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EXECUTIVE SUMMARY

The current Director General (DG) of the Information Management Branch (IMB) came to the Department of Justice in July 2000. Following his review and analysis of IMB internal administrative processes, he contacted the departmental Internal Audit Division and requested an independent review of all IMB administrative processes in order to obtain a current status report and provide a corrective action plan to the recently hired Internal Services Manager.

IMB is one of the most important users of operational and maintenance dollars (O&M) in the Department of Justice, and spends more than \$4 million dollars in contracting professional services and purchasing equipment (excluding the Compaq and Security Guards contracts).

Generally speaking, IMB is proactive and implements new or improved processes to increase internal control and provide increased administrative support to all its directorates. The creation of the Internal Services Group composed of a manager and specialists (human resources (HR), procurement, finance) demonstrates the seriousness of IMB management in trying to centralize and standardize its internal administrative processes and providing central administrative support services to its directorates. At the time of our audit, some staffing activities for this new organizational unit were still occurring.

At the time of the audit we found that IMB's procurement practices and procedures were not always consistent with Treasury Board Secretariat (TBS) and Department of Justice policies and guidelines.

We did find that the finance, human resource management, and administrative processes in place were supporting IMB's operations. However, since there was no information available to identify the costs associated to these processes (no time reporting by process) we were unable to calculate their effective costs to determine whether they supported the economical use of resources.

Policies and Procedures

Central administrative policies and procedures exist (departmental and central governmental agencies) and are well documented and available on the Web or Intranet sites. However, our interviews revealed that users find it difficult to locate and search for specific topics and subject matter. They reported that searching is not intuitive. We also noticed that IMB has not customized any policies to provide clarifications and additional precision to its managers. Our review of the IMB Products/Services published on its Intranet site revealed that few policies and procedures were described on the site and that few administrative procedures are documented on the site. We were unable to locate a central repository for all IMB policies and procedures.

Human Resource Activities

Several staffing activities occur within IMB: hiring regular staff, term and casual employees, co-op students, and acting appointments. All these HR activities are supported by well documented central agency and departmental policies and procedures.

Most administrative assistants and managers reported that departmental rules and regulations concerning staffing are complex and that IMB did not provide any documented clarifications. Several managers reported not being sufficiently knowledgeable on staffing rules and specific policies/guidelines related to staffing different job types/classifications (casual, personal contract, term, or indeterminate). Procedures relating to each staffing action vary and are not well known by administrative assistants or managers. Following our audit work, we concluded that not all IMB managers and administrative assistants are aware and/or knowledgeable of existing departmental and central agency policies. These policies are difficult to find and rarely consulted. Consequently, staffing processes vary, are often inconsistent, and do not fully comply with established policies.

To assist IMB managers and administrative assistants, a HR coordinator was hired within the IMB Internal Services Group. The coordinator ensures the quality and completion of HR requests and work except staff relations issues. In addition, a Corporate Services Branch (CSB) HR specialist has been assigned to deal with IMB.

Our review revealed that as of May 24, 2001 IMB had 24 acting positions. Our analysis of interviews and current processes revealed that a common approach was not implemented in the

Branch to select, award, confirm, and control acting assignments. Managers do not have documented IMB guidelines. Finally, we observed that there are employees who have been in acting positions for a very long period. We also noticed that IMB is extremely slow in taking the necessary actions to staff the acting positions on a permanent basis.

IMB has inconsistent approaches and practices to hiring students. Each IMB directorate selects and hires its own students. In addition, IMB has not set standards for paying students. Salary offers differ depending on the IMB manager/supervisor making the offer.

Contracting

During the fiscal year 2000/2001, IMB approved 137 professional services contracts totalling \$2,367,000. Policies regulating the contracting process are described in the TBS Contracting Policy and Department of Justice Contracting for Services Manual. Our contract file review revealed that not all contract files contained the appropriate documentation (e.g. contract quality review forms, sole source justifications, proposals). As well, there is no standard process or template in place for developing a contract.

Our review of fiscal 2000/2001 contracts revealed that approximately 87 percent (120) of the contracts issued by IMB were for less than \$25,000 and that approximately 15 percent of the contracts (21) ranged between \$22,500 and \$25,000. The 21 contracts accounted for approximately 20 percent of the total amount of contracts issued by IMB in the fiscal year 2000/2001. We found some evidence that awarded contracts did not adhere to departmental guidelines for consecutive contracts.

Our file review revealed that sole source justifications for personal contracts are not always produced and not always included in the contract documentation folder. We found that when produced, sole source justifications were generally weak, the “emergency” clauses were used frequently, and that justifications lacked explanations. Since personal services contracts are not awarded through a competitive process, we were not able to determine whether or not IMB received the best value for their money. We were not able to determine whether the best candidate and/or rate was selected. Finally, the contract quality review form is not always completed and present in the contract file.

Government guidelines stipulate that any contract with a value greater than \$25,000 must be competitively awarded to a company based on specific evaluation criteria. Solicitations should be requested from several firms and the firm with the best value to the Crown should be awarded the contract. We reviewed 59 percent (10) contracts over \$25,000 and found some irregularities in some contracts: absence of requests for proposal, proposal evaluation summaries, or proposals received, and contract extensions that increased the contracting value in excess of \$25,000.

We found that three contractors have been with IMB for over 2 years, exposing the Department to the risk of creating an employer-employee relationship. There was one instance where an employer-employee relationship existed with a contractor and three other circumstances where specific long-term contractors and IMB were into a potential employer-employee relationship.

We noted that some IMB managers do not monitor the progression of contract amounts and schedules and that no formal system exists to tract IMB contracts.

Other Human Resources Administrative Processes

Many other HR-related administrative processes were reviewed. Some areas for improvement were identified and relevant recommendations have been made:

- Irregularities were noted with processes related to security clearance levels of employees and contractors.
- Procedures related to the arrival of new staff and contractors within IMB were not found to be efficient and well-documented procedures outlining administrative actions do not exist.
- The process for orienting new staff with departmental and IMB policies and procedures is not very effective. Orientation sessions are mainly limited to information available on the IMB Intranet site and informal coaching sessions provided by IMB staff and managers.
- Procedures related to the departure of staff require improvement. IMB has not developed its own departure process to ensure that all necessary actions are taken prior to the departure of the employee.
- Processes leading to entering data in the CSB HR PeopleSoft database do not appear to be reliable and lead to inaccurate data. At the time of the audit, a data correction process was in progress.

- Controls surrounding the leave administration system were found to be weak. We have no evidence of abuse but found controls to be questionable as the entire process is based on an honour system.
- The Department of Justice and IMB have not developed policies dealing with staff working at home. Managers do not have guidance or rules to assist them in determining who can or who cannot work at home.

Purchasing Processes

A comprehensive review of processes related to all purchasing activities was completed. Recommendations were produced in relation to the following observations:

- The IMB Intranet site contains a section entitled “How to order computer hardware”. It is not easy to know which hardware constitutes an approved hardware purchase, know which supplier was legitimately approved or which suppliers have standing offers. We recommended that the Intranet site be reviewed to ensure its information is sufficiently comprehensive.
- Administrative assistants are not fully knowledgeable of the finite purchasing details (hardware less than \$5,000) and mostly rely on information provided by their peers.
- The Financial Management Manual provides general credit card guidelines; IMB needs to clarify these guidelines and provide precision on specific acceptable / non acceptable operational practices.
- There is insufficient storage space for IMB hardware equipment that need to be stored before installation.
- Procedures related to disposal of hardware equipment are insufficient to ensure that equipment donated to schools or sent to Crown assets will have all information contained on hard disks and internal memory removed.
- Owners of valuable assets are not always identified, there are no guidelines in relation to the registration of servers, nor is there documentation on the inventory process.
- There is no purchase control system to assist in the control of purchase orders dealing with different assets, ordered from different suppliers, originating from different IMB divisions, and having different purchase orders.
- There is no one IMB staff responsible for managing the software licencing process (MS and non-MS software) and developing an internal policy on software licencing.

- There is no a comprehensive process related to the management, inventory, control, and monitoring of all software licencing.
- Formal measures have not been taken to ensure that a responsible staff person is assigned to creating and tracking an inventory list of all software products and software licences.

General Administration Processes

A comprehensive review of processes related to all general administration processes was completed. Recommendations were produced in relation to the following observations:

- There are no internal guidelines for IMB managers to assign floor space and sundry items to contractors.
- There is no formal process to assign, distribute, inventory, and recover all IMB assets that are loaned to employees.
- PeopleSoft, the corporate HR automated system, contains the possibility to register and keep a history of all training undertaken by IMB staff. Training information is incomplete and unreliable and processes need to be streamlined to ensure that data become more reliable and accurate.
- There were no guidelines on conference and seminar attendance, and no planning system for directorate and IMB-wide training needs.
- There is no standard filing system to be used throughout IMB and by all directorates.
- There is no inventory of all IMB common equipment nor is anyone assigned the responsibility for the maintenance and management of common equipment.

Financial Administrative Processes

A comprehensive review of processes related to all financial administration processes was completed. Recommendations were produced in relation to the following observations:

- There is no financial training plan for managers and administrative assistants.
- Petty cash practices are not supported by explicit IMB guidelines.
- Managers have a different understanding of DoJ hospitality expensing guidelines resulting in operational practices not always complying with DoJ guidelines.

- A new invoice payment process should be developed and implemented allowing managers to monitor all incoming invoices and budget expenses by controlling their own spending.
- IMB does not have a system/process that meets the requirements of CSB Finance and the Department's Financial Information Strategy (FIS) for tracking the value of assets exceeding \$10,000.

The management response to the recommendations contained in this report was provided by the Director General, Information Management, on July 3, 2002.

1. INTRODUCTION

The Information Management Branch (IMB) is responsible for the provision of information management and information technology (IM/IT) services to the Department of Justice. IM/IT is a key factor in how the Department communicates internally and with its clients, and how effectively it achieves its business objectives.

IMB's goal is to provide an IM/IT program that supports and enables the Department of Justice to improve access to justice, enhance public awareness, participate in international activities, improve service delivery, and contain costs.

There are four directorates related to information technology that report to the IMB Director General (DG).

The **Back Office** supports technology solutions utilized in the management and administration of the Department, including productivity tools for human resources and financial management and the Family Law Assistance Program.

The **Planning and Information Management Division** is leading the Department through an Information Management Renewal initiative that supports a drive to better manage the creation, organization, use, and preservation of the Department's information holdings, especially those in an electronic environment. The Division is also responsible for the renewal of the Department's records management function.

The **Front Office** provides IM/IT support to the Department's two principal business lines: legal services and policy. The focus of the Front Office is to continue developing its expertise in supporting client requirements through business analysis, systems integration, and technical support. Responsibilities are divided between the Practice Management Group and the Knowledge Management Group.

The **Informatics Services Division** (ISD) provides technical leadership, direction, and management to the Department for its IT infrastructure. Responsibilities are divided between IT Services and Engineering Services.

There are approximately 110 people in IMB. Each of the regions have their own information services group reporting to the Director General of the region. Regional information services do not report to IMB.

1.1 Background Information

The current DG of IMB came to the Department in July 2000. He reviewed the history of IMB administrative processes and analyzed the current situation regarding these processes in IMB. The DG then requested an independent review of all IMB administrative processes in order to obtain a current status and provide a corrective action plan for the recently created Internal Services Group. This group includes a manager and human resource (HR), procurement, and finance specialists. At the time of our audit, some staffing activities for this new organizational unit were still occurring.

The following factors led the DG to request this review:

- IMB is one of the most important users of operations and maintenance (O&M) dollars in the Department of Justice. Over a given year, IMB spends more than \$4 million dollars contracting professional services and purchasing equipment. In the fiscal year 2000-2001, the Branch's O&M spending was approximately \$2.3 million on professional service contracts and approximately \$2.1 million on material goods.
- In 1997, IMB lost its contracting authority due to abuse in contracting practices and non-compliance with established regulations. This authority was reinstated in 1999 following a detailed review of IMB's contracting processes and its acceptance to specific improvements in its administrative processes.
- An initial look at current contracting practices revealed that approximately 87 percent (\$1.3 million) of all the professional services contracts were for less than \$25,000. As well, several long-term contractors work for IMB.
- There was high turnover in administrative and clerical positions. The appropriateness of the hiring practices of clerical staff needed to be reviewed.
- The orientation process for new staff was either weak or non-existent.

- Only a few policies and procedures are documented for the five directorates. Processes vary within each directorate.

1.2 Audit Objectives

The audit objectives were to review and assess the extent to which:

- Procurement practices and procedures are consistent with Treasury Board Secretariat (TBS) and Department of Justice policies and guidelines;
- The finance, HR, and administrative processes in place support the effective and efficient management of IMB and the economical use of resources.

With respect to the last objective, there was no information available to identify the costs of the processes (no time reporting by process). Therefore, we could not calculate the costs of the processes in order to determine whether they supported the economical use of resources.

1.3 Audit Scope

The audit scope included:

- The activities undertaken by IMB's Front Office, Back Office, ISD, and the Planning and Information Management Division;
- All IMB operational activities (administrative processes) in the Front Office, Back Office, ISD, and the Planning and Information Management Division, but excluding:
 - the Library,
 - procurement issues related to the Branch's contract with Compaq,
 - regional activities.

The audit fieldwork was conducted between April and July 2001. The auditors conducted 34 interviews with IMB staff (directors, managers, administrative assistants and clerical staff). An additional six interviews were held with national headquarters representatives from departmental corporate services areas (financial representatives, procurement officer, contracting officer, human resource officer, loading dock manager).

To complete our understanding of IMB processes several documents were collected, read, and summarized. We corroborated specific information by validating and testing some administrative processes (using credit cards, hiring agencies and contractors).

2. POLICIES AND PROCEDURES

Policies related to finance and human resources have been thoroughly documented by TBS or Department of Justice corporate services groups. These policies are often written in general terms and need to be tailored to specific organizations and operational environments. We noticed that IMB has not customized any of the central agency policies to the needs of the Branch and has not provided specific instructions to its managers, staff, administrative assistants, and clerical staff.

Our review of the Department's Intranet sites led us to conclude that corporate policies and procedures were posted relating to HR, procurement contracting, and finance functions. Some policies could be found on the departmental Intranet site while others are located in the TBS or Public Works and Government Services Canada (PWGSC) Intranet sites. A review of the Products/Services section of the IMB Intranet site revealed that only a few policies and procedures were described on the site. Even though some policies exist on the site, they are difficult to locate and searching for them is not intuitive.

