TABLE OF CONTENTS

EXECUTIVE SUMMARY **1**

GENERAL MANAGEMENT RESPONSE **7**

1. INTRODUCTION **9**

1.1 Organizational Structure 10
1.2 Objectives and Scope 12
1.3 Methodology 13

2. FINDINGS—GOVERNANCE AND ORGANIZATION **15**

2.1 Organizing for Delivering Services 15
2.2 Functional Direction 22

3. FINDINGS—REGIONAL MANAGEMENT FRAMEWORK **29**

3.1 Regional Management Processes 29
3.2 Regional Performance Management 33

4. FINDINGS—REGIONAL SERVICE DELIVERY **35**

4.1 Consistency of Regional Service Delivery 35
4.2 Regional Resource Levels 38
4.3 Regional Compliance with Key Legislation and Policies 40

5. RECOMMENDATIONS AND MANAGEMENT RESPONSE **51**

APPENDIX A: Comparison of Regional Organizational Structures

EXECUTIVE SUMMARY

Introduction

The Department of Justice has six regional offices and seven sub-offices across the country. Regional staff provide legal advice to federal departments and agencies and are responsible for most of the Government's litigation work in the provinces and territories. Since 1995, the Department of Justice has been organized into a portfolio management structure that includes all major legal service delivery areas (e.g. taxation, citizenship and immigration, and aboriginal affairs). In 2001, the Department of Justice undertook further organizational change to improve the efficiency and effectiveness of delivering its services to the Government and to Canadians. This change, which includes a new management structure, is designed to improve accountability and decision-making processes.

Each regional office is structured to meet regional requirements and is organized into legal service delivery groups based on the Headquarters portfolio structure and operational/functional requirements. The regional offices have grown substantially in size, level of service delivery, and organizational complexity over the last few years in response to the needs of clients in provincial/territorial communities.

In the regional office structure, Finance and Administration, Human Resources, and Informatics provide corporate services to the Senior Regional Director and the legal service delivery groups. The organization of these corporate services varies from region to region. Regardless of the internal organizational structure, managers of regional corporate services have a line reporting relationship to the Senior Regional Director and a functional reporting relationship to their respective functional heads in Headquarters.

The objectives of this audit were to review and assess:

- the extent, appropriateness, and consistency of functional direction provided by Headquarters to regional offices;

- the appropriateness of the interfaces between Headquarters functional centres and their counterparts in regional offices, and the clarity of roles and responsibilities of regional and Headquarters staff;
- the adequacy of resource levels for each function on a comparative basis with the regional offices in the Department of Justice.

In addition, the following objectives were pursued at the regional level:

- the level, consistency, and appropriateness of corporate services provided in the regional offices;
- the adequacy of the management framework in place that supports the provision of corporate services (planning, organizing, controlling, directing, communicating, and the management of human, financial, and materiel resources);
- the utility and reliability of information systems for decision-making and accountability purposes;
- the extent of compliance with key legislation and central agency/departmental policies (e.g., *Financial Administration Act* (*FAA*), Management of Information Policy, Contracting Policy, *Public Service Employment Act* (*PSEA*));
- the level of satisfaction with the services provided to regional management and staff.

The fieldwork for this audit was carried out in the British Columbia, Ontario and Québec Regional Offices between October and December, 2004.

Governance and Organization

The regional Human Resources (HR), Finance, and Information Management/Information Technology (IM/IT) groups must ensure compliance with corporate services policies and directives and provide each Senior Regional Director with the necessary management support to meet legal service delivery objectives. Based on the information collected, the audit team is of the view that the primary role of regional corporate services is to support the Senior Regional Director and his/her regional activities.

However, there are key issues at the regional level that need to be resolved. They include:

- broad governance issues that require senior management resolution;
- organizational differences between regions;
- the lack of a governance structure in most areas of corporate services (with the exception of IT);
- the need for standard processes and clearly evident management control.

A governance structure has been implemented for the IT function, but not yet for the other corporate services of IM, Library, Finance, and Human Resources. More Headquarters functional guidance is needed in all regions.

The regions have at times requested more involvement from Ottawa in such areas as policy development and the establishment of a governance structure. Regions would like to have a meaningful role in the development of best operational practices, but recognize that the responsibility rests with Headquarters for sharing these practices across the Department.

Communications between Headquarters and regions and between regions vary by corporate services function. The regions would like to be consulted more on developing policy and procedures, and would prefer to see a stronger collegial relationship between the regional corporate services managers and Headquarters. We concur with the suggestion that the regions could develop "centres of expertise" rather than have this expertise solely resident in Headquarters.

At the time this audit was conducted, there were limited interactions between the regional corporate services functions and the related functions at Headquarters.

Summary of Recommendations

Action is recommended to:

- develop the necessary governance framework for all corporate services functions;
- ensure regional functional heads are involved in the development of policies and procedures;
- explore ways to continue to improve communications with the regions and between regions.

Regional Management Framework

While the management framework for corporate services functions varies across functions and regions, we found that daily practices and procedures are adequate for the most part. We were told, however, that regional corporate services staff require more functional guidance from Headquarters. In addition, when this audit was conducted, the process in place for allocating budgets made it difficult to plan and assign resources. Although efforts were being made to improve the timeliness of the budget cycle, business planning in regional corporate services continues to require improvement. There is no standard, structured, clear, consistent, and well-planned budget process. Finally, the need for more corporate services training in the regions is acknowledged but budgets are often small, with no funding from Headquarters.

In reviewing the adequacy of the regional management framework we focused on regional management processes and regional performance management. We found that performance standards and performance measurement are not always in place, although activity reports from corporate services to regional management are usually adequate.

Summary of Recommendations

Action is recommended to:

- develop a standard approach to performance management for regional corporate services delivery.

Regional Service Delivery

Generally, we found that the delivery of services by regional corporate services is satisfactory. There have been recent improvements within the regions, such as developing sub-registries within the legal units in Ontario, and further improvements are being planned, such as increased training in finance and HR processes.

The number of positions, classification levels, staffing levels, and organizational structures differ from region to region. We found the differences to be significant, given the overall size of each regional office.

Finance and Administration. In general, financial management in the regions visited was adequate. In cases where control had previously been weak, improvements were either planned or under way. Although our review of regional financial control showed regions complied with the *FAA*, the lack of a standard process in some regions where the purchase order, invoice, and delivery record are matched prior to payment being made is a control weakness that should be addressed. Except for potential risks associated with sole sourcing and contract amendments, the contracting processes did not raise any serious concerns. More use of national standing offers might be useful in improving the extent of competitive purchasing. Headquarters is planning to provide training to the regions in contracting procedures, which should help to improve regional practices relating to contracting.

Human Resources. Our review indicated that regional HR activity complies with the *PSEA* and with national policies and procedures. However, continued statistical review may point out potential issues for regions in adhering to national policies. There are indications (e.g. the high number of staff grievances in Ontario) that HR issues may exist. Also, Ontario and British

Columbia represent a significant proportion of PREA-related grievances. Further analysis is required and is anticipated.

Informatics. Delivery of IM/IT services has been favourably impacted by the recent implementation of the IT governance structure and associated processes. Although the help desk process is generally working well, issues were noted and some problems cited with the new Headquarters supplier regarding the provision of information to the regional offices. More information is needed on costs and services to better evaluate the performance of the national and regional desks. Backup processes are in place and functioning in all three regions. Most of the IT applications being developed in the regions are small and do not require extensive resources. However, at the time that this audit was completed, some applications had been or were being developed without consulting the IT section in each region, which resulted in some concerns. IMB advised us that they were examining ways to address this issue.

Records Management Practices. Records management varied from office to office. In our view this was due to the lack of a national governance structure for information management. Some initiatives to test and improve records management were noted. One specific example is the creation of the sub-registry concept for files being worked on. Another is the proposed review of the quality and content of files. Nonetheless, there is an urgent need for improvements in the management of files in some locations. In addition, there is a need to improve records management by implementing best practices.

Library. Regional staff in each office visited were pleased with Library services. Each region negotiates the licensing costs for services such as Quicklaw—costs that are significant if considered nationally. It is our opinion that an opportunity for cost-savings exists if licensing services for Quicklaw and similar databases were negotiated on a national basis.

