office of the Correctional Investigator's (OCI) Appointment Delegation and Accountability Instrument, and OCI staffing policies. Where there are no OCI policies, Treasury Board and Public Service Commission policies that are relevant will apply.</p> <p><b>Office of the Correctional Investigator's response.</b> Agreed. Since the appointment of the current Correctional Investigator, the Office of the Correctional Investigator undertook, in consultation with the Treasury Board Secretariat (TBS) and Public Safety and Emergency Preparedness Canada, an extensive initiative to modernize the Office's management practices and the implementation of more effective internal control mechanisms. The modernization of the Office included a complete review of its governance structure, financial and human resource management framework, and a re-examination of performance measurement and reporting requirements consistent with government-wide TBS initiatives. The Office has sought third-party independent advice on the adequacy of its current internal control mechanisms.</p> <p><b>Public Safety and Emergency Preparedness Canada's response.</b> Agreed. Public Safety and Emergency Preparedness Canada (PSEPC) will provide advice and assist OCI in establishing more effective management practices and control mechanisms. In exercising section 33 authority, PSEPC financial officers will ensure the adequacy of section 34 account verification and ensure that it is being properly and conscientiously followed.</p> <p><b>Treasury Board Secretariat's response.</b> Agreed. The Treasury Board and its Secretariat provide general oversight, not day-to-day supervision or control, of departments. Ministers are accountable for respecting Treasury Board financial and administrative policies and, in turn, all deputy heads, including the Correctional Investigator, are expected to follow Treasury Board financial management policies. Bill C-2, The Federal Accountability Act, should it come into force, will reinforce the responsibilities and accountabilities of deputy heads, as "Accounting Officers," in such areas as compliance with</p>

Recommendation	Organizations' responses
	<p>government policies, internal control, and signing departmental accounts. In addition, the Federal Accountability Action Plan has mandated a senior committee of deputy ministers to strengthen and streamline Treasury Board financial management policies. This includes an effective financial management control framework. The Treasury Board Secretariat will work with Public Safety and Emergency Preparedness Canada and the Office of the Correctional Investigator to ensure financial management roles and accountabilities are clearly understood.</p> <p>As a separate agency, however, accountability for human resource management rested solely with the Correctional Investigator. Neither the Treasury Board Secretariat nor the Public Service Human Resources Management Agency of Canada (PSHRMAC) had the authority or accountability to oversee the human resource practices of the OCI. However, PSHRMAC is available to provide advice and guidance to OCI to set up an effective human resources management framework.</p>
<p><b>Comptrollership and management</b></p>	
<p><b>11.77</b> The Treasury Board Secretariat should ensure that every small independent organization has a senior financial officer formally designated and appropriately trained on his or her responsibilities and duties. (11.68–11.76)</p>	<p><b>Treasury Board Secretariat's response.</b> Agreed. As noted in our response to the recommendation at paragraph 11.63, Treasury Board financial management policies are being reviewed by a senior committee of deputy ministers. This review includes the consideration of a new Chief Financial Officer Model for the Government of Canada, including their appointment, competencies, responsibilities, and accountabilities. In the meantime, the current Treasury Board Policy on Responsibilities and Organization for Comptrollership requires deputy heads of all organizations, including the Office of the Correctional Investigator, to designate a senior financial officer having a direct reporting relationship to the deputy head.</p>
<p><b>11.78</b> The Treasury Board Secretariat should advise and consult with management of small independent agencies to ensure that they fully understand their responsibilities if they become aware of inappropriate activities by the head of their agencies. (11.68–11.76)</p>	<p><b>Treasury Board Secretariat's response.</b> Agreed. The Treasury Board Secretariat will work with small departments and agencies to ensure that the roles and accountabilities of senior financial officers under the current policy are clearly understood. This includes the steps that should be taken when the senior financial officer believes the actions of the deputy head place the department at risk or violate the spirit or form of legislation or policy.</p>