The departmental Financial Management Manual (FMM) located on the departmental Intranet site describes the policies/procedures for each subject identified in the table below. These policies/procedures are found specifically in the section and chapter noted:

ADMINISTRATIVE FUNCTION	SECTION OF THE FMM	SUBJECT
Finance–Chapter 8	Expenditure accounting and control	Subject 7–petty cash
	Expenditure accounting and control	Subject 13–individual travel cards
	Expenditure accounting and control	Subject 15–acquisition cards
Finance–Chapter 9	Specific payments	Subject 1–contracts, professional services
	Specific payments	Subject 4–temporary help
	Specific payments	Subject 5–hospitality
	Specific payments	Subject 6–travel
	Specific payments	Subject 7–membership fees
	Specific payments	Subject 8–taxis
	Specific payments	Subject 9–relocation
General framework for contracting policies and procedures	Section 1	General framework of contracting
	Section 2	Government contracting objectives and best practices
	Section 3	Contract approval and authority limits
	Section 4	Policies, guidelines and constraints
	Section 9	Competitive contracting
	Section 10	Non-competitive contracting
	Section 11	Contract management including contract amendments

HR policies can be found on the departmental Intranet site, under the link “HR and You.” Information available includes options for temporary staffing policy (e.g. acting appointment, assignment/secondment, casual employment, term employment, security requirements). HR procedures are available in a human resource guide and include information guides on employee and manager orientation.

IMB administrative procedures are seldom documented. We were unable to locate a central repository for all policies and procedures. Trying to locate them on the Internet/Intranet is a tedious task and could be time consuming. Detailed findings in the following sections of this report will reveal that due to the lack of easily accessible documented procedures there are misunderstandings by IMB staff of policies and procedures.

Recommendations and Management Response

1. It is recommended that the DG of IMB initiate a project to review the IMB Intranet site and:

- **Reorganize all finance, HR, and administrative policies and procedures under one Intranet heading;**
- **Make hyperlinks to other Intranet/Internet sites in the Department and central agencies that deal with specific policies and procedures in order to provide IMB staff with a central Intranet location to visit for accessing policies and procedures;**
- **Have new staff consult the Intranet site during their orientation session to familiarize themselves with IMB policies and procedures, thereby reducing the risk of misunderstanding of Branch policies and procedures.**

Agree. A project has been initiated to review the IMB Intranet site and re-organize all finance, HR, and administrative policies and procedures under one Intranet heading for IMB employees, with hyperlinks to other Internet/Intranet sites. This Intranet Site will be part of the orientation process for new staff.

2.1 Criteria for Decision Making

In our interviews we found that managers are looking for rationale to assist them in their decision making. Several managers reported that they need criteria to make fair decisions. For instance:

- What criteria should be considered when authorizing a compressed workweek for staff?
- What criteria should be considered when assigning personal digital assistance devices to staff?
- What criteria should be considered when assigning cellular telephones to staff and contractors?
- What criteria should be considered when determining which staff should have Internet connections and remote access from their homes?

Such criteria do not presently exist in IMB leading to inconsistent decisions by different managers for the same subjects.

We found that managers and staff also need Branch-specific administrative policies and procedures to assist them in the following areas:

- Software purchases,
- Hardware purchases,
- Inventory disposal,
- Credit card use,
- Compressed workweek,
- Acting appointments,
- Arrival of new staff,
- Departure of staff,
- Training and conference/seminar attendance,
- Staffing guidelines and security requirements (indeterminate, term, casual, student, personal contract, agency),
- Contracting process (sole source justification, contract quality review (CQR), contract monitoring, employer/employee relationship, security requirements),
- Procedures for the payment of invoices,
- Guidelines for giving staff the bilingual bonus,
- Guidelines and procedures for purchasing furniture,
- Budget and forecasting procedures,
- Policy, procedure, and standards for a filing system in IMB,
- Guidelines for using petty cash,
- Hospitality guidelines,
- IMB asset inventory control procedures and guidelines,
- Conference room reservation procedures.

Detailed observations and recommendations in relation to many of these topics will be addressed throughout this audit report.

Recommendations and Management Response

- 2. It is recommended that the DG of IMB develop administrative policies and procedures to assist managers in their decision making, and in order to standardize administrative activities within the Branch.**

Agree. Internal administrative policies and procedures to assist managers in their decision-making and to standardize administrative activities within the Branch will be developed where needed. As much as possible, existing policies and procedures will be used or adapted for IMB specific needs.

The creation of the Internal Services Division in IMB, with procurement, finance, HR and general administration expertise, has been in itself a good step in answer to this recommendation since there is now in-house available resources to be consulted and to assist, train or inform managers with such policies and procedures.

3. HUMAN RESOURCES POLICIES AND PROCESSES

The Department of Justice Corporate Services Branch (CSB) has HR policies, many of which are directly related to the hiring of staff. They are available on the Department of Justice, TBS, or PWGSC Intranet sites. Even though these Intranet sites offer a search function, people in need of staffing policy information must use the right key word search combinations. When we looked for specific policies, we observed that the research is not intuitive or easy. Managers and administrative assistants are not all aware and/or knowledgeable of existing policies, and central agency policies are rarely consulted. Consequently, IMB staffing processes vary, are often inconsistent, and do not fully comply with established policies.

IMB is often confronted with unplanned situations necessitating reactive, last minute, and urgent staffing actions. Considering that priorities vary for each manager, staffing situations are unique, and staffing actions are decentralized in each IMB division. Consequently, it is unrealistic to think that staffing activities will be conducted in a similar manner with similar compliance to established policies.

When urgent staffing requirements are needed, managers must decide on the appropriate staffing method to use to fulfill their needs. Often, the crisis level is the determining factor, especially if the vacant position is administrative or operational. When casual staff, temporary staff, and contractors become familiar with the IMB organization and operational processes, they become more valuable to the Branch. IMB managers are eager to hire and keep the resources that have IMB experience.

Most administrative assistants and managers reported that departmental rules and regulations concerning staffing are complex and that IMB does not provide any documented clarifications. Several managers reported not being knowledgeable on staffing rules and specific policies/guidelines related to different job types/classifications (casual, personal contract, term, or indeterminate). Other managers reported that staffing methods were numerous and that procedures related to each one vary and are not well known by administrative assistants or managers. When combined with the high turnover in administrative staff and the absence of a formal orientation

package, practices and compliance will vary. (Orientation packages will be discussed later in this report.)

Within CSB the Human Resources Directorate provides assistance for issues such as staffing, classification, and staff relations.

To assist IMB managers and administrative assistants, a HR coordinator was hired within the Internal Services Group, which is part of the DG's office. The coordinator is responsible for all HR actions except staff relation issues, in which case employees go directly to CSB where a HR specialist has been assigned to deal with IMB. The HR coordinator position has the potential to become the central IMB specialist providing HR expertise and services to all IMB managers and administrative assistants.

The following sections outline the different types of staffing options most often undertaken by the Branch.

Recommendations and Management Response

- 3. It is recommended that the DG of IMB develop stringent branch policies and procedures related to HR issues and staffing actions (e.g. temporary, term, acting, contractor, personal contracts) and that:**
 - **These policies and processes refer to corporate HR policies and procedures;**
 - **These policies and procedures are published on the IMB Intranet site and are hyperlinked to other policies and procedures published on the TBS, Department of Justice, and departmental corporate HR Web sites (see recommendation 1).**

Agree. Branch internal policies and procedures related to HR issues and staffing actions will be developed where needed. The creation of the Internal Services Division, which includes HR expertise, provides with an available resource in IMB to assist managers in applying HR policies and procedures.

Additionally, an action plan has been developed to review staffing actions/plans with managers to ensure that they conform with established departmental and government procedures. Reference will be made to HR policies and procedures, and will be located on the IMB Intranet site, with hyperlinks to HR and You and TBS.

3.1 Indeterminate Staffing

Most IMB jobs have been classified using the Universal Classification Standard. A regular staffing action (hiring a person into an indeterminate position) is generally completed by writing a statement of qualifications (SOQ), developing the posting messages for the Public Service Commission (PSC), developing questions for the selection board (each SOQ needs to be tested and evaluated by a selection board), developing a screening sheet, checking references (preparing the questions to ask the references), and additional actions.

IMB Managers have the responsibility to manage their Division's staffing needs and administrative assistants provide their support by preparing the proper documentation and ensuring that copies are provided to the Branch's HR coordinator. Considering that there are many people involved in this process (managers, administrative assistant, IMB HR Coordinator, CSB HR Specialist), it needs to be well documented so that each IMB administrative unit functions similarly. A formal staffing process exists but could be better documented. Administrative assistants reported that the staffing process is complex and not well understood. They welcome the new Internal Services HR Coordinator and hope that the incumbent can take a more active and comprehensive role in most staffing actions within IMB.

Currently, Managers, assisted by administrative assistants, write the SOQ, which is then given to the IMB HR Coordinator for verification and quality control. Administrative assistants also complete the personnel action request form (PARF) which is sent to CSB HR for posting of the competition.

We found no evidence to indicate that IMB is not following indeterminate staffing policies.

3.2 Staffing a Temporary Position

Several methods are available to staff a temporary position:

- Term employment,
- Acting appointments,
- Casual employment,

- Agency contract employment,
- Student employment.

All of these methods are appropriate when used for truly temporary needs. Managers decide which method is best for their specific needs and will provide best results. Through our interviews we found that the determining factors for choosing the type of staffing action are very often influenced by the urgency to staff a position and the desire to keep a person in a given position. Awarding contracts will be discussed in the next section of this audit, “Contracting.”

Departmental HR temporary staffing policies exist and are available on the Intranet. The policies are the result of an identified need to more effectively manage and monitor temporary staffing. The policies include identifying the situations where it is appropriate to use temporary staffing, the maximum duration for such appointments/assignments, and the selection process that should be conducted.

The various options for staffing a position on a temporary basis are intended to provide a cost-effective measure of flexibility where work requirements are temporary and are not expected to last beyond a specific date. Temporary staffing is not intended to be a substitute for indeterminate employment or a means of avoiding obligations owing to indeterminate employees. The policies clearly state that temporary staffing will only be considered where indeterminate staffing will not meet management’s needs. Where there is an indeterminate vacancy/need, temporary staffing may only occur as an interim measure while indeterminate staffing take place. Furthermore, temporary appointments will be made for the known duration of the temporary need. This is intended to ensure the appropriate consideration of interested individuals from the outset. It also reduces the administrative workload associated with extensions of temporary situations.

Staffing a position on a temporary basis should be limited to certain situations, the most prevalent of which are:

- To replace an indeterminate employee who will return to his/her position,
- To meet indeterminate or urgent operational needs while an indeterminate staffing action proceeds,
- To complete short-term special projects.

IMB temporarily staffs a position when these situations occur within the Branch. The following pages contain our findings for each option along with recommendations(s) (where appropriate).

Term Employment

Term employment is a temporary staffing appointment for a specified period of time. There is no prescribed maximum period for employing term employees. Term employees are initially recruited from outside the government through recruitment inventories maintained by the PSC or through advertisements. Long-term situations are not acceptable, unless there are exceptional circumstances. Term employees are not supposed to be kept in a term status for unreasonably long periods when it is possible to conduct indeterminate staffing of the position. All term positions require PSC and departmental priority clearance before staffing action can be completed.

Currently, IMB has several term employees, especially in Record Services (Planning and Information Management Division). We noticed that IMB follows the rules for hiring term employees. Competitions are organized to select the best candidates for the existing position. IMB staff reported that the process of hiring a term employee is complex, lengthy, very regulated, and procedural. To illustrate this point, the Director, Technology Litigation Project, reported that during the early part of the summer 2000, a staffing request was initiated to fill an administrative position with a term employee. The authorization to hire the term employee was only received in October 2000.

Some managers mentioned that during this new fiscal year (2001/2002) they intend to run competitions to replace term employees with indeterminate employees.

Acting Appointments

An acting appointment is a temporary appointment to perform the duties of a higher-level position for which the employee is qualified. According to the Department of Justice's document "Options For Temporary Staffing Policy," the maximum duration of an acting appointment is one year. Appointments in excess of four months should be given based on merit (competition, rotational appointment). Exceptions to the one-year appointment policy require the approval of the Head of the Civil Law and Corporate Management Sector (Associate Deputy Minister), and appointments of more than two years require the approval of the Deputy Minister of the Department.

Our review revealed that as of May 24, 2001 IMB had 24 acting positions.

IMB Organizational Unit	# of Acting Positions
ISD	7
Planning and Information Management Division (Record Management)	6
Back Office	5
DG's Office	5
Planning and Information Management Division (Communication)	1
Total	24

We reviewed 10 files of staff in acting positions (approximately 42% of the files) and found that:

1. One person acted as an ES-05 for over two years.
2. The same person acted as an AS-07 immediately at the end of the ES-05 acting assignment. This person is currently acting as an AS-07 for 15 months.
3. One person acted as a CS-03 for eight months before being appointed to the position.
4. An administrative assistant is acting as an AS-03 for one year.
5. Another person is acting as a CS-02 for eight months.
6. An employee was appointed an acting CR-04 in April 1999 and will continue in the acting assignment until June 29, 2001.
7. An employee is acting as an AS-01 for five months.
8. Another employee is acting as a CS-04 for nine months.
9. One person is acting as a CS-01 for 1 year.
10. Another person is acting as a CS-03 for eight months.

Seven of these acting assignments were for vacant positions, two were for new positions, and one acting assignment was a promotion.

We noted that none of the files for staff acting in excess of four months contained any documented evidence that competitions were held for the acting positions. In addition, we found discrepancies in the files between acting pay request (APR) forms and secondment forms for staff in acting positions. One person's APR indicated that the acting position is a vacant position. Yet her secondment agreement indicated that the assignment is not for a vacant position. In addition, there was no reason documented for seconding the employee into a new position. The file for this employee did not contain a required SOQ. We also found in this person's file a letter from CSB HR dated April 27, 2001 advising the employee of an extension to her acting position.

The extension period was from April 1, 2000 to January 31, 2001. Therefore the letter extending the acting assignment was issued one year after the acting assignment began and four months after it ended.

Managers gave various reasons for their staffing practices for acting appointments, including that urgent needs to fill positions often require expeditious processes. Because of the length of time and stringent procedures required to staff an indeterminate position managers appoint staff in acting positions to ensure that workflow continues.

Another reason for promoting staff into acting positions is to train them in the higher position and therefore expose them to different work experiences. By appointing them to an acting position, staff are exposed to the challenges associated with a higher position and learn the required skills associated to that position.

Managers also reported the difficulty they experienced in staffing CS (computer systems administrators) candidates. In addition, they mentioned that trying to retain CS staff was another challenge since the IT market is very competitive.