Summary of Recommendations

Action is recommended to:

- conduct a detailed analysis on staff workloads and work processes for corporate services;
- improve financial control by ensuring: that purchase orders, invoices, and delivery records are matched prior to payment being made; when contracting for services, that standing offers are used where appropriate; and that regional staff are trained in contracting procedures;
- complete the planned analysis to establish trends with respect to HR activities;
- analyze help desk costs (regional vs. national), response times, and level of client satisfaction;

- determine why applications are developed within the region without the involvement of the IT section;
- share nationally regional improvement efforts to address common IM issues;
- review the current licensing regime for services such as Quicklaw to determine if savings are possible by negotiating on a national basis.

The management response to the recommendations contained in this report was provided by the Acting Assistant Deputy Minister, Corporate Services on April 27, 2006.

GENERAL MANAGEMENT RESPONSE

The *Federal Accountability Act* (*FAA*), which was tabled on April 11, 2006, made provisions to establish an Office of the Director of Public Prosecutions (DPP). The *FAA* is expected to be passed in the Fall of 2006, and this legislation will have significant repercussions for the Department of Justice overall.

As part of preparations for this eventuality, the Associate Deputy Minister has been heading a transition process that includes the establishment of numerous committees in order to address critical concerns within the Department. Corporate Services has directed considerable attention to these transition activities since the creation of the DPP has serious structural and operational implications for all regional offices.

While detailed changes have yet to be clarified, Corporate Services also anticipates a reconfiguration of its own structure. To this end, discussions are currently taking place with regard to resource decisions that will best accommodate the changes to come.

1. INTRODUCTION

The Department of Justice has six regional offices and seven sub-offices across the country. Regional staff provide legal advice to federal departments and agencies and are responsible for most of the Government's litigation work in the provinces and territories. The six regional offices—Atlantic, Québec, Ontario, British Columbia, Northern, and Prairie regions—report directly to the Deputy Minister.

Since 1995, the Department of Justice has been organized into a portfolio management structure that includes all major legal service delivery areas (e.g. taxation, citizenship and immigration, and aboriginal affairs). In 2001, the Department of Justice undertook further organizational change to improve the efficiency and effectiveness of delivering its services to the Government and to Canadians. This change, which includes a new management structure, is designed to improve accountability and decision-making processes.

Each regional office is structured to meet regional requirements and is organized into legal service delivery groups based on the Headquarters portfolio structure and operational/functional requirements. The regional offices have grown substantially in size, level of service delivery, and organizational complexity over the last few years in response to the needs of clients in provincial/territorial communities.

Across the country, regional offices are supported by specialist staff providing corporate services in various functional areas such as administration, human resources, and informatics. This audit examined the provision of corporate services in three of the Department's six regional offices: Québec, Ontario, and British Columbia. In fiscal year 2004/2005, these regional offices had staff and expenditures at December 31, 2004 as follows:

December 31/2004 Financial Status Report	Québec	Ontario	British Columbia
Staff Complement (March 2004)	493	587	466
Salaries	33,331,415	44,862,328	31,513,955
O&M Fund 15	4,958,650	4,592,250	5,000,313
Other O&M[1]	669,765	6,333,708	9,748,223
Total	38,959,830	55,788,286	46,262,491

During this audit, these three regions were examined with a view to drawing conclusions and recommendations applicable to the provision of regional corporate services in general. This audit is intended to be a systemic report and does not focus on providing recommendations on issues specific to any one region.

1.1 Organizational Structure

Since 1995, the Department of Justice has been reorganized into a portfolio management structure that includes all major legal service delivery areas (e.g. taxation, citizenship and immigration, and aboriginal affairs). Headquarters senior managers in each portfolio are responsible for planning and coordinating the delivery of legal services including the allocation of resources to the regional offices that deliver legal services.

Each regional office is structured to meet regional requirements and is organized into legal service delivery groups based on the Headquarters portfolio structure and operational/functional requirements. Each regional office is headed by a Senior Regional Director (SRD) who reports directly to the Deputy Minister.

In the regional office structure, Finance and Administration, Human Resources, and Informatics provide corporate services to the Senior Regional Director and the legal service delivery groups. The organization of these corporate services varies from region to region. Regardless of the internal organizational structure, managers of corporate services have a line reporting relationship with the Senior Regional Director and a functional reporting relationship to the respective Headquarters function (see Figure 1).

[1] Additional monies for drug prosecution and litigation activities. The Québec Government pays for and prosecutes all drug cases within the borders of the province, therefore Justice only incurs costs on files that contain multiple charges or statutes that are deemed the responsibility of the federal government.

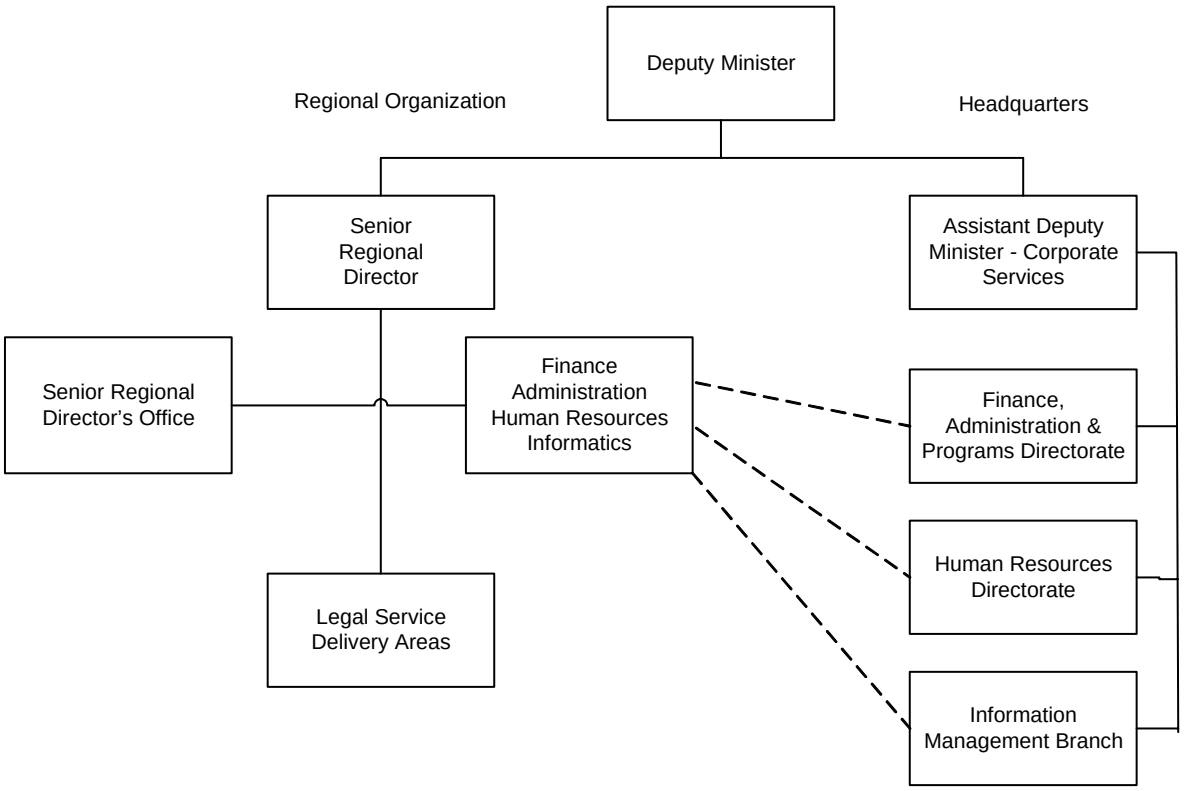
Finance and administration units in the regions provide planning, analysis, and advisory services, and create and manage budgets, processes, and financial transactions for regional staff and management. Regional financial staff have been delegated responsibility for certifying compliance with Section 33 of the *Financial Administration Act* (*FAA*) and for ensuring that sections 32 and 34 of the Act are appropriately signed off.

Human resources services are provided in regional offices through a series of delegations from Headquarters. These services include classification and organizational analysis, compensation and benefits, staffing and recruitment, staff relations, training and development, employment equity, career planning, and official languages. Services provided are recorded in the Human Resources Management Information System (HRMIS). This is a national system accessible by both Headquarters and regional staff.