Recommendation	Organizations' responses
<p><b>11.86</b> Public Safety and Emergency Preparedness Canada should take greater care in fulfilling its role in supplying financial and human resources services. The Department should challenge and, if necessary, refuse to process financial or human resources requests that do not comply with applicable Treasury Board policies and practices and the <i>Financial Administration Act</i>. (11.79–11.85)</p>	<p><b>Public Safety and Emergency Preparedness Canada's response.</b> Agreed. The Department has issued a directive to its human resources (HR) personnel that states that, as HR service providers, their role is to ensure that the advice and services provided to each agency respect the legislative, policy, and regulatory context as well as public service values and ethics, collective agreements, staffing values, and best practices. It has also taken steps to ensure that its financial officers are informed of their respective responsibilities related to the provisions of financial services.</p>
<p><b>11.87</b> The Office of the Correctional Investigator should enter into a signed Memorandum of Understanding with Public Safety and Emergency Preparedness Canada (PSEPC). This agreement should specify the financial and human resources services PSEPC will supply, the service standards that should be met, and the roles and responsibilities of each party. (11.79–11.85)</p>	<p><b>Organizations' response.</b> The Office of the Correctional Investigator (OCI) and Public Safety and Emergency Preparedness Canada will enter into a Memorandum of Understanding (MOU), which outlines each organization's role and responsibilities, as well as the finance, human resources, information management/information technology, and security services to be provided. The OCI has sought third-party independent advice on this MOU. This will provide further assurance that this new MOU best responds to this important recommendation of the Auditor General.</p>
<p><b>11.92</b> The Treasury Board Secretariat should reinforce existing guidelines on the responsibilities and accountabilities of service providers. (11.79–11.91)</p>	<p><b>Treasury Board Secretariat and Privy Council Office provided the same response.</b> Agreed. Legislation and current Treasury Board policies outline certain requirements relating to the provision of services to others and the exercising of duties. The Treasury Board Secretariat (TBS) will review current guidance to determine if revisions are required. In addition, the TBS will work with departments and agencies to provide a better understanding of these responsibilities and accountabilities to reduce the likelihood of similar incidents occurring in the future. The TBS will also remind departments and agencies of the need for Memoranda of Understanding when services are provided to or for others. Finally, the TBS will work with the Privy Council Office to update management and financial accountabilities for the <i>Guide Book for Heads of Agencies</i> should Bill C-2, the Federal Accountability Act, come into force.</p>

Recommendation	Organizations' responses
<p><b>11.93</b> Public Safety and Emergency Preparedness Canada (PSEPC) should enter into a Memorandum of Understanding with each of the other two small independent agencies to which it provides financial and human resources services. These agreements should specify the financial and human resources services PSEPC will supply, the service standards that should be met, and the roles and responsibilities of each party. (11.88–11.91)</p>	<p><b>Public Safety and Emergency Preparedness Canada's response.</b> Agreed. PSEPC and the two agencies will enter into Memoranda of Understanding that will outline each organization's role and responsibilities as well as the finance, human resources, information management/information technology, and security services to be provided.</p>
<p><b>11.99</b> The Privy Council Office, in consultation with the Treasury Board Secretariat, should clearly establish the accountability of the heads of small independent agencies on matters related to financial management and human resources management. (11.94–11.98)</p>	<p><b>Privy Council Office's response.</b> Agreed. The Privy Council Office will revise its <i>Guide Book for Heads of Agencies</i>, which sets out the role of heads of agencies with respect to operations, structures, and responsibilities in the federal government, including a section on the exercise of their responsibility and accountability as defined by statute and by convention. These revisions will provide more details on agency heads' accountability for the management of their organization and clarify their roles and responsibilities as deputy heads.</p>

Recommendation	Organizations' responses
<p><b>11.100</b> The Privy Council Office should ensure that it appropriately advises and trains full-time Governor in Council appointees about their expected standards of conduct as holders of public office. (11.94–11.98)</p>	<p><b>Privy Council Office's response.</b> Agreed. The Privy Council Office will provide more detailed information when advising appointees, prior to their appointment, of the conflict of interest rules and other standards of conduct that apply to them. Upon appointment, appointees are contacted by the Office of the Ethics Commissioner to discuss any concerns they may have with respect to their office. The Privy Council Office will provide further written advice to appointees on these matters, following their appointment.</p> <p>In addition, the section in the <i>Guide Book for Heads of Agencies</i> that explains how public service values and probity apply to them will be enhanced to provide more detailed advice. Also, the booklet entitled <i>Terms and Conditions of Employment for Full-Time Governor in Council Appointees</i> will be amended by adding a section on standards of conduct.</p> <p>The Canada School of Public Service provides formal orientation and training sessions for heads of agencies. It is proposed that such training become mandatory for heads of agencies. Individual sessions with Treasury Board Secretariat and Privy Council Office officials, which are currently available upon request, will be provided to agency heads upon their appointment.</p>
<p><b>11.108</b> The Treasury Board Secretariat should begin monitoring small independent agencies to assess the effectiveness of their management and financial control frameworks, and to ensure they comply with applicable Treasury Board policies and practices. The Treasury Board Secretariat should also conduct internal audits of small independent agencies. (11.104–11.107)</p>	<p><b>Treasury Board Secretariat's response.</b> Agreed. Small agencies, including the Office of the Correctional Investigator (OCI), are monitored through the Management Accountability Framework (MAF) exercise that establishes accountabilities between departments and agencies, including their deputy heads, and the Treasury Board Secretariat in relation to management and financial control frameworks. It should be noted that the human resources component of the MAF does not apply to separate agencies such as OCI.</p> <p>The new Treasury Board Policy on Internal Audit that came into effect in April 2006 has a particular focus on small departments and agencies. Under the policy, the Office of the Comptroller General will undertake internal audits of small departments and agencies. The first such audit has been launched. New protocols for internal audit services to small departments and agencies have been developed and financial assistance totalling \$27 million has been made available to all departments and agencies to build internal audit capacity.</p>