Our analysis of interviews and current processes revealed that a common approach has not been implemented in the Branch to select, award, and confirm the acting assignment. Managers do not have documented IMB guidelines. We found that acting positions were not awarded based on compliance to pre-established selection criteria and required qualifications.

Finally, with respect to employees who were in acting positions for more than one year, we noted that the appropriate approvals were received. We did notice, however, that IMB is extremely slow in taking the necessary actions to staff the acting positions on a permanent basis.

Recommendations and Management Response

- 4. It is recommended that the DG of IMB develop internal rules and procedures to guide managers in the application of the central agency and departmental policies for acting appointments, and monitor the situation to ensure compliance.**

Agree. Internal rules and policies will be reviewed and new ones established where needed to provide guidance to managers in applying policies for acting appointments. The creation of the Internal Services Division, which includes HR expertise, provides with an available

resource in IMB to assist managers in applying proper policies for acting appointments. A proper monitoring process will be put in place.

Casual Employment

Casual employment is used to meet staffing requirements that will not exceed 90 calendar days. However, the same individual can subsequently be reappointed under a new contract, as long as the total employment during a 12-month period does not exceed 125 working days. Therefore, casual employment can be used to:

- Meet unforeseen situations such as resignations without sufficient notice,
- Replace employees during short absences,
- Hire people for special projects of a short and specific duration.

Named referrals (the request that a specific individual be referred by PSC) of a casual employee for term or indeterminate position occurs only in exceptional circumstances where there is an established shortage of qualified candidates.

In relation to staffing a position with a casual employee, we noticed that managers and administrative assistants are not sure of the definition of 90 or 125 calendar days. In addition, they are not sure of the differences between casual employment and agency employment. For example, can a casual employee having completed his/her 90-125 days be rehired through an agency? This situation is ambiguous and CSB HR answers are inconsistent.

Casual employment is paid from salary dollars. When managers decide to fill a position through casual employment, several different processes could take place to complete the required clerical work. Some of them are completed by the administrative assistants, others are completed by the Internal Services HR Coordinator.

Over the last few years, IMB has experienced a high turnover in administrative staff and some units are facing more acute turnover rates than others. For example, some administrative units are frequently short-staffed. There are several reasons for this:

- Temporarily staffed positions may end;
- Personal insecurity caused by a temporary working status makes positions hard to fill;
- Casual, contractual, or term positions may end;

- Sickness.

In many of these situations, managers face unplanned position vacancies and must react as operations must continue. In all cases, staffing a casual employee is fully under the control of IMB and the assistance of CSB HR is not required. At the time of this audit, we were informed that there was only one casual employee in place in IMB. We found IMB is compliant with casual employment policies.

Hiring an Agency Contractor

Agency contractors are paid from O&M funds. Policies concerning hiring an agency contractor can be found in the FMM, Chapter 9, Section 4, under “Contracts–Temporary Help.” After managers decide to staff a position with an agency contractor, IMB administrative assistants consult the yellow pages to identify and select one or many firms. Firms send the appropriate curriculum vitae based on the Branch’s communicated requests. IMB managers interview and select the candidate of their choice. Required information is provided to Internal Services Division, where a contract is created. The related documents are filed in sequential order by agency or contractor names. We found no evidence that IMB is not compliant with policies.

Hiring Student Staff

IMB has inconsistent approaches and practices to hiring students throughout the Branch. Each IMB division selects and hires its own students. In one division, a manager/supervisor is responsible for selecting students for the entire division. This manager contacts universities, and interviews and selects students. In other IMB units, individual managers complete these activities for their areas only.

IMB has not centralized or organized student hiring activities for the whole Branch. In addition, IMB has not set standards for paying students. Salary offers differ depending on the IMB manager/supervisor making the offer. Some IMB managers do not require that timesheets be produced to show evidence of work and report the number of hours worked. Other IMB managers reported that they do not know the policy or internal procedures to hire students and consequently they do not hire students.

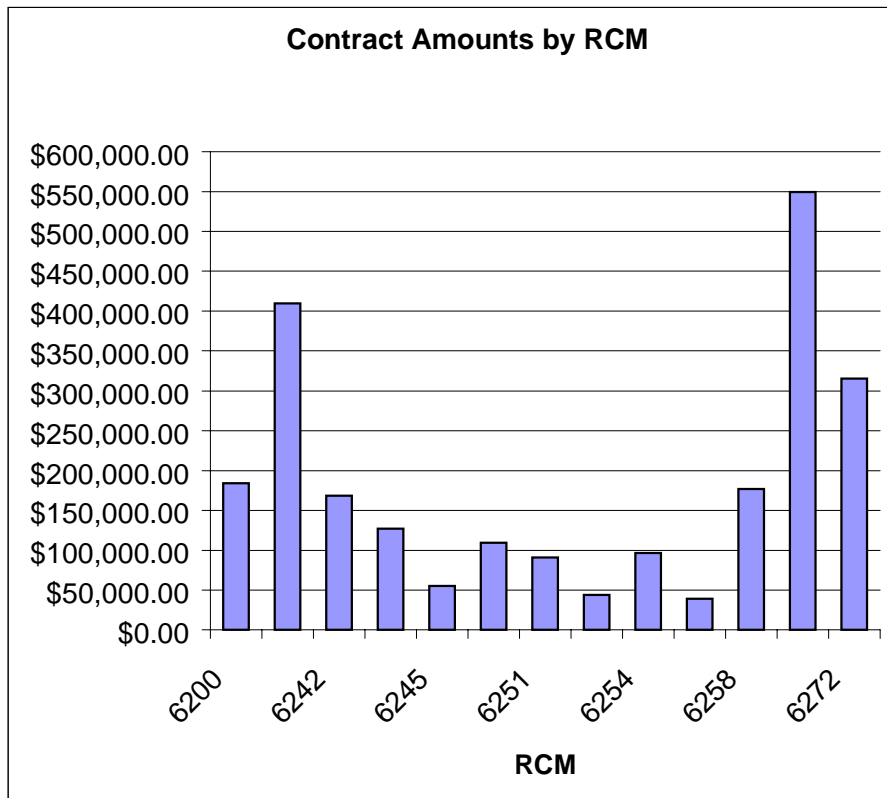
Recommendations and Management Response

- 5. It is recommended that the DG of IMB document and distribute procedures for hiring and paying students.**

Agree. IMB will document and distribute a procedure for hiring and paying students in accordance with the TBS Terms and Conditions of Employment for Students.

4. CONTRACTING

During the fiscal year 2000/2001, IMB approved 137 professional services contracts totalling \$2,367,000. Figure 1 shows the contracting dollars (vertical axis) spent by each of the IMB Responsibility Centre Managers (RCMs) (horizontal axis).



Of the total amount paid out through contracts, 4 percent (\$92,000) of the contracts were awarded to personal service contractors (specific individuals), 10 percent (\$246,000) were given to agency contracts (employment agencies), 13 percent (\$315,000) represents the commissionaires' contract, and 73 percent (\$1,714,000) was awarded to other professional service contracts.

4.1 Contracting Policies and IMB Procedures

Policies regulating the contracting process are described in the TBS Contracting Policy, and Department of Justice Contracting for Services Manual. The manual describes the processes, policies, and general framework for contracting within the Department of Justice and is found on the departmental Intranet site. The framework allows RCMs to approve contracts valued at under \$25,000 and indicates that CSB's Contracts and Materiel Management (CMM) unit is responsible for processing all contracts equal to and over \$25,000.

We noticed that IMB does not have any customized and formally documented procedures to guide managers and administrative assistants through the contracting process. During our assignment, one interviewee gave us a draft of an IMB user guide produced a year and a half ago and which explains the contracting process. The manual was produced by the Planning and Information Division and was titled "Contracting Process Guidelines." These guidelines correspond to the departmental Contracting for Services Manual and also describe the solicitation process from establishing requirements to negotiating the agreement. We noted that these guidelines were not implemented even though they were drafted in May 2000. The contents provided details relative to the procurement process and the contracting process. Our review of the document indicates that the document contained valuable information and that it could be used as an initial starting point to develop documented contracting processes.

Recommendations and Management Response

- 6. It is recommended that the DG of IMB use the draft user guide as a base to document appropriate procedures to guide managers and administrative assistants through the contracting process.**

Agree. The creation of the Internal Services Division in IMB, with procurement and contracting expertise, has been in itself a good step in answer to this recommendation since there is now in-house available resources to guide and train managers and administrative assistants with the contracting process.

Appropriate written procedures to guide managers and administrative assistants through the contracting process will be developed where needed. This information will also be part of the IMB Intranet Site.

4.2 Contract Quality Review

In October 1998 Sharwick Professional Services was hired to conduct a contract quality control review on 25 IMB contract files with the purpose of determining IMB's compliance with departmental and TBS contracting policies. According to the Shadwick Report, a contract quality review (CQR) should be done when hiring contractors. However, in our review of files we observed that not all contract files contained completed CQRs. IMB staff told us that they consider CQRs as overhead administrative practices.

Contract files are maintained at the desk of the Internal Services clerk. The files are kept in alphabetical order by supplier and contractor name. Some files contain documents like the curriculum vitae of consultant(s), signed contracts, extensions, and invoices. Agency contracts are filed by company name/employee name, while contracts for casual employees are filed by employee name.

Contracts are developed by copying and pasting text from older contracts rather than using a pre-established template, and selecting the desired contractual clauses for insertion to the new contract. Also, the contractual clauses inserted in each contract are pre-determined in the IGMS system and standard clauses exist in the SACC Manual. This process is time consuming and exposes IMB to the risk that important clauses are accidentally omitted from contracts. Performance clauses were not included in any contracts. In addition, managers reported that an overtime clause was frequently forgotten and that occasional amendments were done to rectify contracts.

We learned that CMM, in conjunction with the DoJ Law Group, are updating the general conditions for contracts, which are in IFMS. CMM is working on a contract initiation template, which will be available in December 2001.

Recommendations and Management Response

7. It is recommended that the DG of IMB, in conjunction with CMM,

- **develop a comprehensive checklist of actions to be undertaken when developing contracts and specific contractual clauses to be used during the drafting of some contracts,**
- **use the standard contract clauses and templates which are available, rather than copy from existing or old contracts.**

Agree. IMB will work with CSB Contracting and Materiel Management on the development of a comprehensive checklist of actions to be undertaken when developing contracts and specific contractual clauses to be used during the drafting of some contracts; and IMB will use the standard contract clauses and templates which are available, rather than copy from existing or old contracts. This information will be posted on the IMB Intranet Site.

4.3 Contracts Less than \$25,000

Personal Contracts

Personal contracts are issued directly to specific people. These contracts are another form of staffing to acquire the skill sets required to accomplish a given function. These contracts are issued directly to specific people. The process is regulated by the Government Contracts Regulations.

IMB managers are responsible for selecting contractors. Personal contracts are awarded sole source and most contractors are specifically identified by IMB managers. Our file review revealed that sole source justifications are not always produced and included in the contract documentation folder. When present, the same justifications are frequently used over and over again, with managers often indicating that the contractor is being hired on an urgent basis. (See sole sourcing guidelines and recommendations in the next section “Sole Source Contracts.”)

Since personal contracts are not always awarded through a competitive process, we were not able to determine whether or not IMB received the best value for their money. We were not able to

determine whether the best candidate and/or rate was selected. Finally, the CQR form is not always completed and present in the contract file.

Like the agency contract, a contract template does not exist and contracts are filed by company name/contractor name.

Recommendations and Management Response

- 8. It is recommended that the DG of IMB implement and document policies and procedures to ensure that the fees paid to personal contractors do not exceed the appropriate market rate for the service provided.**

Agree. Policies and procedures will be documented to ensure that the fees paid to personal contractors do not exceed the appropriate market rate for the services provided. This information will be posted on the IMB Intranet Site.

Sole Source Contracts

According to the IMB contracting guidelines and sections 5 and 6 of the Government Contracts Regulations, sole source justifications must meet at least one of these criteria:

- The need is one of pressing emergency in which delay would be injurious to the public interest,
- The estimated expenditure does not exceed \$25,000 (GST included),
- The nature of the work is such that it would not be in the public interest to solicit bids,
- Only one person or firm is capable of performing the contract.

Interviewees reported that contract splitting (issuing two or more contracts with each one under \$25,000 for the same project activity to the same contracting firm) was not done in IMB; however, they mentioned that many sole source contracts are approved for less than \$25,000. Our review of fiscal year 2000/2001 contracts revealed that approximately 87 percent (120) of the contracts issued by IMB were for less than \$25,000 and that approximately 15 percent of those contracts (21) ranged between \$22,500 and \$25,000. The 21 contracts accounted for 20 percent of the total amount of contracts issued by IMB in fiscal year 2000/2001.

Description	Quantity		Dollars	
	Count	Percent	Amount	Percent
Contracts < \$25,000	120	87.59%	\$1,325,959.12	56.01%
Contracts > \$25,000	17	12.41%	\$1,041,295.02	43.99%
Total Contracts	137	100%	\$2,367,254.14	100%
Contracts between \$22,500 and \$25,000	21 out of 137	15.33%	\$482,122.00	20.37%

We reviewed 17.5 percent (21 out of 120) of the files with contracts less than or equal to \$25,000. Our review identified two different but consecutive contracts to the same firm for the same contractor. Both contracts were for \$22,500 with one contract covering April 1, 2000 to June 20, 2000 and the second contract was for the period July 4, 2000 to September 30, 2000. We found another instance of four different but consecutive contracts issued to one firm. Each of the four contracts were for \$22,500 and covered the period May 15 to 31, 2000; May 31 to June 16, 2000; June 13 to July 31, 2000; and August 2 to September 8, 2000. The total value of these four contracts was \$90,000 and they all contained similar descriptions. Even though the draft IMB guidelines and the departmental contracting manual state that consecutive contracts awarded under \$25,000 to the same firm must be properly justified in the contract file, we could not find appropriate justification (which is the responsibility of the RCM) in the files of these contracts. It is our conclusion that none of the files we reviewed for consecutive contracts adhered to the departmental contracting guidelines for consecutive contracts.

Aside from the files just discussed we found files originally issued under \$25,000 but with approved extensions that put the contract over \$25,000. We found one contract covering a period from April 3, 2000 to June 30 2000 in the amount of \$21,120. There was an extension to the contract to include July 3 to Sept 30, 2000 for an additional \$18,150. A second extension was issued to cover October 2 to December 31, 2000 for an additional \$19,850. Therefore the total amount of the contract was \$59,070. This contract was for a specific person and the reasons for extension were documented as delays in receiving software. We found two more instances where contract extensions added up to more than \$25,000.