Regional informatics, records management, and library services offer local information technology (IT) and information management (IM) support. In 2003, the Information Management Branch (IMB) in Headquarters released an IT governance structure[2] to help regional and HQ staff build the cooperation needed for corporate success in managing crucial technology.

[2] The IT governance structure is laid out in several documents issued in November 2003 by BIT.COM (IT management committee reporting to the Executive Council).

Figure 1: Corporate Services Functional Chart



1.2 Objectives and Scope

The objectives of this audit were to review and assess from a national perspective:

- the extent, appropriateness, and consistency of functional direction provided by Headquarters to regional offices;
- the appropriateness of the interfaces between Headquarters functional centres and their counterparts in regional offices, and the clarity of roles and responsibilities of regional and Headquarters staff;
- the adequacy of resource levels for each function on a comparative basis with the regional offices in the Department of Justice.

In addition, the following objectives were pursued at the regional level:

- the level, consistency, and appropriateness of corporate services provided in the regional offices;
- the adequacy of the management framework in place that supports the provision of corporate services (planning, organizing, controlling, directing, communicating, and the management of human, financial, and materiel resources);
- the utility and reliability of information systems for decision-making and accountability purposes;
- the extent of compliance with key legislation and central agency/departmental policies (e.g., *FAA*, Management of Information Policy, Contracting Policy, *Public Service Employment Act* (*PSEA*));
- the level of satisfaction with the services provided to regional management and staff.

The audit examined the provision of corporate services in the regional offices of Vancouver, British Columbia; Toronto, Ontario; and Montreal, Québec. These services included financial management, information technology and information management, contracting, and human resources. In addition, the audit examined the functional leadership provided to these regions by the Headquarters functional centres. The audit addressed the following key issues:

- the level and appropriateness of planning activities undertaken (at the regional and Headquarters levels);
- the extent to which performance standards have been established and the nature of these performance standards;
- the extent to which the corporate (Headquarters) vision for these services is promulgated and implemented;
- the extent to which accountabilities for the delivery of corporate services are clearly established between the regions and Headquarters (e.g. accountability of senior regional directors versus functional heads of HQ Corporate Services).

The fieldwork for this audit was carried out in the British Columbia, Ontario and Québec Regional Offices between October and December 2004.

1.3 Methodology

The audit followed the methodology outlined in Treasury Board Secretariat (TBS) guides on comprehensive audits. Information was gathered through reviews of pertinent documentation and interviews. We interviewed Department of Justice staff at Headquarters (e.g. the functional areas

of Finance, Human Resources, and Information Management) and in the selected regional offices.

We conducted focus groups in each region to obtain a broad coverage of the users of the region's corporate services.

We developed a set of audit tests to determine whether there were any serious issues that warranted further examination. The areas of audit testing included the following:

- Finance and Administration
  - contracting procedures
  - financial controls relating to signing under sections 32, 33, and 34 of the *FAA*

- Human Resources
  - staffing actions
  - appraisals conducted
  - compensation cases managed

- IM/IT
  - services provided through the helpdesk
  - records management
  - library charges administered
  - backup of electronic files
  - controls over IT applications

2. FINDINGS—GOVERNANCE AND ORGANIZATION

Many of the Department of Justice's services and activities are carried out at the regional level. There are six main regional offices: Atlantic, British Columbia, Northern Region (Whitehorse, Yellowknife, and Iqaluit), Prairie Region (Winnipeg, Saskatoon, Calgary, and Edmonton), Ontario, and Québec. These offices deliver legal services (legal advice and assistance, civil litigation, criminal prosecutions) to client departments and to the Department of Justice.

Regional offices are supported by corporate services groups that provide various services similar to those provided by Headquarters. The main components of Corporate Services at Headquarters are:

- Human Resources
- Finance, Administration and Programs
- Information Management

2.1 Organizing for Delivering Services

Our audit examined whether lines of accountability for the delivery of corporate services are clearly established between the regions and Headquarters (e.g. accountability to the Senior Regional Director and/or accountability to heads of corporate services functions at Headquarters). We also examined the clarity of roles and responsibilities including delegation of authorities and segregation of duties. The Department released an Information Technology (IT) governance structure in 2003. The audit examined whether governance structures for the other corporate services functions (Information Management, Human Resources, and Finance and Administration) had also been developed.

2.1.1 Key Issues Affecting Regional Governance

Regional corporate services functions include various roles and responsibilities. The primary roles of corporate services are to:

- provide services that assist the region to perform its operational tasks (e.g. criminal prosecutions, civil litigation, legal policy advice) efficiently and effectively;
- advise and assist managers in carrying out their administrative tasks;
- monitor and control the various corporate services functional activities to ensure they comply with legislation, government and departmental directives and policies.

In general, the Government of Canada is committed to strengthening its focus on serving the public, and providing increased transparency and greater accountability. This requires sound financial and administrative controls and procedures, which depend on a strong governance framework and a sound organizational and reporting structure.

A governance framework (accountability framework) requires:

- well defined and well communicated policies and procedures;
- appropriate processes and systems to allow staff to carry out their responsibilities;
- clear understanding of roles and responsibilities;
- the provision of functional guidance and ongoing communications;
- sufficient resources to carry out stated responsibilities;
- mechanisms for establishing priorities and resolving any conflicting demands;
- well defined, understood, and reasonable reporting requirements;
- timely, appropriate management reports;
- periodic testing to ensure that information on performance is reliable.

There are a number of significant broad governance issues that the Department of Justice needs to address with regard to defining roles and responsibilities, establishing policy and strategic initiatives, and determining how regions will relate to Headquarters. The Department must resolve the following issues that impact on regional performance in the delivery of corporate services, while carefully considering regional needs and perspectives:

Budget Process. The organization of the Department into a portfolio structure has had a major impact on the budgeting process for corporate services. Corporate services functions receive funding from a variety of sources within the Department of Justice. The current budgeting process places a serious burden on regions' ability to plan, budget, and manage resources (discussed in more detail in "Regional Management Framework").

Memoranda to Cabinet and Treasury Board Submissions. We were told that the financial analyses for Cabinet submissions and Treasury Board submissions are prepared by different groups in the Department, with the result that there is not always a coordinated approach.

Central Agency Initiatives (i.e. Treasury Board and Public Service Commission). Central agency initiatives under way continue to heighten the demands on regional and Headquarters Finance and Human Resources areas. These initiatives include:

- TBS's Management Accountability Framework;
- modern comptrollership;
- risk management;
- Public Service Modernization, including changes to the *Labour Relations Act*.

Review of Public Service Centralized Services. The Internal Services Modernization Program, a current Government-wide review of internal services by Treasury Board, may have a significant impact on the services provided by Department of Justice regional offices. As a result, some HR / IT / Finance functions may be provided centrally to all government departments. Should this change occur, it could affect the Department's ability to resolve issues regarding its governance structure.

Centralization vs. Decentralization. Business Managers/Directors of Finance and Administration in regional offices have a line reporting relationship with Senior Regional Directors (SRDs) and a functional reporting relationship with each of the Director Generals of HR, Finance and Administration, and IM/IT in Headquarters. At the time this audit was conducted, consideration was being given to the possibility of having all Business Managers/Directors of Finance and Administration report to Corporate Services in Headquarters. The issue of centralization of service delivery and the resulting implications for reporting relationships raises a dilemma—more responsiveness at the regional level versus greater control at the national level. [3]

At the time this audit was completed, there was limited interaction between the regional corporate services functions and the related functions at Headquarters. (For details on the extent of interaction, see "Functional guidance" in the "Functional Direction" section.) On one hand, a line reporting relationship to Headquarters functional authorities offers the best opportunity for effective monitoring and control at the national and regional levels, and for ensuring departmental compliance with policies and procedures. On the other hand, a line reporting

[3] We were told that Industry Canada regional HR directors report directly to the HR functional head at Headquarters.

relationship to SRDs offers the best opportunity for the provision of responsive services that meet the unique needs of regional offices. It is our view that regional corporate services providers can most effectively support the legal operations within their respective regions and their SRDs when regional corporate services providers have a direct line reporting relationship and accountability to the regional directors and a functional reporting relationship to Headquarters, as is currently the case, but further clarity on the overall governance framework for most corporate services is required.