Recommendation	Organizations' responses
<p><b>11.109</b> The Treasury Board Secretariat and the Privy Council Office should ensure there is periodic monitoring of small independent agencies. (11.104–11.107)</p>	<p><b>Treasury Board Secretariat's response.</b> Agreed. Small independent agencies are monitored through the Management Accountability Framework (MAF) exercise. The human resources component of the MAF does not apply to separate employers such as the Office of the Correctional Investigator. However, the Public Service Human Resources Management Agency of Canada (PSHRMAC) does monitor management of departmental performance management programs for executives in all departments and agencies that form part of the core public service. As well, the PSHRMAC is completing a classification monitoring exercise in which classification programs in a sample of 13 small departments and agencies were monitored. These monitoring programs are ongoing, but do not extend to separate employers. Finally, the Treasury Board Policy on Internal Audit provides for closer monitoring of small departments and agencies through audits undertaken by the Office of the Comptroller General.</p> <p><b>Privy Council Office's response.</b> The Privy Council Office will be informed of any anomalies identified through this monitoring, as outlined in the Treasury Board Secretariat's response, concerning heads of agencies appointed by the Governor in Council.</p>
<p><b>11.116</b> The Privy Council Office should issue clear guidelines on policies for full-time Governor in Council appointees, regarding management and special leave and cash-out of annual leave. The guidelines should specify who approves leave and cash-out of annual leave for Governor in Council appointees who are heads of departments and agencies. The Privy Council Office should monitor the way full-time Governor in Council appointees take management and special leave, and how they cash out their annual leave. (11.110–11.115)</p>	<p><b>Privy Council Office's response.</b> Agreed. Heads of agencies are responsible for managing leave and cash-out of annual leave of appointees within their organization. The Privy Council Office is developing guidelines that will provide guidance to deputy heads with respect to the approval, usage, and reporting of their own leave and cash-out of annual leave. This reporting requirement will serve as the basis for the monitoring of these matters.</p>

### Office of the Correctional Investigator's overall response

The Office of the Correctional Investigator (OCI) shares the concerns raised by the Auditor General's report, and is fully committed to do what is necessary to address each recommendation and ensure public confidence in this important federal institution.

The OCI fully agrees with the four recommendations of the Office of the Auditor General of Canada (OAG) specifically directed at the OCI. The OCI supports new initiatives and OAG recommendations that will enhance accountability and transparency of government agencies and departments. This Office has specifically indicated to all involved departments that it wishes to fully participate in the development of government-wide enhanced accountability measures that will result in improved financial and human resource management. This Office will cooperate with efforts to identify and recover money improperly paid out, as recommended by the OAG.

It is important to note that during the six-year period audited, the Office fulfilled its legal mandate by responding to more than 40,000 offender complaints. The OCI staff conducted more than 16,000 individual interviews and spent more than 2,100 days visiting penitentiaries. It also reviewed almost 750 Correctional Service Canada investigative reports dealing with offender injuries or deaths.

Shortly after his appointment, the current Correctional Investigator was briefed by management on the findings of the Auditor General's audit of OCI human resource practices. Work then began to develop a number of initiatives to modernize and enhance the Office's administrative practices, including implementing more effective internal control mechanisms. The modernization of the Office has included a complete review of its governance structure, financial and human resource management framework, and a re-examination of performance measurement and reporting requirements consistent with government-wide TBS initiatives.

The key initiatives adopted by the current Correctional Investigator since his appointment to strengthen governance, financial management and accountability, human resources management, and performance measurement and reporting can be reviewed at our Internet site at [www.oci-bec.gc.ca](http://www.oci-bec.gc.ca).



# Report of the Auditor General of Canada to the House of Commons—November 2006

## Main Table of Contents

**Matters of Special Importance—2006**  
**Main Points—Chapters 1 to 12**  
**Appendices**

### **An Overview of the Federal Government's Expenditure Management System**

- |                   |   |
|-------------------|---|
| <b>Chapter 1</b>  | Expenditure Management System at the Government Centre  |
| <b>Chapter 2</b>  | Expenditure Management System in Departments  |
| <b>Chapter 3</b>  | Large Information Technology Projects   |
| <b>Chapter 4</b>  | Proper Conduct of Public Business—Public Safety and Emergency Preparedness Agencies                                 |
| <b>Chapter 5</b>  | Relocating Members of the Canadian Forces, RCMP, and Federal Public Service   |
| <b>Chapter 6</b>  | Old Age Security—Human Resources and Social Development Canada and Service Canada                                   |
| <b>Chapter 7</b>  | Federal Participation in the British Columbia Treaty Process—<br>Indian and Northern Affairs Canada                 |
| <b>Chapter 8</b>  | Allocating Funds to Regulatory Programs—Health Canada   |
| <b>Chapter 9</b>  | Pension and Insurance Administration—Royal Canadian Mounted Police  |
| <b>Chapter 10</b> | Award and Management of a Health Benefits Contract—Public Works and Government<br>Services Canada and Health Canada |
| <b>Chapter 11</b> | Protection of Public Assets—Office of the Correctional Investigator   |
| <b>Chapter 12</b> | Role of Federally Appointed Board Members—Sustainable Development Technology Canada                                 |