Contract	Original Amount (excluding GST)	Final Amount (excluding GST)	# Extensions
4500014188	\$21,120	\$59,070	2
4500014429	\$15,750	\$27,450	1
4500017094	\$23,300	\$41,800	1

Our review of the contracting files disclosed that only 2 percent (3 of 120) of contracts originally issued for less than \$25,000 had approved extensions that added up to more than \$25,000. This exposes the Department to the risk of not following government guidelines for contracts under \$25,000 and potentially exposes the Department to the risk of delays in contracting due to objections from non-winning vendors.

Further, our contract file reviews also revealed that sole source justifications were generally weak, the emergency clauses were used frequently, and that justifications lacked explanations. In interviews, managers justified their frequent contracting to sole sources by stating that these contracts are often small, short-term, and arranged with a contractor with specific knowledge and expertise in departmental and IMB operations and technical environments.

Recommendations and Management Response

- 9. It is recommended that the DG of IMB require the Internal Services Manager to review all contract renewals and changes for contracts under \$25,000. Any contract renewals and changes resulting in a contract value greater than \$25,000 should be adequately justified in writing to provide reasonable assurance that the RCM is adhering to government guidelines.**

Agree. The Procurement Officer (PG3) will review all contract renewals and changes for contracts under \$25K, and will ensure that any contract renewals and changes are adequately justified in writing to ensure compliance with government guidelines. Non-compliance will be reported to the Director, Internal Services for remedial action.

- 10. It is recommended that the DG of IMB ensure that sole source justifications are adequately explained and documented in each sole source contract file.**

Agree. Sole source (directed contracts) justifications will be adequately explained and documented in each sole source or directed contract file.

Long-term Contractors

With respect to temporary help services for contracts under \$25,000, article 4.2.18 of governmental contracting policy states that “when contracting for services of individuals, including temporary help, contracts may not extend beyond 20 weeks duration, unless a case-by-case review of the circumstances is made either prior to entry into, or extending any, contract. The purpose of this time limit is to avoid establishing an employer-employee relationship which would be in conflict with the *Public Service Employment Act* or the *Public Service Staff Relations Act*.” In the event that specific contracts exceed the 20-week period, the policy states that approval must be received from the superior manager of the manager that initially signed and approved the contract. Some exceptions are allowed, such as contracts that were awarded using a RFP where clear deliverables, costs, and schedules were established and specified in the contract.

At the time of the audit, we found that three contractors have been with IMB for over two years. Six contractors have been working in IMB for eight months or longer through either contract extensions or different consecutive contracts.

Our review of the contracting files disclosed one contract originally issued for \$22,500 for the services of a specific consultant from April 1 to June 20, 2000. Two additional RCMs then requested this consultant, under separate contracts, for a total of \$88,650 and incorporating a timeframe from July 4, 2000 to March 31, 2001. The table below summarizes this example.

RCM	Contract	Term	Amount
6230	4500014377	April 1 to June 20, 2000	\$22,500
6250	4500015781	July 4 to September 30, 2000	\$22,500
6250	4500017557	October 17 to October 23, 2000	\$ 2,250
6230	4500017880	October 24 to December 22, 2000	\$18,900
6270	4500019546	January 12 to March 31, 2001	\$22,500
Total			\$88,650.

Our review of the contracting files also disclosed five contracts for a specific person for under \$25,000 yet for greater than a 20-week period. The contracts were issued to different firms for the same person which, in effect, extended that person’s contract.

RCM	Vendor	Contract	Term	Amount
6230	Barbara Personnel	4500014148 (28 weeks)	April 10 to October 20, 2000	\$18,423

RCM	Vendor	Contract	Term	Amount
6230	Kelly Services	4500017484 (45 weeks)	October 23, 2000 to Mars 9, 2001	\$22,950
6250	Personal Services	4500014429 (28 weeks)	April 10 to October 31, 2000	\$15,750
6250	Personal Services	4500014429 (extension) (21 weeks)	November 1, 2000 to Mars 31, 2001	\$11,700
6250	Kelly Services	4500022663 (19 weeks)	April 2, 2001 to August 17, 2001	\$14,700
Total				\$83,523.00

The danger with contracts that become long-term is that after a while, the contractor is treated like staff and a possible employer-employee relationship could exist. The next section of this report addresses this topic in more detail.

Based on our review of files, IMB is not strictly adhering to contracting policies.

Recommendations and Management Response

- 11. It is recommended that the Director of IMB confine the use of temporary help services to those situations not exceeding 20 weeks and for which it is not feasible to assign public servants.**

Agree. Temporary help services' use will be done in accordance with DOJ and TB policy.

4.4 Employer-Employee Relationship

We found one instance where an employer-employee relationship was created with a contractor. A contractor was hired as an administrative assistant while a competition was held to fill a permanent administrative assistant position. The original contract was for May 1, 2000 to September 15, 2000, a period of approximately 20 weeks and so within TBS guidelines for contracting of temporary help. Because of the large number of candidates to be interviewed for the permanent position and because there was insufficient time to make a hiring decision within the existing contract term, an extension was issued for the period from September 18, 2000 to October 27, 2000. During this extension period, the contractor sent an email to the IMB contracting authority requesting an end date to the contract of December 31, 2000 instead of

October 27, 2000. This put the contractor into an employer-employee relationship. The total contract consisted of approximately 35 weeks. The DG of IMB provided a note requesting the extension and acknowledging that an employer-employee relationship existed with this contractor.

Prior to the contract discussed above, the same contractor was hired for a previous contract from December 21, 1999 to March 31, 2000. Although this 10-week assignment was for a different contract and for a different position, this specific contractor was effectively hired by IMB from December 21, 1999 to December 31, 2000. Clearly a period longer than covered by TBS guidelines.

The Department's contracting manual (section 6–12) indicates that contracts for services of an individual must be carefully scrutinized by RCMs and contracting officials when those services:

- Perform an integral departmental function (i.e. one that would normally be performed by a public servant),
- Require that the majority of the work is done on government premises,
- Require the individual to be paid on a time-rate basis (e.g. by the hour or by the day).

The existence of these three prime factors in a contract with an individual can create an employer-employee relationship and increase the risk that such a relationship may develop during the period of the contract.

We found an instance where a renewal notice (signed by IMB) for a contract was faxed to a firm along with a letter signed by another contractor indicating the approval of the renewal. This is a case where one contractor told another contractor that a renewal was approved.

The three contracts discussed above place contractors and IMB into potential employer-employee relationships. The risks of creating such a relationship include:

- The actions of a contractor, who is found to be an “employee of the Crown”, may give rise to liability on the part of the Crown;
- The Department could be assessed by the Canada Customs and Revenue Agency for source deductions from pay such as unemployment insurance and Canada Pension Plan (CPP) premiums;
- Obligations on the Crown for personnel benefits such as superannuation;

- A complaint to the Public Service Commission's Investigations Directorate or to union representatives alleging that a departmental manager has circumvented the staffing process.

Recommendations and Management Response

12. It is recommended that the DG of IMB develop, document, and implement detailed procedures for contracting. These procedures should include, at a minimum:

- **Rules for sole sourcing professional services contracts,**
- **Rules for contract extensions,**
- **Rules for temporary help contracts,**
- **Procedures for effectively managing contracts,**
- **Procedures for regular reporting on contract status.**

Agree. The creation of the Internal Services Division in IMB, with procurement and contracting expertise, has been in itself a good step in answer to this recommendation since there is now in-house available resources to guide and train managers and administrative assistants with the contracting process.

Detailed procedures will be documented for the contracting process and will be posted on the IMB Intranet Site. Procedures will cover more than the minimum recommended in the audit report. Training will be provided as required.

4.5 Contracts Greater Than \$25,000

Government guidelines stipulate that any contract with a value greater than \$25,000 must be competitively awarded to a company based on specific evaluation criteria. Solicitations should be requested from several firms and the firm with the best value to the Crown should be awarded the contract. This is a time consuming process, taking approximately 6 weeks to award a contract.

For contracts over \$25,000, IMB uses different methods:

- Advanced contract award notice (ACAN),
- Requests for proposals (RFPs),

- PWGSC standing offers,
- Consulting and Audit Canada (CAC) contracting options.

This latter approach is used to speed up the contracting process since CAC will take care of the entire contracting process.

We reviewed 59 percent (10 contracts) of all contracts over \$25,000. Three of the contracts we reviewed were call-ups against standing offers. Five of the remaining contracts did not have copies of the RFPs, proposal evaluation summaries, or proposals received. Only two of the remaining contracts reviewed contained evaluation summaries and copies of proposals received.

For example, one of the contracts was in the amount of \$85,900 and was for work related to the Government On Line (GOL) initiative. There was no RFP issued since the contract was issued as part of the PWGSC IM/IT arrangement for GOL and was under the \$200,000 maximum for that arrangement.

Another contract was for \$112,000 and was part of a larger contract for support for IRIMS. This contract was originally issued in 1998 with an option for two renewals, which were exercised. However, the file in IMB did not contain a copy of the originally issued RFP nor did it contain copies of any proposals received or proposal evaluation documentation. We then reviewed the CMM file for this contract, but this file also did not contain a copy of the RFP, proposals received, or evaluation summaries. In this case we were told that the original file is located within PWGSC.

A third contract was for \$50,000 for Standard Query Language/Data Base Administrator (SQL/DBA) services. This was a renewal of a contract originally issued in 1999 for \$150,000 consisting of \$50,000 for the first year and \$50,000 for each of two optional renewals. The options were exercised and the renewals were awarded. This file also did not contain a copy of the RFP or evaluation summaries nor did the CSB file contain these documents.

A fourth file did contain a copy of the RFP issued but did not identify the firms receiving the RFP. This same file did not contain a completed evaluation summary showing the evaluation of the three proposals received. There were no copies of any proposal in this fourth file.

Only two of the 10 files contained a contract control checklist and routing slip, as required by the Department. Based on our review, we conclude that IMB is not entirely adhering to departmental contracting policy with regard to contracts over \$25,000.

Recommendations and Management Response

- 13. We recommend that the DG of IMB ensure that the Internal Services Manager conduct a regular review of all contracts over \$25,000, with the objective of ensuring that all required documentation is contained within the contracting files for contracts in excess of \$25,000 and that government policy is followed.**

Agree. A new process will be put in place to ensure that all required documentation is contained within the contracting files for contracts in excess of \$25,000 and that government policy is followed in awarding these contracts. The Director, Internal services will conduct a regular review of all contracts over \$25,000.

4.6 Contract Management and Monitoring

Most IMB managers do not monitor the progression of contract amounts and schedules. Up to the end of April 2001, IMB managers relied on an internal Excel spreadsheet developed by the Internal Services Administration Clerk. This spreadsheet tracked contract details associated with each non-IMB staff. The information contained in the spreadsheet included: the supplier name, agreement number, brief description, contract value, the amount of each monthly invoice, the contract amount remaining, the contract start and end date, and other valuable information. This spreadsheet was initially developed by the Administration Clerk for personal use and rapidly became a central source of information for each manager and administrative assistant. Since managers and administrative assistants do not maintain ongoing contract information, they frequently requested information from the spreadsheet to know the status and details of specific contracts.

Due to the high volume of work generated by the fiscal year end, there was little time to maintain this spreadsheet.

Recommendations and Management Response

14. It is recommended that the DG of IMB:

- **Develop, document, and implement procedures requiring managers to properly monitor the status of their contracts;**
- **Develop an internal control system to keep track of contract details such as contract number, value, schedule, invoices, payments, and residual contract value.**

Agree. Procedures will be developed, documented, and implemented to ensure managers are properly monitoring their contracts. The IFMS or another internal control system will be used to keep track of contract details.

5. OTHER HUMAN RESOURCES ADMINISTRATIVE PROCESSES

5.1 Security Levels for Non-IMB Employees

The process of getting security clearances for non-IMB workers (contractors, students, term and casual workers) is centralized in the Internal Services group. The administration clerk is responsible for this activity.

We were told that, occasionally, contractors start their assignments before their security level is properly verified. In other cases, the contractor's personal security level is lower than the one required for the job and the contractor is still authorized to work in the same position. This is mainly true in the Records Centre where staff should have a "Secret" security designation. In some cases, we were told that to accommodate contractors, contracts are sometimes amended to lower the security level. The reason for this was cited as being the need to get contractors working as quickly as possible.

The contracted firm must initiate security clearances for contracted individuals, with the paperwork maintained by PWGSC. We observed that some first-time security requests for contractors are initiated by the Internal Services administration clerk as opposed to the contractor or the firm that proposed the contractors, a practice which is contrary to policy. We also learned that some contractors had the appropriate security clearance level, but that the actual requests and paper work were maintained by another department as opposed to residing at PWGSC.

Recommendations and Management Response

15. It is recommended that the DG of IMB ensure that:

- **An awareness session for managers is provided to ensure that managers are well aware of departmental policy, rules, guidelines, processes and risks associated with security levels;**

- **All contractors and non-IMB staff have the appropriate security level expected for the job;**
- **Contracted firms are asked to submit only the curriculum vitae of individuals who have the appropriate security levels.**

Agree. An awareness session has been provided to Directors regarding security issues as defined in the Audit Report and will be provided to managers. IMB will ensure that all contractors and non-IMB staff have appropriate security levels for the work they do. Contracted firms will be asked to submit only candidates with the appropriate security level.

5.2 Security Levels for IMB Staff

In the Government of Canada a security requirement is associated with each position. The Internal Services HR Coordinator is responsible for validating all new IMB staff security levels. We observed that this validation process is well taken care of.

However, we observed that some IMB employees do not currently have appropriate security designations and are working in positions that require them to have higher security levels. This is mostly true in the Records Centre where all staff and contractors must be security cleared at the secret clearance level.

Recommendations and Management Response

- 16. It is recommended that the DG of IMB ensure that IMB managers review the security level of all staff to ensure that staff have appropriate security levels for their positions. (See recommendation 15 for reference to an awareness session for IMB managers.)**

Agree. All positions will be reviewed to ensure the appropriate security level is assigned, and that the incumbent has the required level. Remedial action will be taken as necessary.

5.3 Arrival of New Personnel

IMB does not have a standard process or documented procedures that outline administrative actions for bringing new personnel into IMB. Administrative activities normally associated with the arrival of new staff are decentralized to each administrative assistant and are based on memory, logic, personal knowledge, and experience.

Recommendations and Management Response

17. **It is recommended that the DG of IMB:**

- **Develop a list of actions that need to be accomplished prior to the arrival of new staff,**
- **Develop a list of activities that need to be followed by new staff and managers in order to familiarize themselves with IMB processes,**
- **Publish both lists on the IMB Intranet site.**

Agree. A complete orientation checklist for IMB specific activities will be developed and implemented, and will be published on the IMB Intranet Site. Both before-arrival and on-arrival activities will be covered. Links to other sites will be included.