An adequate governance framework exists for the IT function. However, further investigation, examination, and dialogue between regional and Headquarters functional managers is required to develop and communicate a suitable governance framework for the HR, Finance and Information Management functions.

2.1.2 Clarity of Roles and Responsibilities

The organizational model (including roles and responsibilities) for the delivery of corporate services differs from region to region. For example, in one region we found that the HR function consists primarily of an advisory role, rather than an operational role. This was understood and accepted (in fact preferred) by Headquarters and regional HR staff. We also noted that regional roles and responsibilities for corporate services are generally understood within each region. However, we found that corporate services roles were not always well communicated between regions or between regional corporate services and Headquarters functional centres. We did note however that where difficulties had arisen, regional corporate services staff were attempting to address the issue.

We found that regional staff did not always understand the nature of the Headquarters role versus the regional role with respect to different corporate services functions. Generally, regional corporate services staff were of the opinion that the Headquarters role should be policy-oriented, while the regional role should focus more on operations. Regional staff stated that their response times are better than those of Headquarters and they are more aware of local operational needs and concerns.

Even though regional corporate services staff generally had a clear understanding of roles for corporate services delivery within each region, there are organizational differences between regions that can have an effect on the delivery of corporate services. Distinct organizational models at the regional level offer the opportunity to organize local corporate services staff in a manner that best suits regional needs and priorities. However, the lack of a departmental

governance structure for corporate services delivery can result in the different organizational structures having unintended effects.

Organizational differences between the regions include differences in:

- organizational structure;
- number of resources for functional activities;
- classification levels;
- level of staffing for all approved positions;
- the relative priority placed by senior regional directors on different corporate services activities.

There are concerns both at the regional and Headquarters level regarding the impact of regional organizational differences on the clarity of roles and responsibilities for the delivery of corporate services. For example:

- In the Québec region there is a director in charge of all corporate services; in the BC region there is a director responsible for all corporate services except human resources. In the Ontario Region there are director-level positions in charge of various regional corporate services functions. The creation of a similar director position for corporate services in Ontario would affect the classification levels of the heads of some functional areas such as IT and would result in a lower classification level for these positions. The head of IT in Ontario Region is a CS4, whereas the highest classification level for IT in the Québec and B.C. regions is a CS3. There is a concern at Headquarters that such differences in classification levels among regions can result in differences in the level of managerial expertise and in problems of staff morale.

- Whereas in theory IM contains both records management (RM) and knowledge management (KM), these two disciplines are largely separate in the regions. We found that both areas received significant attention from management in Québec Region (e.g. providing sufficient resources, staffing positions as they become vacant, obtaining adequate funding). In Ontario, there have been extensive efforts to establish sound file management and there are good initiatives ongoing there. However, KM was understaffed and lacking in overall direction in that region The position of head of records in B.C. Region had been vacant for 18 months at the time of the audit. This vacancy negatively impacted RM and KM in that region.

The regions acknowledge that responsibility for setting policy rests with Headquarters. However, when this audit was conducted, all regions indicated an interest in having more input into the policy development process. One suggestion was to organize inter-regional groups along

functional lines for discussion, problem resolution, and overall input to Headquarters policy development with a view to arriving at standard processes and practices. Regional staff were of the opinion that where a particular expertise rests with a regional corporate services staff member, that individual could play a leading role in developing policies and strategic directions. In their view, a person's location at the regional level should not be a factor in determining who should take a leadership role for policy development (as an example). We noted that leadership is being taken in Québec Region regarding knowledge management and in Ontario Region regarding the national committee for records management. (For a recommendation on this issue, see "Functional Direction".)

2.1.3 Delegation of Authorities and Separation of Duties

We found that regional staff who deliver corporate services understood the delegation of authorities. The audit team also found that managers had signed the appropriate delegation documents. The separation of duties was generally adequate, although we noted some exceptions.

We found that separation of duties has been adversely affected in some cases when too much reliance was placed on senior regional corporate services staff who assumed a very wide range of responsibilities. This occurred as a result of a number of factors: years of experience and knowledge, staff shortages, increases in workload, and the lack of a national governance structure in most corporate services areas. (As stated earlier, IT does have a governance structure.) There is a risk in having a large number of key activities or responsibilities performed by one individual.

We were told that there is also an issue with the separation of responsibilities between highly experienced and motivated senior corporate services staff members and the remainder of the functional team in a region. For example, even though delegation of responsibilities improves the regional workflow (especially in times of increasing workload), we were told that on many occasions senior staff members take over the work of junior staff who have less experience and training. In some instances, we found that delegation of duties at the regional level is inadequate and is not consistent with assigned roles and responsibilities. In some cases, senior regional staff indicated that further training for junior staff was necessary to meet the functional and operational requirements of the various corporate service areas, and that the required training would be provided.

Conclusions

Regional corporate services providers can most effectively support the legal operations within their respective regions and their SRDs when they have a direct line reporting relationship and accountability to the regional directors and a functional reporting relationship to Headquarters. However, further investigation, examination, and dialogue between regional and Headquarters functional managers is required to develop and communicate a suitable governance framework for each corporate services function.

The regional HR, Finance, and IM/IT groups must ensure compliance with corporate services policies and directives and provide each Senior Regional Director with the necessary management support to meet legal service delivery objectives. Based on the information collected, we are of the view that the primary role of regional corporate services is to support the Senior Regional Director and his/her regional activities.

There is an opportunity to involve regional staff in the development of elements of the governance structure. One practical solution is to organize inter-regional groups along discipline lines for discussion, problem resolution, and input to policy development to arrive at standard processes and practices.

The key issues at the regional level that need to be resolved include:

- broad governance issues that require senior management resolution;
- organizational differences between regions;
- the lack of a governance structure in most areas of corporate services (with the exception of IT);
- the need for standard processes and clearly evident management control.

<u>Recommendations and Management Response</u>

1. **It is recommended that the ADM Corporate Services ensure that a governance framework is developed for all corporate services functions with adequate involvement of both regional and Headquarters functional heads.**

   Since the completion of the audit, significant shifts in governance structures have taken place that directly address this recommendation. At the departmental level, with the establishment of FIN.com and HR.com in 2005, governance committees are in place in all three of the main Corporate Services areas. Terms of reference for BIT.COM were also updated when the governance structure for the Department was changed in 2005. Regions are represented on

all three committees (HR.com is co-chaired by a Senior Regional Director), are regularly consulted on key functional issues, and appraised of committee decisions.

In addition, the project on the identification and definition of core corporate services is well underway, with results pending shortly. This project will serve to significantly influence the development of an overall governance framework for all corporate services functions and may lead to other changes in governance structures across the Department.

These changes have also had an effect on the regional offices, specific locations having undertaken initiatives in collaboration with headquarters to address ways to improve corporate service functions through hiring of staff, needs assessments, and identification of longer-term priorities. While there was general agreement on the need for clearer identification of roles and responsibilities, it is expected that the identification and definition of core corporate services will clarify this issue.

2.2 Functional Direction

We examined the level, appropriateness, and consistency of functional direction provided by Headquarters to regional offices. In doing so, we considered the extent of guidance provided, the promulgation of a Headquarters vision for corporate services, and the nature of communications with the regions. More precisely, we investigated the extent, appropriateness, and consistency of functional guidance in terms of policy, governance models and organizational structures, standard procedures, and management reports.

2.2.1 Functional Guidance

As we explained earlier, the provision of functional guidance is a key component of a governance structure. We found that a corporate governance structure exists for IT and has been communicated to all regions. Although there was a concern in Headquarters that the IT governance structure may not have been well communicated between IT groups and other regional staff, we found that this was not the case and that all regional offices visited followed the guidance offered in the framework.

We found that there was no similar governance structure in place for the other corporate services functions we reviewed. The lack of a governance structure adversely affects the quality and timeliness of regional service delivery and the ability of Headquarters functional centres to monitor regional performance. For example, Headquarters HR functional heads do not monitor

or control HR activities in the regions and Headquarters Finance does not audit regional financial records. Furthermore, functional managers at Headquarters do not have a role in setting regional objectives for their functional areas or in assessing regional resource requirements.

We found there is limited information available at Headquarters regarding key characteristics of regional corporate services (e.g. organizational structures, classification levels, budgets, and performance information). Consequently, Headquarters functional heads and senior regional directors are not able to compare important regional information, which could be useful in determining regional organizational structures, classification levels, and resource/budget levels.

We did note that the Headquarters HR function has taken steps to obtain regional performance information. This information is now being accessed directly from the Human Resources Information System (PeopleSoft) database and an activity report produced. This report is sent to the regions for validation. We were told that once the validation process is complete, the information will be analyzed to determine trends and this information shared with the regions.

Some concerns were expressed to the audit team about the time and cost involved for regional offices to produce reports for Headquarters. While it is our opinion that it is important to compare regional performance in all corporate services areas, it is also our view that the regions should only be required to produce reports for Headquarters in response to a proven management need. Furthermore, the cost to the regions of collecting and reporting information should be assessed. It is important that the type of reporting information to be produced for Headquarters be discussed with the regions.

We examined the level of functional guidance provided to regional corporate services areas to assist with the delivery of services. Regional staff we interviewed were almost unanimous in stating that they do not receive sufficient functional guidance from Headquarters. For example, they cited delays in communicating policies, directives, and guidelines to regional financial units. One of the concerns expressed to us within Headquarters Finance is that it is often difficult to get timely senior management approval on policies.

There is a risk to the Department in providing only limited functional guidance to regional offices. Because of staff turnover in some regional corporate services areas, there has been a lack of experienced specialists and, in some cases, functional heads, which can seriously impact the level and quality of services provided. A governance framework that ensures the provision of sound functional direction to regional offices will start to mitigate this risk. The audit team noted that Headquarters Finance has improved the level of functional direction provided to the regions. A recent training presentation, Financial Management Overview for Managers, which was delivered to the regions, has been a good initiative. Also, a financial manual and a contracting

manual have been developed, although they had not yet been distributed at the time of the audit. (For information on both initiatives, see “Training” in “Regional Management Processes”.)

Although regional managers and staff of corporate services areas would like to receive more functional guidance from Headquarters functional centres, they are resistant to the concept of direct management of regional corporate services activities by Headquarters.

Also, as we noted earlier, we were told that regional corporate services staff wish to be more involved in developing policy. At the time of this audit, we were told that policies and procedures were developed by functional centres in Headquarters without input from the regions. In our view, it is important that Headquarters functional centres seek regional input in the drafting of policies and procedures to ensure the relevancy of these documents to regional operations. Ideally, regional input could be sought through workshops to develop a clear understanding of the topics and preferably a consensus on the approach to be followed. A number of regional corporate services staff are setting up best practices in their functional specialties (e.g., financial control) and are involved in developing “centres of expertise” to which departmental corporate services staff may refer for questions of policy implementation, best practices, and operational problems and solutions.

The auditors were informed that there is a specific and urgent requirement for functional guidance from Headquarters in the area of cost recovery. It is our view there will be a need for strong leadership on this issue.

2.2.2 Communications

We reviewed the extent and quality of communications between Headquarters and the regions, between regional offices, and within each region we visited. More specifically, we considered:

- the appropriateness of the interfaces between Headquarters functional centres and their counterparts in regional offices
- opportunities for inter-regional communications
- the degree of information flow between Headquarters and the regions

A governance structure for each corporate services function would ensure that lines of communications between Headquarters and regions and between the regions are clearly established, and that the mechanisms in place ensure that important information is being communicated in a timely manner. Without a governance structure that addresses communications between key players, there is a risk that communications between Headquarters

and the regions will falter. As a result, regions may address their tasks without regard for national priorities and in a manner that may not always be consistent with established departmental policies and procedures. To improve communications, Headquarters functional centres and their regional counterparts have turned to teleconferencing for the exchange of information. Although the use of teleconferencing facilitates the timely exchange of information, most regional corporate services staff interviewed indicated that more face-to-face communications would be beneficial.

We noted that the Headquarters Finance, Administration and Programs group has established regular teleconferencing with Headquarters business managers and regional financial staff. There is a perception among regional Finance personnel that increased interaction would be useful between Headquarters and the regions.

We found that the Human Resources Directorate at Headquarters had discontinued telephone conferences with the regions. We were told that this was because only staff at junior levels in the regions were participating. The regional offices told us that the teleconferences that were held could have been better organized, and that agendas and documentation should have been distributed prior to the teleconferences to facilitate the ensuing discussion.

Teleconferences covering specific IT subjects were universally lauded. However, other components of IMB such as IM and Library have not been substantially covered. Staff in the Montreal office (regarding IT topics) told us that they prefer face-to-face meetings to teleconferencing.

Overall, when this audit was conducted, we found that the communication of functional guidance needed improvement. The regions indicated to us that at times Headquarters corporate services centres send out policies and directives without sufficient guidance on how to implement them. We were also told that regions in some cases considered interdepartmental meetings more helpful than contact with Headquarters. Some regional corporate services staff indicated that they meet with representatives of other government departments more often than with other Department of Justice regional offices' representatives. In other cases, the regions relied heavily on central agency and departmental web sites to obtain information relating to their functional areas. However, regions did indicate that on a number of occasions when they approached Headquarters for information, they received the desired assistance.

Conclusions

A governance structure has been implemented for the IT function, but not yet for the other corporate services of IM, Library, Finance, and Human Resources. More Headquarters

functional guidance is needed in all regions. The regions requested more involvement from Ottawa in such areas as policy development and the establishment of a governance structure.

As a result of limited information available at Headquarters, meaningful comparisons of resource levels and performance between regions are difficult to make. Regions would like to have a meaningful role in the development of best operational practices, but recognize that the responsibility rests with Headquarters for sharing these practices across the organization.

Communications between Headquarters and regions and between regions vary by corporate services function. The regions would like more consultation prefer to have a stronger collegial relationship between the regional corporate services managers and Headquarters. We concur with the suggestion that the regions could develop "centres of expertise" rather than have this expertise solely resident in Headquarters. Regional experts in a particular field could head up a team to build a centre of expertise.

Recommendations and Management Response

2. **It is recommended that the ADM Corporate Services ensure that Corporate Services functional heads at Headquarters involve their regional counterparts in a meaningful way in the development of policies and procedures.**

   HR teleconferences are held on a monthly basis in all the core disciplines (labour relations, compensation, staffing and classification) with regional and HQ functional heads and HR specialists to inform and discuss HR issues. A retreat of functional heads of HR and corporate functional directors was held on January 16, 2006.

   Through regularly scheduled regional meetings or teleconferences, both FAP and IMIT are able to convey current policies and procedures, and determine whether any of these policies and procedures pose difficulties. These activities also function as communications sharing at the same time. HRPDD also schedules regular meetings and conference calls where policies are discussed and consulted on.

   We agree with the overall assessment from the regions that the particularities of each regional office must be kept in mind in order to develop effective policies and procedures between headquarters and regional counterparts.

3. It is recommended that the ADM Corporate Services ensure that Corporate Services functional heads at Headquarters continue to explore ways to improve communications with the regions and between regions.

When an HR policy needs to be developed, regional and headquarter HR specialists are consulted and often are invited to participate in the development of the policy. In fact, a multidisciplinary working group was put in place for the development of all the mandatory policies for the coming into force of the Public Service Employment Act (*PSEA*). An agreement has been reached with all the regional Heads of HR that when an Infopersonnel is to be published to employees and/or managers, a preliminary copy would be sent to them prior to distribution.

FAP has put in place business manager meetings, where managers from HQ and regions are invited to Ottawa for a three-day conference. Two conferences were held in 2005 (June and November) and a third is planned for May 2006. While these conferences focused on financial aspects, they also allowed other corporate service players to present their respective concerns. Business managers are also asked to provide input on conference agendas as a way to bring forward their challenges, needs, and point of view. FAP also engages in monthly regional calls with finance and business managers.

Four times a year, regional IT leads meet with IMIT senior management at the National Informatics Committee Meeting (the next will be in Toronto in June 2006). All the standing committees – BIT.COM, FIN.com and HR.com - have regional representatives as members who are able to present their concerns directly to headquarters. Furthermore, working groups, with regional representation, have been established for IT, IM and Library. These working groups meet regularly.

3. FINDINGS—REGIONAL MANAGEMENT FRAMEWORK

In reviewing the adequacy of the regional management framework we focused on regional management processes and regional performance management.