5.4 Familiarization with IMB Policies and Processes

The process for familiarizing staff with departmental and IMB policies and procedures is not very effective. Orientation sessions for new government employees rely on information available on the IMB Intranet site and coaching of new staff is provided by IMB staff and managers.

CSB HR has issued two recent orientation packages, one for orienting new managers and one for orienting all other employees. The Manager Orientation Package includes the following information:

- Preparing for the employee's arrival (including a checklist);
- Things to accomplish on the first day, first week, first few weeks and first year (including a checklist);
- Helpful appendices;

- Manager tip sheets;
- Suggested letter from the manager to the new employee;
- Employee information sheet;
- Frequently called numbers;
- IT services request form;
- Standard software load;
- Electronic forms;
- Manager evaluation form.

The Employee Orientation Package contains the following information:

- Information about the Department of Justice,
- Information on departmental Acts and history,
- Actions to be completed in the first day, second day, and beyond,
- Many services and information dealing with HR issues and safety,
- Reference to policies (including use of email, Internet).

Our review of the two corporate orientation guides revealed that they are quite comprehensive and contained valuable information. However, these two orientation guides are not sufficient for orienting new IMB staff to departmental or IMB policies, procedures and guidelines. Considering that very few IMB policies, procedures, and guidelines are documented, and that the IMB Intranet site is not comprehensive enough in this respect, new staff must obtain and rely on information provided by other IMB staff in order to learn about specific processes. Consequently, new staff do not receive standard and consistent information about Branch processes.

Recommendations and Management Response

18. It is recommended that the DG of IMB:

- **Develop a comprehensive orientation package that includes CSB HR orientation packages, and reference to specific IMB activities;**
- **Produce its own orientation package that includes IMB-specific policies, procedures, and instructions.**

Agree. A complete orientation package will be developed and implemented, tied to departmental orientation sites (HR, Facilities, etc.) Some specific IMB policies, procedures and instructions have already been posted on the 'S: Drive' and will be reviewed and revised as required. This will be posted on the IMB Intranet site once finalized.

5.5 Departure of Staff

The Department has a formal process of actions for departing employees to complete. The departing employee must visit several departmental groups to have his/her clearance form signed by appropriate staff. This ensures, for example, the return of items and the cancellation of user-IDs and passwords.

A clearance form must be signed by several groups, completed, and returned to CSB HR before the last pay cheque is issued. Otherwise, departing employees will not receive their final pay. Signatures are required from authorities in the following areas:

- Library (publication),
- Facility Management Division (parking permit),
- Records Management Section (file),
- Financial Management (trip advance, credit card, Integrated Financial and Materiel System (IFMS) user code, travel card, salary advance, petty cash advance, other accountable advance, travel standing advance, taxi coupons),
- Application Development Division (access to Legal Opinions and Precedents On-line Retrieval System (LOPORS)),
- Administration and Security Division (office machines, gowns and waist coats, identification cards, proximity card, keys to secure area, combinations),
- ISD (network account, Novell NT, e-mail, secure remote access),
- Telecommunications (telephone access card).

Although this is a good process, some improvement can be made. The clearance form is easy to modify when required. For instance, we found no reference to the employee's return of the ID and electronic access cards, laptops, personal digital assistance device, cellular phone, pager, clean-up of current PC folder and files, and technical books borrowed.

IMB has not developed their own departure process to ensure that all necessary actions are taken prior to the departure of the employee. We noticed that the current process is decentralized, relies on the administrative assistant's memory and experience, and also relies on the information received from other working colleagues.

Recommendations and Management Response

19. It is recommended that the DG of IMB:

- **Centralize the coordination of required actions and processes for departing staff, and that the process be centralized with the Internal Services HR coordinator;**
- **Develop a list of departure activities to assist and guide managers, administrative assistants, and departing staff;**
- **Publish the list on the IMB Intranet site.**

Agree. A list of departure activities will be developed and posted on the IMB Intranet site; Procedures to ensure that required actions have been taken will be developed. These procedures will address the co-ordination responsibilities within the Branch and the need to have a centralized process will be assessed.

5.6 CSB HR Databases (PeopleSoft and SMS)

Interviews with CSB HR representatives and IMB managers indicated that CSB HR staff input human resource data to the PeopleSoft information management system on behalf of IMB. We have been told that the data is often inaccurate, exposing the Department to the risk of incorrect HR actions. One of the main reasons for the inaccurate PeopleSoft data is IMB's delay in sending the HR forms for new staff to CSB for input.

We also learned that the data contained in the salary management system (SMS) database was more accurate. We noted that the data captured was decentralized to administrative assistants responsible for registering the SMS information. Administrative assistants also execute the "What IF reports" for financial forecasting activities required by management.

At the time of the audit, a data correction process was in progress with both systems. The IMB HR Coordinator is responsible for this activity. At the end of April 2001, information on approximately 70 to 80 (of 110) staff had been corrected.

Recommendations and Management Response

20. It is recommended that the DG of IMB ensure that the documentation is accurate and that the processing of documents to CSB HR occurs in a timely manner.

Agree. The IMB HR Coordinator will ensure that the documentation is accurate and that the processing of documents to CSB HR occurs in a timely manner.

5.7 Leave Authorization and Control

A computerized departmental leave system is operational and each staff personally inputs leave requests in the system. Immediate managers approve the requests after employees input the information. Although managers approve employees' leave, they reported that even if training was initially provided on the new automated Leave system, they received little training on IMB or departmental leave policies. Controls surrounding this system are weak and the system is mainly built on trust. For example, we were informed that some managers do not take the necessary actions to update the leave information in the system. This results in staff taking leave and the leave is not reported in the system. We were also informed that some staff are allowed to take leave without updating the system, as a type of reward. We have no evidence of this abuse, but found that controls are questionable and that the entire process is based on an honour system.

Recommendations and Management Response

21. It is recommended that the DG of IMB:

- **Inform staff of the need to formally request approval for their leave and to report / register all absenteeism information in the system;**
- **Inform managers of the need to ensure that all staff enter accurate information in the system.**

Agree. A memorandum will be issued to staff and managers concerning their responsibilities with regards to leaves.

5.8 Working at Home

The Department and IMB have not developed policies dealing with staff working at home. Managers do not have guidance or rules to assist them in determining who can or who cannot work at home. Managers reported that decisions vary within IMB depending on the negotiations held between managers and staff. It is important that managers receive guidelines to help them find answers to questions like:

- Who can work at home?
- How often should an employee work at home?
- Under what circumstances can/should an employee work at home?
- What kind of advance permission is required to work at home?
- Who should authorize employees to work at home?

Recommendations and Management Response

- 22. It is recommended that the DG of IMB consult with CSB HR regarding the need to develop a telework policy that conforms to TBS requirements and that takes into account any special needs of IMB.**

Agree. IMB will consult with CSB HR regarding the need to develop a telework policy that conforms to TBS requirements and that takes into account any IMB special needs.

5.9 Designated Exempt Positions

Should an emergency situation occur, such as a strike for instance, IMB has to ensure that departmental and branch IT operational duties and services are maintained in a satisfactory manner. However, we found that IMB has only one formal “designated” position in case of emergencies. Auditors know that it is very difficult to obtain designated positions, since it would have to be proven that the life of people would be in danger rather than just some disruption on servers in departmental business as a result of a strike.

Recommendations and Management Response

- 23. It is recommended that the DG of IMB re-examine and fully explore the possible options to make sure it reflects its current management structure and service level.**

Agree. The HR Coordinator will review with managers their requirements for exempt and designated positions, and fully explore options available to adequately respond to needs.

6. PURCHASING PROCESSES

IMB is the second largest purchasing organization within the Department of Justice. The Branch purchases IT related hardware and software on behalf of some (but not all) departmental organizations. For fiscal year 2000/2001, the Branch's total cost for both hardware and software purchases totalled \$2,102,215.

ISD accommodates and supports IMB managers in the areas on procurement, finance, and HR activities. The volume of work is difficult to predict as many purchases follow the evolution of IT projects and because most bulk purchasing activities take place at fiscal year end.

The departmental demands for products and services occasionally exceed IMB capacity to provide timely services. This is especially true at the fiscal year end. ISD hires temporary staff to help during these periods.

The hardware purchasing process is handled by two main groups: administrative assistants, who process hardware purchases of less than \$5,000 and staff in the Internal Services group, who handle all other purchases.

We observed that staff knowledge of internal purchasing processes vary significantly among IMB administrative assistants. This results from the decentralized procurement process across IMB directorates, high staff turnover of IMB administrative assistants, and undocumented purchasing processes.

The following observations provide more detailed information on IMB purchasing activity.

6.1 Purchasing Hardware

As mentioned previously, hardware purchases that are less than \$5,000 are frequently handled by administrative assistants while all other purchases (higher than \$5,000) are handled by the Internal Services administration clerk.

Even though decentralized processes used by administrative assistants for hardware purchases are similar, some variances were noted. The absence of a documented procurement process is one of the root causes for variances in purchasing hardware under \$5,000. Administrative assistants are not fully knowledgeable about purchasing details and therefore rely mostly on information provided by their peers. Even if reliable information can be obtained by Internal Services, administrative assistants need to submit an approved purchase request to Internal Services.

Even though IMB Intranet site lists the recommended hardware and the list of approved suppliers, administrative assistants reported that it is not easy to know which hardware constitutes an approved hardware purchase, which supplier is approved, and which suppliers have standing offers. Some of them were not aware that standing offers have been put in place for hardware purchases.

Recommendations and Management Response

24. It is recommended that the DG of IMB:

- **Ensure that the detailed hardware purchasing process is documented and the procedures are published on the IMB Intranet site;**
- **Ensure that administrative assistants are trained on available tools and processes used for hardware procurement.**

Agree. The standard policy for purchasing any goods is detailed in the Finance, Administration and Programs Intranet site. A more detailed hardware purchasing process will be documented and procedures will be published on the IMB Intranet site. Administrative assistants will be trained on available tools and processes used for hardware procurement.

6.2 Purchasing Servers

There are several reasons for purchasing new LAN servers, including;

- To support new projects,
- To upgrade older servers,
- To improve performance.

All IMB divisions have the authority to purchase servers. IMB divisions requiring servers receive assistance from ISD in order to validate or establish technical specifications. Since most servers cost more than \$5,000, the purchase is centralized in the Internal Services group. No formal documentation exists relating to purchasing servers. We were told that a National Master Standing Offer (NMSO) exists. The NMSO allows IMB to purchase up to \$100,000 from a sole source after the requisition is approved by CMM. This information is not well known by IMB divisions.

Recommendations and Management Response

25. It is recommended that the DG of IMB document server purchasing guidelines and standards.

Agree. IMB will document server purchasing guidelines and standards.

6.3 Acquisition Credit Card

The Department of Justice provides an acquisition credit card (MasterCard) to nine IMB staff. This card is used to buy goods, but not software. Policies regarding the use of acquisition cards are included in the Department's FMM, Chapter 8, Subject 15; in TBS's Acquisition Card Program Management Guide (September 1999) and policy on acquisitions cards and Internet transactions (dated April 1, 2001), and in the policies of central agencies.

Our review of the IMB process to acquire a card revealed that it is well managed and follows a rigorous training/awareness session. Completed acquisition card applications are sent directly to the bank. When CSB Finance receives the cards, an email is sent to the employee notifying them of the next training session. Employees are required to attend this 1.5-hour course on using

acquisition cards. Upon completion of the training course, employees are given their acquisition cards and must sign a statement indicating they acknowledge the responsibilities of using an acquisition card.

Section 8 of the FMM identifies the specific departmental policies regarding the use of the acquisition card. Among the items specified are:

- Only the person whose name appears on the card shall use the acquisition card.
- The acquisition card shall not be used to procure E.D.P. hardware or office equipment with a unit cost in excess of \$300.
- The acquisition card shall not be used to procure E.D.P. software with a unit cost in excess of \$600. (Subsequent to our audit fieldwork, we were informed that this procedure had been modified to accommodate expenditures up to a value of \$5000. However, the Department's FMM, CH 8, subject 15, does not reflect this change.)
- The use of the acquisition card does not exempt the user from having to obtain proper functional approval for the materiel and services to be procured.
- The cardholder must maintain a record of purchases made with the Acquisition Card.

Although many suppliers offer the possibility to purchase goods over the Internet, TBS policy (at the time of the audit) clearly stated that acquisition cards are not to be used over the Internet. The TBS Management Guide (Page 13 para 3.2), and TBS policy (Page 2 para 5(f)(vi)) both state that cardholders are not to disclose their card number over the Internet. Neither the Department of Justice nor IMB have published any directives on the use of acquisition cards and the Internet. TBS policy has recently been revised and on April 9, 2001 TBS issued a policy note removing the restriction concerning the use of acquisition cards to make purchases over the Internet. However our review of acquisition card files identified that acquisition cards were used over the Internet in February 2000, March 2000, August 2000 and March 2001, all prior to the April 2001 TBS policy change.

The FMM manual (Chapter 8, Subject 15) indicates that cardholders must maintain a record of acquisition card purchases and must verify the monthly statement against the record. We found that IMB cardholders are adhering to this policy. We found that:

- When goods are purchased, each credit card holder files the purchase statements and credit card slips in a specific "unpaid" folder.
- Bank statements are reconciled with the unpaid items.

- Commitments are done for each purchase and the payment is authorized in IFMS.
- Administrative assistants keep paid invoices in a separate folder.

The TBS Management Guide states that each cardholder “should keep a detailed log of all purchases, indicating the purchase date, a control number, a description of items purchased or services provided, the name of the supplier, the price, the shipping cost if applicable, the amount of GST or HST, and the name of the requestor.” The guide also indicates that the cardholder should record the receipt date of goods or services and the appropriate financial coding. We reviewed acquisition card files and found photocopies or original receipts and statement reconciliation information, but no documented evidence of any logs.

Although using acquisition cards makes the procurement process more efficient, TBS still encourages the competitive process. TBS asks that, whenever possible and practical, cardholders obtain and document at least three competitive quotes (Management Guide, page 13). The FMM, Chapter 8, also discusses how cardholders should ensure that competitive methods of procurement are used to the fullest extent possible (Subject 15, paragraph 5).

Our review of files showed that IMB is not adhering to the competitive process. We observed receipts for amounts over \$500 for goods purchased, yet the files we reviewed did not contain any documentation providing evidence that two verbal quotes were received prior to purchasing an item. In addition, we found no documentation providing evidence that written quotes were received for purchases exceeding \$1,000.