3.1 Regional Management Processes

In reviewing regional management processes, we considered the following key areas:

- the level and appropriateness of planning/budgeting activities undertaken;
- the extent of management reporting on corporate services activities;
- the availability and extent of training in corporate services functions.

3.1.1 Planning

Generally, planning for the provision of regional corporate services needs improvement. In all regions visited we were told that each region has experienced considerable growth in the last few years due mainly to increased litigation activities. This has resulted in an increase in FTEs regionally in the legal and corporate services areas. In terms of regional operations and staff a number of factors make it difficult to anticipate workload. These include new demands (e.g. the introduction of staff relations tasks), budget uncertainty, and cost-recovery requirements. In some cases, regional management cited the lack of core people to perform key corporate services tasks (i.e. finance, IT, IM, administration, HR) and a universal sense of “everything is critical” as making planning more difficult.

We found that planning for IT was more advanced with regard to hardware acquisition and proposed activities. This is in accordance with the IT governance structure that provides for a departmental IT hardware acquisition plan and for reporting of activities over $25K. However, we found that IT plans are not consistent across regions and do not always provide for a budget. For example, in one region we found an IT plan that covered the whole region and dealt with such topics as physical renovations, security systems, and new printers. However, no funds were

allocated to support the requirements in the plan. In another region, an IT plan was developed, but was limited to the purchase of workstations and other computer equipment.

Business plans varied in quality and content among the various corporate services units and among regions. In some cases a comprehensive document was developed, whereas in other cases a common process and standard output were not apparent. The audit team is of the view that a common process for planning with respect to the various corporate services would be beneficial for the Department. We understand that work has been initiated on a business planning process which includes financial, HR and IT planning components. It is our view that regions should be consulted on the planning process for corporate services delivery.

3.1.2 Budgeting Process

The process for allocating financial resources to corporate services differs from region to region. For example, in Ontario Region there are no individual budgets allocated to each corporate services function. In Québec Region (beginning in fiscal year 2004-2005) each corporate services function has its own dedicated budget. A further complication relates to the lack of clarity and authority with respect to the respective roles of Headquarters and regional heads, and Headquarters and regional finance units for budgeting. Because these roles are unclear, it is difficult for Headquarters to provide direction to regions around allocating corporate services resources.

We were told that regions are allocated an overall budget level for corporate services according to the “Regional Administrative Services Review” by Consulting and Audit Canada (CAC) (also known as the “Footprint Report”) produced in June 2001. Funds are also allocated to regions from Headquarters legal portfolio heads. Portfolios themselves are funded through a number of sources including client departments, special initiatives, and departmental A-base. The different sources of funding make the budgeting process complicated. The regions vary in how they allocate funds to corporate services. It was noted that regions are normally well into the new fiscal year before their corporate services budget is known.

It is our view that the issues raised with respect to the budgeting process are Department-wide issues that can only be addressed by senior management in the Department of Justice.

3.1.3 Management Reports

We found that each regional corporate services unit has developed a series of reports on the activities undertaken and services provided. These reports are normally submitted to regional management on a quarterly basis. In addition, in each region the regional management team meets with the legal service delivery heads to discuss service delivery, including corporate services. The schedule of such meetings varies by region, but is often weekly. In some cases, these committee meetings are formalized with minutes. In other cases, they are informal and ad hoc.

Regional reports are not normally shared with Headquarters. For example, regional HR does not prepare reports for Headquarters HR. The regions assume that since Headquarters has access to PeopleSoft, it has access to the same information that is available to the regions.

3.1.4 Training

There has been little Headquarters direction and no Headquarters funding for training in the corporate services functions at the regional level. In particular, we were told that IT training is expensive and that budget allocations are insufficient to meet regional training needs. Regional corporate services staff were of the opinion that it would be beneficial if Headquarters took a more active role in identifying topics of interest to all regions and in providing training programs to meet their requirements.

We were told that the recent training presentation by Headquarters Finance, Administration and Programs Directorate on Financial Management for Managers has been a good initiative. This training was offered in B.C. in June 2003 and in Ontario in December 2003, but at the time of the audit a session had still not been scheduled in Québec.

We were told that the contents for the above training are consistent with a financial procedures manual developed by Finance, Administration and Programs Directorate (FAP). This manual had not been officially distributed to financial staff at the time of the audit. FAP is now finalizing a web site that includes financial policies and other relevant information. The financial course is now part of the management training curriculum of Professional Development Directorate. We were told that Headquarters financial management preferred to have its own staff give the training to ensure the consistency of the messages. It is our opinion that Headquarters should ensure this training is provided to managers in all regions.

Conclusions

While regional management processes vary across functions and regions, we found that daily practices and procedures are adequate for the most part. In addition, the existing process for allocating budgets makes it difficult to plan and assign resources. At the time of this audit, there was no standard, structured, clear, consistent, and well-planned budget process. Generally, business planning in regional corporate services requires improvement.

The need for more corporate services training in the regions is acknowledged but funding is limited and there is no funding from Headquarters.

It is our view that the issues raised with respect to the budgeting process are department-wide issues that will need to be addressed by senior management in the Department of Justice.

Recommendations and Management Response

4. **It is recommended that the ADM, Corporate Services require that Headquarters functional heads, in consultation with their regional counterparts, further develop standard processes for planning.**

   It is the office of Strategic Planning and Performance Management (SPPM) that, in collaboration with all sectors and regions, sets standard planning processes for the entire Department. For the first time, a standardized business plan process has been implemented for 2006-2007. As one key component of the business plan relates to HR planning, all regional HR heads (excluding NCR) were asked to designate an individual as the HR planner for that region. This process has been completed for 2005-2006.

   SPPM's mandate specifically directs it to develop standard strategic planning processes that would apply to all regions. Furthermore, these strategic planning processes are built on regional participation. As noted by the BCRO, however, this is a highly nuanced initiative and great care must be taken to accommodate regional differences even as attempts are made to standardize planning processes.

   In order to accomplish the audit's recommendation in this regard, Corporate Services would need to reconsider the existing reporting relations of regional CS personnel and explore alternative models (e.g. dual reporting). The audit report mentions the advantages of direct line reporting relationships between regions and regional directors. With the progression toward the Chief Financial Officer (CFO) model, this issue will figure prominently on the CS agenda. In addition, we will also see increased stewardship responsibility emerging from

increased delegations, performance monitoring, and reporting requirements in human resource management due to PSMA, MAF and PCMAF.

Due analysis, consultation and consideration (including the audit's report) will be factors prior to any recommendations being made to the Department's governing body for final decisions. Another consideration for headquarters is to determine how to monitor the implementation of standardized planning processes.

3.2 Regional Performance Management

Appropriate performance management involves setting management directions, planning the impact of these directions, setting standards and common processes, and then measuring and reporting on the activities undertaken to implement management directions.

We assessed the extent to which performance standards have been established and the nature of these standards. We found that performance standards and performance measurement are not always in place, although activity reports from regional corporate services to regional management are usually adequate. For example, in one region, performance information is generated but varies significantly among different corporate services units, and most information is transaction-based. Where an effort has been made to generate standards (e.g., the records unit compile statistics on boxes created, folders created and archived, files created and closed), no attempt is made to report against such standards. In another region, the Library reported on annual transactional information and qualitative results that were aligned with the objectives in their annual plan.

In some cases, regional performance reports were developed but not used. For example, in one region the HR unit prepared an annual report. However, the report was discontinued when it was discovered that there was little interest in the report on the part of regional management. To replace the report, the regional HR manager set up meetings with regional managers to discuss HR performance.

Headquarters used the Human Resources Management Accountability Framework (HRMAF) to create a 2003/04 report, taking data from the Human Resources Information System (PeopleSoft). The report was sent out to the regions for review and validation. Regional HR management has acknowledged that this report has generated a baseline for HR performance. In some cases, regional HR staff have stated an intention to report against this baseline internally.

It is our opinion that performance management could be improved if a standard approach to performance management were developed.

Recommendations and Management Response

5. **It is recommended that the ADM Corporate Services require that Headquarters Corporate Services functional heads consult with their regional counterparts regarding the development of a standard approach to performance management for regional corporate services delivery.**

   Under the leadership of Strategic Planning and Performance Management (SPPM), the entire Department is participating in the development of performance management tools such as Performance Management targets, MAF and MRRS. Corporate Services and regional personnel collaborate specifically for the MRRS project.

   Work is underway to identify and define core corporate services provided both in headquarters and the regions in the areas of Finance, IMIT and HR. This work will be an important step towards enhancing our collective capacity to improve performance management and business planning capacities, to align our efforts with the management agenda directions set out by central agencies and to appropriately respond to many of the recommendations contained in this internal audit. It will also position us to participate in discussions with central agencies and understand possible implications of the government's plans to centralize the delivery of some corporate services.

   An HR Monitoring Framework is currently being finalized. An Appointment Delegation and Accountability Instrument is in place. The People Component of the MAF (PCMAF) indicators are taken into consideration in the establishment of our accountability regime. Regional heads of HR were consulted.

4. FINDINGS—REGIONAL SERVICE DELIVERY

The regional Human Resources, Finance and Administration, and Informatics units provide corporate services to the legal service delivery groups within each regional office.

4.1 Consistency of Regional Service Delivery

We assessed the level, consistency, and appropriateness of corporate services provided in the regional offices. In this regard, we measured the level of satisfaction with the services provided to management and staff through regional HR, Finance, and IM/IT units.

4.1.1 Human Resources

Focus groups which included regional managers and staff in the Ontario and British Columbia regional offices told the audit team that the HR units provide excellent advice and support. However, in both of these regions, there were some problems regarding staffing process appeals. In Québec, the focus group indicates there were some issues with regard to the services provided by the HR unit. Examples of problems included errors in pay, incorrect dates of departure from the Department (which affect the documentation of years of service), and insufficient support for staffing actions. The Québec Region needed additional staff in view of the fact that a number of corporate projects had been assigned to the regional office. We were told that the HR unit was unable to respond to staffing needs in a timely manner. The audit team recognizes that this situation is not uncommon in the Government particularly where new and changing corporate priorities require the hiring of additional staff.

In all offices, the problems experienced led the regional HR units to implement specific changes. For example, as a result of losing an appeal, the selection process in the British Columbia regional office is now being more thoroughly documented and HR support staff are more involved. In Québec Region, further training was identified and planned to address HR-related issues.

4.1.2 Finance and Administration

We found that support from the regional Finance and Administration unit is considered good to excellent in B.C. and Ontario. Staff in Ontario Region expressed concern about potential problems if the regional Director of Finance were to leave, because the next most senior financial management position (FI) in the region was vacant at the time of the audit.

In the Québec office, regional managers expressed the need for greater support from the Finance unit in dealing with problems in financial coding, preparing budgets, and obtaining financial information. They noted that support in areas such as purchasing and contracting was sufficient. They also noted that regional Finance staff could not readily provide answers on available budgets to regional managers. Regional financial staff indicated that more staff are needed within the Finance unit as well as more training.

4.1.3 IM/IT

In general, regional staff are satisfied with the level and quality of IM/IT services provided. Regional staff expressed concerns regarding the iCase system, but they recognized that it is a national system and beyond the control of the regional offices.

Regional users were generally more satisfied with the service provided by their regional IT help desks than by the national help desk. The current procedure is that if someone has an IT-related problem that person must first contact the national help desk. If after 15 minutes, the national help desk is unable to solve the problem, it forwards the query to the IT help desk in the region. In Ontario Region, the auditors were told that there was little advantage in seeking support from the national help desk, as many of the issues were often subsequently resolved by local staff. For example, we were told that the national help desk kept an Ontario employee waiting on the phone for up to three-quarters of an hour, asked the individual many simple questions, and then referred the query to the regional help desk. The employee indicated it would have been easier to simply contact the regional help desk initially or, at the very least, the referral to the region should have occurred in a more timely fashion. Similar complaints were made to the audit team from employees in other regions. Regional users find help more forthcoming from the local help desk than the national help desk, but they recognize that a national system helps to provide information on problems experienced across the Department.

In Ontario Region, the legal file registry, which provides local file management processes and storage facilities for legal files, has been decentralized within the region. The needs of each legal

unit were considered when setting up the sub-registries and, as a result, there is one sub-registry per legal unit. The establishment of these sub-registry offices within the legal units is a good initiative to improve local IM service, as the sub-registry ensures files are conveniently located close to the lawyers working with those files. We did note that the B.C. office needs to establish good records management. (For details see “Records Management Practices” in “Regional Compliance with Key Legislation and Policies”.)

In Québec Region, IT staff are satisfied with the IT governance framework, which includes centralized purchasing of IT equipment. In their view this results in cost savings for the Department.

Headquarters IMB recently decided to prohibit connection of unapproved personal equipment (such as palm pilots, printers, and laptops) to the computer network. Staff in Ontario Region indicated their dissatisfaction with this decision and with the fact that Headquarters did not provide any appropriate alternate solutions to address staff needs. Although Headquarters cited security reasons for this decision, Ontario staff were of the opinion that regional requirements were not sufficiently considered. As discussed earlier in this report, better communications and more regional input to Headquarters policy decisions would help to alleviate this perception.

Conclusions

Generally, we found that the delivery of services by regional corporate services is satisfactory. There have been recent improvements within the regions such as developing sub-registries in Ontario, and further improvements are being planned such as increased training in finance and HR processes. Although we have no systemic recommendations, we have identified some areas that need improvement in specific locations.

- The knowledge and experience of senior staff within corporate services is critical to ensure a high level of service and performance. The core FI position under the Director of Finance in Ontario Region, which should be staffed, is key for ensuring a continued high level of advice and performance.
- In Québec Region there has been further delegation. The need for training of staff within both the HR unit and the Finance unit has been recognized, and in our opinion, training should be given a high priority.

4.2 Regional Resource Levels

We reviewed the resource levels for each corporate services function in each regional office visited on a comparative basis and considered:

- the impact of the organizational structure on the number of positions and classification levels;
- consistency in service levels;
- number of positions staffed;
- the training provided;
- the existence of specialists (i.e. in IT, IM, Finance, and HR).

The number of positions, classification levels, staffing levels, and organizational structure differ from region to region. We found the differences to be significant, given the overall size of each regional office. Table 1 shows the staff levels and number of approved positions in each region. (Refer to Appendix A for a more complete comparison.)

Table 1: Comparison of Corporate Services Staff Levels and Positions as of October 2004

	Human Resources		**Finance and Administration**		**IM/IT**		**Corporate Services Staffed Positions**	**Regional Office Total Staff**
Footprint report recommendation per region	13		13		34		60	
Region	Staffed	Approved	Staffed	Approved	Staffed	Approved		
Ontario	12	12	11	15	31	40	54	587
Québec	14	15	15	15	25	26	54	493
British Columbia	16	17	17	19	31	36	64	466

4.2.1 Human Resources

B.C. has more HR positions than the other regions. The Director of HR in Ontario Region indicated that she requires two or three more positions to carry out the HR function. Human Resources in Ontario, however, has one position less than the number recommended by the "Footprint Report". The Director HR position in Québec is at a lower classification level than in Ontario and B.C. In Québec Region, there are two approved positions responsible for staffing

actions. We were told that the senior management team in the Québec office considered this number insufficient to handle the level of staffing activity. It should be noted that the staffing workload varies among regions according to the type of assistance provided by the HR staff (which can vary from full participation in the staffing process to simply an advisory role). Also, staffing workload varies in accordance with the amount of staff turnover in the organization.

4.2.2 Finance and Administration

In the Ontario Region, the Director of Finance and Administration is classified at an AS 6 level. This is below the AS 7 level recommended in the "Footprint Report". Furthermore, the incumbent is not supported by a senior financial officer. Although the "Footprint Report" recommends the allocation of six FI positions to the Finance unit in this region (see Appendix A), there is only one approved FI position under the regional Director of Finance and Administration in Ontario. At the time of the audit, this FI position was vacant and had been vacant for some time. As a result, there is a risk to both the finance function and regional operations overall, since too much reliance is placed on one senior corporate services staff member.