Although unpaid receipts are supposed to be kept in an “unpaid” file, we found that 65 percent of the items purchased by one cardholder did not have any receipts in the file. Only the monthly statement was found.

Recommendations and Management Response

26. It is recommended that the DG of IMB:

- **Provide detailed instructions to IMB’s credit card holders on specific acceptable/non acceptable operational practices;**
- **Publish these instructions on the IMB Intranet site;**
- **Ensure that the IMB’s Intranet site specifically addresses TBS and departmental Credit Card policies and guidelines;**

- **Implement a process to ensure that IMB adheres to TBS and departmental guidelines or obtain written justification for purchasing decisions.**

Agree. Detailed instructions will be developed and provided to IMB credit card holders on specific acceptable/non-acceptable operational practices; these instructions will be published on the IMB Intranet site. A hyper-link to TBS and departmental Credit Card policies and guidelines will be made. A process will be developed and implemented to ensure that IMB credit card holders are adhering to TBS and departmental guidelines regarding written justification for purchasing decisions. Mandatory training for card-holders is already in place.

6.4 Arrival of Goods

Once goods are purchased, suppliers deliver them to the Department at the main loading dock. Our review of the process revealed that operational controls are in place and that the process to place the goods into inventory is adequate. Once the inventory is completed, the service centre clerk picks up and delivers goods to the original requester. This process might be changed in the near future as the service centre manager would like to decrease workload on staff and is negotiating that the loading dock staff deliver the goods themselves.

During our review we noticed that, in some cases, PCs were shipped from the loading dock to the Internal Services administration clerk in IMB. This process delayed the delivery of PCs to the appropriate requester and also took significant floor space at IMB's reception office. When PCs were shipped to the Internal Services administration clerk, the service centre clerk would contact the Internal Services administration clerk, quote the purchase order number of the arrived goods, and obtain the name of the requester. The equipment would then be delivered to the IMB main reception area. The IMB receptionist then contacts the original requester to pick up the PC. The equipment is either picked up by Compaq (contracted in-house service provider) in order to configure the new hardware, or is picked up by the requester.

6.5 Storage Room for Hardware

Several managers mentioned that many hardware servers and PCs are purchased well in advance of operational implementation. The main reasons for this was the requirement to configure, test

the hardware equipment, and test the software application. There is no formal storage room where hardware equipment could be stored while awaiting implementation.

This situation led to the loss of some hardware equipment in the past (such as new laptops). There is currently no internal system to manage, track, and control computer equipment. IMB needs to have a detailed description of the equipment, know the location of the equipment, and know to whom the equipment will be assigned.

Our discussions with the loading dock clerk revealed that additional space in the basement would be available for temporary storage of hardware.

Recommendations and Management Response

27. It is recommended that the DG of IMB negotiate with corporate facility management to secure interim storage space for IMB hardware equipment.

Agree. Negotiations will take place with Facilities Management to secure additional storage space for IMB hardware equipment.

6.6 Disposal of Equipment

Once an IMB employee receives a new, configured PC and the PC is installed, the administrative assistants are responsible for disposing of older PCs. Some of the older PCs are sent to Compaq for data cleaning before disposal, while others are sent to the loading dock for disposal. This latter process does not involve the back-up/removal of personal and corporate data contained on the hard disk.

No specific activity is performed to secure the data on the PCs sent directly to the loading dock. We were told that this equipment is designated/donated to schools, and that schools receiving the equipment will automatically clean the hard disks when they reconfigure the equipment.

Government Information Technology Security Standard 5.4 (Operations Security) stipulates that departments should ensure that responsibility for proper disposal of disks are assigned appropriately, that effective procedures are defined, and that the necessary equipment and

facilities are available for disposing of media. Since data is not always disposed of on IMB media, the security of the Department of Justice data/information is seriously comprised.

Recommendations and Management Response

28. It is recommended that the DG of IMB thoroughly review the process for ensuring that all PCs identified for disposal are “data cleaned” prior to being sent to the loading dock.

The process for ensuring that all PC's identified for disposal are data cleaned prior to being sent to the loading dock will be thoroughly reviewed.

6.7 Inventory Process

As mentioned previously, the Loading Dock Clerk inventories every valuable asset arriving in the Department prior to sending the asset to the requester. This initial inventory process is adequate and requires no improvement.

It is important to mention that an automated system (AMAX) is used to maintain the inventory. This system requires that each item entered into the inventory contain three main references: the equipment description, the location of the equipment, and the name of the person having the equipment. This triangle of information is difficult to maintain and as a result, several inconsistencies and errors were found in the inventory system.

Once the initial inventory is registered in the AMAX system, the loading dock clerk sends a procurement and assets management system form to the initial requester to validate and obtain the real name of the asset user (often the requester is not the final and real recipient/user of the asset). This form is used to change the ownership of the asset and should be completed and returned to the loading dock with the valid information so that the triangle of information is maintained.

Our interviews revealed that Contracting and Material Management is responsible to produce the inventory and that several managers and administrative assistants are not sure of how to use the procurement and assets management system form. Consequently, only a few modifications are made to the inventory database since the forms are not completed and returned to the loading

dock clerk. The main result of this is that the inventory is not accurate and several assets are registered under the same user (often it is the person that has ordered the asset for someone else).

In addition, some administrative assistants want to know what part of the inventory process they are accountable for, relative to the ownership designation registered in the inventory system. Some managers want to know how to register a server.

Recommendations and Management Response

29. It is recommended that the DG of IMB:

- **Identify the owner of every valuable asset;**
- **Provide guidelines in relation to the registration of assets (e.g. servers);**
- **Conduct an awareness session with all IMB staff to inform them of actions required when the procurement and assets management system form is received and inform them of the consequence of not completing it.**

Agree. Valuable asset ownership will be identified; guidelines will be provided regarding registration of assets including servers; the inventory process will be documented and IMB staff will be informed of actions required when the procurement and asset management system form is received and consequences of not completing it. It is our understanding that CSB Materiel Management will be introducing a new inventory/asset management system, so timing of this initiative will be coordinated with them. For the time being, IMB will document an inventory of its current assets.

6.8 Controlling Purchases

The Internal Services administration clerk is responsible for processing requisitions and purchasing all hardware exceeding \$5,000. Considering that several purchase orders are completed for different assets, from different suppliers, originating from different IMB divisions, and having different purchase orders, the Internal Services clerk developed an Excel spreadsheet to control each order, track progress, and maintain additional information relative to each purchase.

This spreadsheet includes, for example, the following information:

- IMB RCM,
- name of supplier,
- purchase order,
- description of asset,
- approved costs,
- date the order was sent,
- the invoice number received,
- the invoiced amount.

This unofficial system was used for personal control and tracking of any asset purchases greater than \$5,000. The spreadsheet rapidly became the source of information for all administrative assistants and the Internal Services clerk is asked several questions on a daily basis about the status of various purchases.

When the volume of purchases increased, (e.g. around fiscal year end) the Internal Services clerk was unable to maintain this system. The accuracy and reliability of information started to suffer and due to time constraints, this system was abandoned in the Spring of 2001 and no longer exists.

We found that this system was providing a very good control tool to manage all IMB hardware purchases and that managers and administrative assistants appreciated its usefulness. No other system currently provides similar functionality and benefits.

Recommendations and Management Response

- 30. It is recommended that, in order to minimize costs and impacts on current schedules associated with business projects, the DG of IMB initiate an internal project to develop a purchase control plan and that Internal Services become the owner of the plan and lead the project.**

Agree. In order to minimize costs and impacts on current schedules associated with business projects, business managers will work with the IMB Procurement Officer to develop a contracting/purchasing plan.

6.9 Purchasing Software

The software purchasing process is centralized to the Internal Services administration clerk. Different procurement processes exist depending on the nature of the purchase and the amount of the purchase. Each one is described below.

One of the process applies to the Departmental Internal Standing Offer (DISO) products. A corporate license exists for basic DISO products (28 products to date) such as Word, Power Point, Excel, Windows, and Outlook. Once a purchase order is completed, the purchase is processed using the National Master Standing Offer (NMSO) MS supplier list, call up the appropriate supplier (such as GE, Entrust, Summation, or other) and send it to Public Works.

Another process is applicable to all other software products (non-MS products). The administration clerk can contact any software supplier appearing on the PWGSC Departmental Individual Standing Offer (DISO) Web site located at <http://software.pwgsc.gc.ca>. This DISO site contains all arrangements that are currently in place for sole source or limited tendering requirements as well as other information regarding software procurement. Most of the time, IMB managers identify the software suppliers and communicate this information to the IMB procurement agent. Once financial quotes are obtained, the IMB purchasing clerk will proceed with the purchase.

Once the software is received (or in the case of MS software, a confirmation that a given software was bought), it is sent to the IMB administration clerk who in turn takes care of the payment and distribution of the software to the initial requester. IMB's software purchasing practices are adequate.

Different procurement methods can be used:

- local purchase order
- form 942 call ups against DISO,
- 9200 requisitions to Public Works used when purchasing software under \$5,000 that are not under the standing offer,
- ACAN with a desired supplier in mind, and
- request for proposal.

6.10 Software Licenses—MS Products

IMB has purchased a full MS licence for all its MS office automation products. Every month or so, Microsoft sends a new series of CDs (MS Select) to an IMB representative. The CDs contain the latest versions/updates for all MS products. When a new MS product is installed on a PC, a requisition is prepared by the IMB administration clerk and sent to GE Capital, the official MS products supplier for the Department. GE Capital returns an acknowledgement (proof of purchase for the given software) demonstrating that the MS software was legally purchased. This document is then shown to the Compaq support team who install the new software on the PC by obtaining the latest MS software version from the CD.

When IMB purchases a MS licence, specific software quantities are attached to specific software applications. For instance, in March 2001, IMB purchased several MS licences to keep par with the increase in departmental staff (from 2800 to 3500). We learned that several licences were purchased but are not yet used (for example, Win2000). IMB purchased a higher version of E-Form (for 2000 work stations), but the Department only has 1200 copies of E-Form Version 1 with approximately 2000 employees using it. Therefore IMB purchased 800 upgrade licences for software it did not have.

Consequently, it is important for IMB to monitor and control the evolution of the total number of software applications installed to ensure that it does not exceed the authorized ceiling number. This process is called “software licence control.”

If IMB wants to know the current status of all MS software products being used at the Department of Justice, it can rely on GE Capital, which maintains information on departmental software. We were informed that it would take GE Capital approximately one day to supply software licence information.

Our review of the MS licencing processes identified some best practices as well as areas needing improvement. For example:

Best Practice

- IMB controls associated with MS Select CDs have significantly improved in the last two to four months. For instance, during the later part of May 2001, a student was hired to work on the inventory and label all MS Select CDs. To eliminate the loss of CDs and facilitate tracking, a MS Select CD chargeout book was developed identifying details related to each CD movement.
- A separate folder is maintained for each MS software product and contains the licence certificate.

Needs Improvement

- There is no internal system to maintain, control, or monitor MS software licences.
- IMB does not formally assign a staff person to maintain or manage software licences. Informally, one staff person is trying to organize this process.
- The entire MS licencing process is not documented and information rests with one person.
- IMB has not developed or communicated any specific licencing policy, procedures, and standards.

Recommendations and Management Response

31. It is recommended that the DG of IMB:

- **Formally assign responsibility to manage all software licences acquired or controlled by IMB (MS and non-MS software);**
- **Develop an internal policy on software licencing and publish it on the IMB Intranet site;**
- **Develop and document a comprehensive process relating to the management, inventory, control, and monitoring of all software licencing issues.**

Agree. Formal responsibility to manage all software licenses acquired or controlled by IMB will be assigned. An internal policy on software licensing will be developed and published on the Intranet, and we will develop and document a comprehensive process relating to the management, inventory, control, and monitoring of software licensing issues.

6.11 Inventory of Software and Licences—Non-MS Products

We noticed that IMB is not responsible for managing licences related to non-MS products (e.g. E-Form, Summation, OpenView). We were unable to locate any IMB policy related to software licencing. We noted that IMB has not developed or implemented any internal processes or systems to maintain software and a software licences inventory database, and that IMB has not assigned the responsibility to an IMB internal staff to take care of this important activity. This exposes the Department to the risk of having insufficient licences for the number of staff using software.

Recommendations and Management Response

32. It is recommended that the DG of IMB:

- **Consider all software products as a corporate asset and take the necessary measures to ensure that an inventory list of software products and software licences is produced;**
- **Assign an IMB staff member to assist CSB Materiel Management in managing the inventory process related to non-MS software products and non-MS software licences.**

Agree. An inventory list of software products and licenses either acquired or controlled by IMB will be produced and maintained. IMB is however only in control of a portion of all software products in use in the department. Ultimately, the responsibility for materiel management in the department rests with CSB Materiel Management. IMB will assign a staff member to assist CSB Materiel Management in managing the inventory process related to non-MS software products and non-MS software licenses.

6.12 Purchasing Furniture

Our review of current furniture procurement activities revealed that the process complies with established central and departmental policies. Prior to purchasing furniture, firms are selected from the standing offer list and are invited to submit price quotations. When a sole source is identified, proper justifications are documented and appropriate approvals are received.

7. GENERAL ADMINISTRATIVE PROCESSES

7.1 Office Space and Office Sundry Items

Within IMB, the Internal Services coordinator is responsible for coordinating the allocation of all IMB office space and providing office sundry items to staff and contractors.

Discussions with IMB managers led us to conclude that current accommodation is adequate but limited. Directors would like to separate contractors from employees. Since some contractors have no interaction with IMB staff, they could be co-located with users (Front Office). Other contractors could very well work outside IMB premises since they work on a fixed schedule, have well defined deliverables, and require minimum contact with IMB staff.

Directors are unclear about what sundry items should be provided to consultants. Should IMB purchase and supply business items to contractors? For example, should IMB provide cellular telephones, microcomputers, personal digital assistant devices, LAN connections, E-mail addresses, office connections from home, and Internet access? There are no policy guidelines to help managers with these items.

Recommendations and Management Response

33. It is recommended that the DG of IMB:

- **Develop and distribute internal guidelines for managers for assigning space and sundry items to contractors;**
- **Publish these guidelines on the IMB Intranet site.**

Agree. Guidelines will be developed, distributed and posted on the IMB Intranet site for the assignment of space and sundry items to contractors.

7.2 PCs at Home

Many IMB staff have PCs at home that belong to the Branch. IMB has not developed a formal process to assign and distribute PCs to staff. Furthermore, we were not able to locate an inventory of PCs located at the homes of employees. The employee clearance form does not cover the recovery of IMB PCs loaned to employees.

Recommendations and Management Response

34. It is recommended that the DG of IMB develop a formal process to assign, distribute, inventory, and recover PCs that are loaned to employees.

Agree. A formal process will be developed to assign, distribute, inventory, and recover PC's that are loaned to employees. This process will be published on the IMB Intranet site.

7.3 Training, Conferences and Seminar Attendance

Managers and staff reported that they were both satisfied and frustrated with training. They realized that much training is occurring in the Branch, but questioned the manner in which training, conferences, or seminars were awarded, distributed, and approved.

Following a manager's approval, administrative assistants register the candidate and make all logistic arrangements surrounding the training event (e.g. travel, hotel). The registration is transmitted to the Internal Services HR Coordinator for filing. On return, administrative assistants complete, reconcile, and validate expense reports related to the training. This process was judged to be adequate.

We observed that a training file or database did not exist to record all IMB historical training information. Trying to identify the type of training given in the last three to four years, and identify training given to specific staff is difficult if not impossible. Managers would like to have a central database containing this information to enable them to distribute training evenly and fairly.

In relation to conference and seminar attendance, IMB does not have guidelines to help managers in their decision making. The questions of who, when, and why someone should participate is

left to the discretion of each manager. In the absence of such guidelines, some managers mentioned that training, conferences, seminars, and training budgets are not evenly and fairly distributed across the Branch.

Both managers and staff make training requests for three distinct needs: personal training, project-related training, and job-related training. Some but not all managers see training as a “type of reward” for a job well done.

We observed that a Branch-wide training plan does not exist to list all training requirements, and estimate the budget needed to satisfy the training requirements.

Recommendations and Management Response

35. It is recommended that the DG of IMB, in consultation with CSB HR:

- **Find ways to better use the functionality offered by the PeopleSoft HR software to register all training undertaken by IMB staff and keep all training historical information;**
- **Develop training, conference, and seminar attendance guidelines;**
- **Produce a Branch-wide training plan based on training plans produced by each manager.**

Agree. IMB will explore the functionality of PeopleSoft in order to maintain current and historical information on training undertaken by employees. Training, conference and seminar attendance guidelines will be produced and posted on the IMB Intranet site. A Branch Training Plan will be produced annually following the PREA exercise, and updated when budgets are finalized.

7.4 IMB Filing Systems

IMB does not have a centralized, standardized, and homogenized filing system. Nor does it have a standard classification (record classification scheme) system. Each administrative assistant has an individualized filing and classification system. Consequently, trying to locate specific documents or information related to specific subjects might be somewhat cumbersome and difficult at times, especially when access to information and privacy (ATIP) requests arrive.

Discussions with the Corporate Information Management System (CIMS) manager revealed that a standardized filing system for the Branch is currently in development. The physical conversion of material that existed prior to the physical relocation of IMB has already been completed. Conversion of active and current IMB records remains to be completed. It is expected that a system could be implemented prior to fiscal year 2001/2002.

Recommendation and Management Response

- 36. It is recommended that the DG of IMB give priority to the project to develop a standardized filing system for the Branch, and ensure that it will be funded and completed this fiscal year in order to convert all active files, implement all processes, and train each staff member.**

Agree. We agree that this project requires priority, however, the project will not be able to be completed until the end of the fiscal year due to shortage of staff in the Records Services group. Initially, we will update what already exists (paper/hard-copy) and train accordingly.

7.5 Ownership of IMB-Specific Assets

Most IMB hardware assets are assigned to its responsibility centre. Some of these assets are used by all IMB staff and are “tagged” as general use. This is the case for some highspeed colour printers, an electronic whiteboard in the conference room, and electronic projectors. These common items are not inventoried. Associated with the maintenance of this equipment is the maintenance of a special paper inventory, floor space to store the paper, and time to replace it.

Recommendations and Management Response

- 37. It is recommended that the DG of IMB:**
- **Create an inventory of all common equipment;**
 - **Assign the responsibility for the maintenance and management of this equipment to the Internal Services Group.**

Agree. An inventory of all common equipment will be created. The management and maintenance of this equipment will be assigned to Internal Services.

8. FINANCIAL ADMINISTRATIVE PROCESSES

8.1 Budget and Forecasting

The DG of IMB produces a yearly budget composed of estimates provided by IMB managers. Once approved, specific budgets are distributed to each directorate. Occasional forecasting/monitoring activities take place during the year to ensure that IMB will not lapse money, directorates will have enough budget monies to accomplish their objectives, and that some budgets are reallocated in directorates that have a higher priority needs.

Directorates use different tools to control their budget. Some use Quicken while others use spreadsheets. Some managers have a good understanding of the budget activity while others need more assistance, especially in the area of forecasting.

When we asked managers to explain how they forecasted their budget, we received different answers. We therefore concluded that not all managers understand the need to plan ahead, monitor the status of their projects and professional contracts, forecast additional spending over time, and assess the status of current commitments and real spending.

To improve the situation, the IMB finance officer intends to give managers and administrative assistants one-on-one coaching sessions to train them on forecasting techniques and recommend outside training courses.

Recommendations and Management Response

- 38. It is recommended that the DG of IMB ensure that the IMB finance officer, with the Financial Services Group, pursue plans to provide training sessions to managers and administrative assistants.**

Agree. The IMB Financial Officer and CSB Financial Services Group will provide training sessions to managers and administrative assistants on budget forecasting techniques.

8.2 Petty Cash

According to Chapters 2-11 of the TBS manual, comptrollership volume, a petty cash fund is used to facilitate and accelerate the processing of low value transactions. Due to inherent costs and time required to process financial transactions, it is practical, economical, and recommended that petty cash be used to process low value payments when an acquisition card is not available or when its usage is not appropriate.

A petty cash fund is a cash advance issued to a custodian who will be responsible for the security of the fund and the control of disbursements made from the fund. The amount of the fund is calculated based on operational needs.

The petty cash policy is issued under the authority of section 38 of the *Financial Administration Act*. It is used in conjunction with:

- Accountable Advance Regulations, SOR/86-438;
- Receipt and Deposit of Public Money Regulations, C.R.C.c.728, as amended by SORs/80-449 and 83-828;
- TBS Manual, comptrollership volume, Chapter 4 to 7, "Losses of money and offences and other illegal acts against the Crown."

IMB petty cash is centralized with the Internal Services administration clerk. When money is needed, petty cash expenses are reconciled and sent to CSB Finance for reimbursement. Once approved, a cheque is produced by CSB Finance and given to IMB to cover all approved expenses. The cheque is cashed and used as petty cash funds for the next cycle.

We observed that petty cash expensing practices are not supported by explicit IMB guidelines regulating how petty cash money should be used. Several interviewees asked us if these moneys could be used for occasional parking used for such things as special events, hospitality, birthday or departure expenses, and courier delivery. Our review of the process revealed that managers and administrative assistants would benefit from being educated on the purpose and use of petty cash.

Clarifying this situation will eliminate ambiguity.

Recommendations and Management Response

39. It is recommended that the DG of IMB ensure that:

- **Guidelines are documented for the use of petty cash;**
- **The guidelines are published on the IMB Intranet site with references to corporate and central policies;**
- **A training session is given to managers and administrative assistants to highlight the approved policy and processes.**

Agree. Guidelines will be documented for the use of petty cash and will be published on the IMB Intranet site, with reference to the corporate and central policies. Training sessions will be offered as required to managers and administrative assistants.

8.3 Hospitality

General corporate policies are available on the departmental Intranet site. However, IMB has not provided any additional guidelines concerning hospitality expenses. Our interviews revealed that few people were aware of the hospitality policies and had difficulty locating it on the Intranet. Over the last year, several incidents occurred where managers claimed hospitality expenses that were not approved by CSB Finance. This situation creates undue stress on the Internal Services administration clerk as well as frustration on staff. On December 18, 2000, a presentation was given to the coordination committee relating to the hospitality policy.

Recommendations and Management Response

40. It is recommended that the DG of IMB:

- **Clarify IMB guidelines to provide additional precision with respect to hospitality expenses; and**
- **Ensure that the IMB Intranet site has a “hyperlink” with departmental policies.**

Agree. Clarified hospitality guidelines will be published on the IMB Intranet site, with hyper-links to departmental and TBS policies.

8.4 Payment of Invoices

At the time of the review, we observed that most invoices were sent to the Internal Services administration clerk for payment. Contractor invoices are given to the clerk for verification against the terms of the contract and IFMS data. Following the manager's approval, the clerk photocopies the invoices and sends the originals to CSB Finance for payment. Sometimes there is a very high volume of invoices to pay.

Although managers are accountable for their budget, contracts, and expenses, we observed that few invoices are previously approved by managers before being transmitted to the clerk. This demonstrates managers' lack of financial control and monitoring practices. Managers should review and approve invoices prior to giving them to the Internal Services clerk. By approving their own invoices, they would control their expenses and be fully aware of their spending.

The Internal Services financial officer revealed that changes to this practice are highly desirable. In the future, the financial officer wants each manager to approve and authorize their own contracts and associated invoices as well as operational invoices prior to giving them to the administration clerk.

Our review of the payment process revealed that controls prior to approval and payment are adequate and no particular weakness was identified aside from the lack of documentation.

When processing invoices and expenses, administrative assistants/clerks must post the invoice amount against an IFMS General Ledger (GL) financial code. Many administrative assistants/clerks reported that it is not easy to identify or select the appropriate IFMS GL financial code. This selection takes place using a 12-page listing where each GL code is summarized in a very short one-line description. The selection of the correct code is vital in order to post the expenses in the right GL account, otherwise reversing entries will be required to correct the situation.

We learned that the IMB financial officer intends to meet IMB managers and change this invoice payment process. The new process would involve every manager and administrative assistant. They would be responsible for reviewing, approving, posting, and initiating the payment in IFMS.

Recommendations and Management Response

- 41. It is recommended that the DG of IMB implement the new invoice payment process allowing managers to monitor their own budget by controlling their own spending.**

Agree. An invoice payment process, which will allow managers to monitor their own budget by controlling their own spending, will be documented, implemented, and published on the IMB Intranet site.

8.5 Monthly Tracking of Financial Assets

As of April 1, 2001, the new Department of Justice Financial Information Strategy (FIS) requires that assets valued at more than \$10,000 be tracked and estimated at the end of each month. This means that a Corporate Material Management has the responsibility to put in place a process to inventory and depreciate the asset according to a predetermined depreciation schedule. The residual financial value should then be communicated to CSB Finance for posting in the monthly balance sheet.

Our review of this process revealed that a specific internal system/ process to support this policy. A process has not been developed to identify and maintain a listing of capital assets. Our discussion with CSB Finance revealed that it needs to have a description of all high value assets, identify whether the asset was purchased or leased, the purchase price, the useful life of the asset, the depreciation class, and the monthly amortization.

Recommendations and Management Response

- 42. It is recommended that the DG of IMB validate with Corporate Material Management the nature and functionality of the system required to satisfy the requirements of CSB Finance and the Financial Information Strategy and take the necessary action to inventory and track the monthly value of all IMB high value assets.**

Agree. Internal processes will be developed in accordance with CSB Contracting and Materiel Management's new system to inventory and track the monthly value of all IMB high value assets. This process will be published on the IMB Intranet site.

9. RECOMMENDATIONS AND MANAGEMENT RESPONSE

1. It is recommended that the DG of IMB initiate a project to review the IMB Intranet site and:

- Reorganize all finance, HR, and administrative policies and procedures under one Intranet heading;**
- Make hyperlinks to other Intranet/Internet sites in the Department and central agencies that deal with specific policies and procedures in order to provide IMB staff with a central Intranet location to visit for accessing policies and procedures;**
- Have new staff consult the Intranet site during their orientation session to familiarize themselves with IMB policies and procedures, thereby reducing the risk of misunderstanding of Branch policies and procedures.....15**

Agree. A project has been initiated to review the IMB Intranet site and re-organize all finance, HR, and administrative policies and procedures under one Intranet heading for IMB employees, with hyperlinks to other Internet/Intranet sites. This Intranet Site will be part of the orientation process for new staff.

2. It is recommended that the DG of IMB develop administrative policies and procedures to assist managers in their decision making, and in order to standardize administrative activities within the Branch.....17

Agree. Internal administrative policies and procedures to assist managers in their decision-making and to standardize administrative activities within the Branch will be developed where needed. As much as possible, existing policies and procedures will be used or adapted for IMB specific needs.

The creation of the Internal Services Division in IMB, with procurement, finance, HR and general administration expertise, has been in itself a good step in answer to this

recommendation since there is now in-house available resources to be consulted and to assist, train or inform managers with such policies and procedures.

3. It is recommended that the DG of IMB develop stringent branch policies and procedures related to HR issues and staffing actions (e.g. temporary, term, acting, contractor, personal contracts) and that:20

- **These policies and processes refer to corporate HR policies and procedures;**
- **These policies and procedures are published on the IMB Intranet site and are hyperlinked to other policies and procedures published on the TBS, Department of Justice, and departmental corporate HR Web sites (see recommendation 1).**

Agree. Branch internal policies and procedures related to HR issues and staffing actions will be developed where needed. The creation of the Internal Services Division, which includes HR expertise, provides with an available resource in IMB to assist managers in applying HR policies and procedures.

Additionally, an action plan has been developed to review staffing actions/plans with managers to ensure that they conform with established departmental and government procedures. Reference will be made to HR policies and procedures, and will be located on the IMB Intranet site, with hyperlinks to HR and You and TBS.

4. It is recommended that the DG of IMB develop internal rules and procedures to guide managers in the application of the central agency and departmental policies for acting appointments, and monitor the situation to ensure compliance.....26

Agree. Internal rules and policies will be reviewed and new ones established where needed to provide guidance to managers in applying policies for acting appointments. The creation of the Internal Services Division, which includes HR expertise, provides with an available resource in IMB to assist managers in applying proper policies for acting appointments. A proper monitoring process will be put in place.

5. It is recommended that the DG of IMB document and distribute procedures for hiring and paying students.28

Agree. IMB will document and distribute a procedure for hiring and paying students in accordance with the TBS Terms and Conditions of Employment for Students.

6. It is recommended that the DG of IMB use the draft user guide as a base to document appropriate procedures to guide managers and administrative assistants through the contracting process.....30

Agree. The creation of the Internal Services Division in IMB, with procurement and contracting expertise, has been in itself a good step in answer to this recommendation since there is now in-house available resources to guide and train managers and administrative assistants with the contracting process.

Appropriate written procedures to guide managers and administrative assistants through the contracting process will be developed where needed. This information will also be part of the IMB Intranet Site.

7. It is recommended that the DG of IMB, in conjunction with CMM,

- develop a comprehensive checklist of actions to be undertaken when developing contracts and specific contractual clauses to be used during the drafting of some contracts,**
- use the standard contract clauses and templates which are available, rather than copy from existing or old contracts.32**

Agree. IMB will work with CSB Contracting and Materiel Management on the development of a comprehensive checklist of actions to be undertaken when developing contracts and specific contractual clauses to be used during the drafting of some contracts; and IMB will use the standard contract clauses and templates which are available, rather than copy from existing or old contracts. This information will be posted on the IMB Intranet Site.

8. It is recommended that the DG of IMB implement and document policies and procedures to ensure that the fees paid to personal contractors do not exceed the appropriate market rate for the service provided.....33

Agree. Policies and procedures will be documented to ensure that the fees paid to personal contractors do not exceed the appropriate market rate for the services provided. This information will be posted on the IMB Intranet Site.

- 9. It is recommended that the DG of IMB require the Internal Services Manager to review all contract renewals and changes for contracts under \$25,000. Any contract renewals and changes resulting in a contract value greater than \$25,000 should be adequately justified in writing to provide reasonable assurance that the RCM is adhering to government guidelines.....35**

Agree. The Procurement Officer (PG3) will review all contract renewals and changes for contracts under \$25K, and will ensure that any contract renewals and changes are adequately justified in writing to ensure compliance with government guidelines. Non-compliance will be reported to the Director, Internal Services for remedial action.

- 10. It is recommended that the DG of IMB ensure that sole source justifications are adequately explained and documented in each sole source contract file.35**

Agree. Sole source (directed contracts) justifications will be adequately explained and documented in each sole source or directed contract file.

- 11. It is recommended that the Director of IMB confine the use of temporary help services to those situations not exceeding 20 weeks and for which it is not feasible to assign public servants.....37**

Agree. Temporary help services' use will be done in accordance with DOJ and TB policy.

- 12. It is recommended that the DG of IMB develop, document, and implement detailed procedures for contracting. These procedures should include, at a minimum:**

- **Rules for sole sourcing professional services contracts,**
- **Rules for contract extensions,**
- **Rules for temporary help contracts,**
- **Procedures for effectively managing contracts,**
- **Procedures for regular reporting on contract status.....39**

Agree. The creation of the Internal Services Division in IMB, with procurement and contracting expertise, has been in itself a good step in answer to this recommendation since there is now in-house available resources to guide and train managers and administrative assistants with the contracting process.

Detailed procedures will be documented for the contracting process and will be posted on the IMB Intranet Site. Procedures will cover more than the minimum recommended in the audit report. Training will be provided as required.

- 13. We recommend that the DG of IMB ensure that the Internal Services Manager conduct a regular review of all contracts over \$25,000, with the objective of ensuring that all required documentation is contained within the contracting files for contracts in excess of \$25,000 and that government policy is followed.....41**

Agree. A new process will be put in place to ensure that all required documentation is contained within the contracting files for contracts in excess of \$25,000 and that government policy is followed in awarding these contracts. The Director, Internal services will conduct a regular review of all contracts over \$25,000.

- 14. It is recommended that the DG of IMB:**

- **Develop, document, and implement procedures requiring managers to properly monitor the status of their contracts;**
- **Develop an internal control system to keep track of contract details such as contract number, value, schedule, invoices, payments, and residual contract value.....42**

Agree. Procedures will be developed, documented, and implemented to ensure managers are properly monitoring their contracts. The IFMS or another internal control system will be used to keep track of contract details.

- 15. It is recommended that the DG of IMB ensure that:43**

- **An awareness session for managers is provided to ensure that managers are well aware of departmental policy, rules, guidelines, processes and risks associated with security levels;**

- **All contractors and non-IMB staff have the appropriate security level expected for the job;**
- **Contracted firms are asked to submit only the curriculum vitae of individuals who have the appropriate security levels.**

Agree. An awareness session has been provided to Directors regarding security issues as defined in the Audit Report and will be provided to managers. IMB will ensure that all contractors and non-IMB staff have appropriate security levels for the work they do. Contracted firms will be asked to submit only candidates with the appropriate security level.

- 16. It is recommended that the DG of IMB ensure that IMB managers review the security level of all staff to ensure that staff have appropriate security levels for their positions. (See recommendation 15 for reference to an awareness session for IMB managers.).....44**

Agree. All positions will be reviewed to ensure the appropriate security level is assigned, and that the incumbent has the required level. Remedial action will be taken as necessary.

- 17. It is recommended that the DG of IMB:45**

- **Develop a list of actions that need to be accomplished prior to the arrival of new staff,**
- **Develop a list of activities that need to be followed by new staff and managers in order to familiarize themselves with IMB processes,**
- **Publish both lists on the IMB Intranet site.**

Agree. A complete orientation checklist for IMB specific activities will be developed and implemented, and will be published on the IMB Intranet Site. Both before-arrival and on-arrival activities will be covered. Links to other sites will be included.

- 18. It is recommended that the DG of IMB:**

- **Develop a comprehensive orientation package that includes CSB HR orientation packages, and reference to specific IMB activities;**

- **Produce its own orientation package that includes IMB-specific policies, procedures, and instructions.....46**

Agree. A complete orientation package will be developed and implemented, tied to departmental orientation sites (HR, Facilities, etc.) Some specific IMB policies, procedures and instructions have already been posted on the ‘S: Drive’ and will be reviewed and revised as required. This will be posted on the IMB Intranet site once finalized.

19. It is recommended that the DG of IMB:

- **Centralize the coordination of required actions and processes for departing staff, and that the process be centralized with the Internal Services HR coordinator;**
- **Develop a list of departure activities to assist and guide managers, administrative assistants, and departing staff;**
- **Publish the list on the IMB Intranet site.....48**

Agree. A list of departure activities will be developed and posted on the IMB Intranet site; Procedures to ensure that required actions have been taken will be developed. These procedures will address the co-ordination responsibilities within the Branch and the need to have a centralized process will be assessed.

20. It is recommended that the DG of IMB ensure that the documentation is accurate and that the processing of documents to CSB HR occurs in a timely manner.....49

Agree. The IMB HR Coordinator will ensure that the documentation is accurate and that the processing of documents to CSB HR occurs in a timely manner.

21. It is recommended that the DG of IMB:

- **Inform staff of the need to formally request approval for their leave and to report / register all absenteeism information in the system;**
- **Inform managers of the need to ensure that all staff enter accurate information in the system.50**

Agree. A memorandum will be issued to staff and managers concerning their responsibilities with regards to leaves.

22. It is recommended that the DG of IMB consult with CSB HR regarding the need to develop a telework policy that conforms to TBS requirements and that takes into account any special needs of IMB.....50

Agree. IMB will consult with CSB HR regarding the need to develop a telework policy that conforms to TBS requirements and that takes into account any IMB special needs.

23. It is recommended that the DG of IMB re-examine an fully explore the possible options to make sure it reflects its current management structure and service level. .51

Agree. The HR Coordinator will review with managers their requirements for exempt and designated positions, and fully explore options available to adequately respond to needs.

24. It is recommended that the DG of IMB:

- **Ensure that the detailed hardware purchasing process is documented and the procedures are published on the IMB Intranet site;**
- **Ensure that administrative assistants are trained on available tools and processes used for hardware procurement.....54**

Agree. The standard policy for purchasing any goods is detailed in the Finance, Administration and Programs Intranet site. A more detailed hardware purchasing process will be documented and procedures will be published on the IMB Intranet site. Administrative assistants will be trained on available tools and processes used for hardware procurement.

25. It is recommended that the DG of IMB document server purchasing guidelines and standards.....55

Agree. IMB will document server purchasing guidelines and standards.

- 26. It is recommended that the DG of IMB:**
- **Provide detailed instructions to IMB’s credit card holders on specific acceptable/non acceptable operational practices;**
 - **Publish these instructions on the IMB Intranet site;**
 - **Ensure that the IMB’s Intranet site specifically addresses TBS and departmental Credit Card policies and guidelines;**
 - **Implement a process to ensure that IMB adheres to TBS and departmental guidelines or obtain written justification for purchasing decisions.....58**

Agree. Detailed instructions will be developed and provided to IMB credit card holders on specific acceptable/non-acceptable operational practices; these instructions will be published on the IMB Intranet site. A hyper-link to TBS and departmental Credit Card policies and guidelines will be made. A process will be developed and implemented to ensure that IMB credit card holders are adhering to TBS and departmental guidelines regarding written justification for purchasing decisions. Mandatory training for card-holders is already in place.

- 27. It is recommended that the DG of IMB negotiate with corporate facility management to secure interim storage space for IMB hardware equipment.59**

Agree. Negotiations will take place with Facilities Management to secure additional storage space for IMB hardware equipment.

- 28. It is recommended that the DG of IMB thoroughly review the process for ensuring that all PCs identified for disposal are “data cleaned” prior to being sent to the loading dock.60**

The process for ensuring that all PC’s identified for disposal are data cleaned prior to being sent to the loading dock will be thoroughly reviewed.

- 29. It is recommended that the DG of IMB:61**

- **Identify the owner of every valuable asset;**
- **Provide guidelines in relation to the registration of assets (e.g. servers);**

- **Conduct an awareness session with all IMB staff to inform them of actions required when the procurement and assets management system form is received and inform them of the consequence of not completing it.**

Agree. Valuable asset ownership will be identified; guidelines will be provided regarding registration of assets including servers; the inventory process will be documented and IMB staff will be informed of actions required when the procurement and asset management system form is received and consequences of not completing it. It is our understanding that CSB Materiel Management will be introducing a new inventory/asset management system, so timing of this initiative will be coordinated with them. For the time being, IMB will document an inventory of its current assets.

- 30. It is recommended that, in order to minimize costs and impacts on current schedules associated with business projects, the DG of IMB initiate an internal project to develop a purchase control plan and that Internal Services become the owner of the plan and lead the project.63**

Agree. In order to minimize costs and impacts on current schedules associated with business projects, business managers will work with the IMB Procurement Officer to develop a contracting/purchasing plan.

- 31. It is recommended that the DG of IMB:66**

- **Formally assign responsibility to manage all software licences acquired or controlled by IMB (MS and non-MS software);**
- **Develop an internal policy on software licencing and publish it on the IMB Intranet site;**
- **Develop and document a comprehensive process relating to the management, inventory, control, and monitoring of all software licencing issues.**

Agree. Formal responsibility to manage all software licenses acquired or controlled by IMB will be assigned. An internal policy on software licensing will be developed and published on the Intranet, and we will develop and document a comprehensive process relating to the management, inventory, control, and monitoring of software licensing issues.

32. It is recommended that the DG of IMB:67

- **Consider all software products as a corporate asset and take the necessary measures to ensure that an inventory list of software products and software licences is produced;**
- **Assign an IMB staff member to assist CSB Materiel Management in managing the inventory process related to non-MS software products and non-MS software licences.**

Agree. An inventory list of software products and licenses either acquired or controlled by IMB will be produced and maintained. IMB is however only in control of a portion of all software products in use in the department. Ultimately, the responsibility for materiel management in the department rests with CSB Materiel Management. IMB will assign a staff member to assist CSB Materiel Management in managing the inventory process related to non-MS software products and non-MS software licenses.

33. It is recommended that the DG of IMB:69

- **Develop and distribute internal guidelines for managers for assigning space and sundry items to contractors;**
- **Publish these guidelines on the IMB Intranet site.**

Agree. Guidelines will be developed, distributed and posted on the IMB Intranet site for the assignment of space and sundry items to contractors.

34. It is recommended that the DG of IMB develop a formal process to assign, distribute, inventory, and recover PCs that are loaned to employees.....70

Agree. A formal process will be developed to assign, distribute, inventory, and recover PC's that are loaned to employees. This process will be published on the IMB Intranet site.

35. It is recommended that the DG of IMB, in consultation with CSB HR:.....71

- **Find ways to better use the functionality offered by the PeopleSoft HR software to register all training undertaken by IMB staff and keep all training historical information;**

- **Develop training, conference, and seminar attendance guidelines;**
- **Produce a Branch-wide training plan based on training plans produced by each manager.**

Agree. IMB will explore the functionality of PeopleSoft in order to maintain current and historical information on training undertaken by employees. Training, conference and seminar attendance guidelines will be produced and posted on the IMB Intranet site. A Branch Training Plan will be produced annually following the PREA exercise, and updated when budgets are finalized.

- 36. It is recommended that the DG of IMB give priority to the project to develop a standardized filing system for the Branch, and ensure that it will be funded and completed this fiscal year in order to convert all active files, implement all processes, and train each staff member.....72**

Agree. We agree that this project requires priority, however, the project will not be able to be completed until the end of the fiscal year due to shortage of staff in the Records Services group. Initially, we will update what already exists (paper/hard-copy) and train accordingly.

- 37. It is recommended that the DG of IMB:73**

- **Create an inventory of all common equipment;**
- **Assign the responsibility for the maintenance and management of this equipment to the Internal Services Group.**

Agree. An inventory of all common equipment will be created. The management and maintenance of this equipment will be assigned to Internal Services.

- 38. It is recommended that the DG of IMB ensure that the IMB finance officer, with the Financial Services Group, pursue plans to provide training sessions to managers and administrative assistants.....75**

Agree. The IMB Financial Officer and CSB Financial Services Group will provide training sessions to managers and administrative assistants on budget forecasting techniques.

39. It is recommended that the DG of IMB ensure that:77

- **Guidelines are documented for the use of petty cash;**
- **The guidelines are published on the IMB Intranet site with references to corporate and central policies;**
- **A training session is given to managers and administrative assistants to highlight the approved policy and processes.**

Agree. Guidelines will be documented for the use of petty cash and will be published on the IMB Intranet site, with reference to the corporate and central policies. Training sessions will be offered as required to managers and administrative assistants.

40. It is recommended that the DG of IMB:78

- **Clarify IMB guidelines to provide additional precision with respect to hospitality expenses; and**
- **Ensure that the IMB Intranet site has a “hyperlink” with departmental policies.**

Agree. Clarified hospitality guidelines will be published on the IMB Intranet site, with hyper-links to departmental and TBS policies.

41. It is recommended that the DG of IMB implement the new invoice payment process allowing managers to monitor their own budget by controlling their own spending. .79

Agree. An invoice payment process, which will allow managers to monitor their own budget by controlling their own spending, will be documented, implemented, and published on the IMB Intranet site.

42. It is recommended that the DG of IMB validate with Corporate Material Management the nature and functionality of the system required to satisfy the requirements of CSB Finance and the Financial Information Strategy and take the necessary action to inventory and track the monthly value of all IMB high value assets.80

Agree. Internal processes will be developed in accordance with CSB Contracting and Materiel Management's new system to inventory and track the monthly value of all IMB high value assets. This process will be published on the IMB Intranet site.