4.2.3 IM/IT

At the time of the audit, there was no incumbent in the senior IT position in Québec. The senior IT position in Ontario is at a higher classification level than the same position in Québec or B.C. (CS-4 in Ontario, CS-3 in Québec). There are fewer clerical positions in Records Management in Québec, yet we were told that there are no issues. On the other hand, in B.C. Region there are more positions but a number of these positions were not staffed at the time of the audit. In B.C. 5 of the 36 Informatics positions were vacant. Of those 5 vacant positions, 4 positions were within Records Management, and records management was in urgent need of improvement. (For details on records management issues, see "Records Management Practices" in "Regional Compliance with Key Legislation and Policies".)

Conclusions

When senior specialist positions remain vacant for some time, this can affect performance of the organization in terms of service delivery. This risk is minimized when managers make a concerted effort to develop the capability of more junior staff so that they may assume a position of greater responsibility.

With respect to regional resource levels, it is our view that the value of simple numerical comparisons is limited and any differences should only be taken as indicators of possible opportunities for improvement. More detailed analysis of, for example, staff workloads and corporate services work processes is required before definitive conclusions can be drawn.

Recommendations and Management Response

6. **It is recommended that the ADM Corporate Services in consultation with HQ functional heads consider undertaking a detailed analysis of staff workloads and work processes to determine appropriate resource levels for corporate services in the regions.**

   Corporate Services management is not certain that such a study, as defined in this recommendation, is applicable given the considerable structural differences in the regions. However, the current review of corporate services, which is underway and nearly finished, has been designed with a view to ultimately determining necessary service levels that correlate directly to our needs. This survey is a significant step – not only does it demand a scrupulous analysis of the sector in order to illuminate its critical needs, but the exercise demands that we rationalize resource levels. Our view under the current circumstances is that the preliminary identification of core services needs to be completed first before any effective and accurate assessment of workloads and work processes can be undertaken. If, subsequent to our core services review, an analysis of regional workloads and work processes is initiated, we will be in a much better position to provide relevant data.

4.3 Regional Compliance with Key Legislation and Policies

We reviewed the extent of regional compliance with key legislation and central agency/departmental policies (e.g., *FAA*, Management of Information Policy, Contracting Policy, *PSEA*). Specifically we reviewed:

- financial controls in place with respect to payments (sections 32, 33, 34 of the *FAA*) and contracts, and the level of financial information provided to regional managers;
- adherence to policies and procedures with respect to staffing, classification, compensation, and appraisals;
- IT adherence to national policies and best IT business practices for data backup, help desk operation (regional versus national), system development, and adherence to the IT governance structure;
- implementation of an IM regime including information accessibility and protection, IM file standards and management, and the information classification scheme;

- library cost control and charge-backs (i.e. a service such as Quicklaw that is licensed from a third party supplier at an annual cost and charged back to the lawyer/file/client).

4.3.1 Payments and Contracting

For the most part, adequate financial controls are in place and being applied effectively in the regions. Where we found a breakdown in control, we also found that improvements are either implemented or would soon be in place.

Payments. We examined a sample of payments for goods and services in each region. We found that most payment transactions were in compliance with the *Financial Administration Act* and departmental policy. In one region we found that in some cases (estimated to be around 10%) the same person who signed under Section 33 (*FAA*) also signed under Section 34. This would usually be for the purchase of office supplies. We were told the regional head of Finance planned to provide the assistants to the regional directors with training to ensure that sections 33 and 34 (*FAA*) are signed by different persons.

For the most part only minor errors were found. For example, one payment had been taxed and stamped for signing under Section 34, although no actual signature appeared on the payment slip. In another case, the person with signing authority under section 34 signed only their initials rather than a complete signature. In B.C., in particular, we were told that there had been some difficulties in enforcing proper financial controls. We noted that the regional office was now in the process of implementing a new set of financial controls to ensure that the requirements of the *FAA* (sections 33 and 34) and the policies with respect to travel-hospitality are met.

In Québec, the purchase order, invoice, and delivery record are matched prior to payment being made. This procedure is a sound practice, which is not always followed by other regions. It should be standard in all regions.

Contracts. Most of the procurement for goods and services within the regions, which is not always contracted using standing offers negotiated nationally, is for relatively small transactions. In general, control over contracts was adequate but could be improved through training in proper procedures. We found a few examples to indicate that contracting practices should be improved: inadequate terms of references (i.e. poor descriptions of what the work entailed, deliverables not clear or not defined, few milestones, and no security requirements); possible contract splitting (further investigation would be required to make a determination); contract amendments without appropriate supporting information; sole-source contracts awarded for more than $25,000 without proper authorization (as a result of a contract amendment); contracting under a non-

competitive process (use of same IT resource for various system developments); and work completed and invoice received before contract issued.

The audit team was told that Headquarters plans to provide training to the regions in contracting procedures, which should help to improve regional practices relating to contracting. In addition, more use of national standing offers with respect to printing, document preparation, and scanning services might be useful in improving the extent of competitive purchasing.

Conclusions

In general financial management in the regions visited was adequate. In cases where control had previously been weak, improvements were either planned or under way. Although audit tests of regional financial control showed regions complied with the *FAA*, the lack of a standard process where the purchase order, invoice, and delivery record are matched prior to payment being made is a control weakness that should be addressed. Except for potential risks associated with sole sourcing and contract amendments, the contracting processes did not raise any serious concerns. More use of national standing offers might be useful in improving the extent of competitive purchasing. Headquarters is planning to provide training to the regions in contracting procedures, which should help to improve regional practices relating to contracting.

Recommendations and Management Response

7. It is recommended that the Director General, Finance, Administration and Programs Directorate inform the senior regional directors and the regional finance and administration staff of the need to ensure that:

a) purchase orders, invoices, and delivery records are matched prior to payment being made;
b) when contracting for services, standing offers are used where appropriate;
c) regional staff are trained in contracting procedures.

Standard practices regarding payment procedures, contracting for services, and training in contracting procedures are upheld within the Department, and therefore constitute regional protocol as well. Both FAP and the regions are well-positioned to communicate with each other regarding these standard practices.

Since the completion of the audit, specific regional offices have confirmed that contracting functions complied with national protocol; and training/information initiatives have been established to address any ambiguity in *FAA* interpretation or use of standing offers. A

number of regions have also undertaken various initiatives to strengthen the capacity of corporate services to monitor progress and ensure compliance with policies.

4.3.2 HR Adherence to Policy

Staffing. We found no apparent problems with regard to staffing practices and procedures in the regions visited. The documentation on file was clear, extensive, and easily identifiable.

HRMAF Statistical Information. A review of the Human Resources Management Accountability Framework status reports (previously discussed in "Regional Performance Management") for the three regions visited revealed the following statistical information:

- **Staffing Appeals.** Out of 18 Department-wide appeals in 2003-04, 2 were filed in Ontario, 3 in B.C., and 5 in Québec.
- **Grievances – staff relations.** There were 13 grievances filed in Ontario, 6 in B.C., and 4 in Québec, out of a total Department-wide of 80 in 2003-04. The number of grievances for B.C. and Québec match the overall departmental average, whereas the number for Ontario is higher than the departmental average.
- **Grievances – PREA- related.** There were 5 grievances in Ontario and 3 in B.C., out of a total departmental figure of 18 in 2003-04. There was a higher proportion of grievances in these two regions compared to the Department as a whole.

Human Resources Directorate has indicated that it will undertake an analysis of problems and underlying causes once the reporting process referred to under Regional Performance Management has been validated and several years of data have been collected to establish trends.

Appraisals. In general, the appraisal process is in place and working well. The files we reviewed were well documented. We examined a sample of appraisals (completed over a two-year period) from a selection of files from different sections of the regional office. Overall, we found there was less rationale to support the assessment level for the IM/IT appraisals. Compared to other areas, the contents for the IM/IT appraisals were less detailed. However, the IM/IT training needs were thoroughly identified.

Compensation. For all three regions, we verified the calculations of bonuses. These were found to be correct, based on the appraisal ratings given to the employees. In our opinion there was adequate rationale for the ratings awarded. In one region, we noted that the process for determining who should receive the higher ratings, and thus the bonuses, was inadequate in that there was no participation in the process by an HR representative.

Conclusions

Regional HR activity complies with the *Public Service Employment Act* and with national policies and procedures. There are indications (e.g. the high number of staff grievances in Ontario) that HR issues may exist. Also, Ontario and British Columbia represent a significant proportion of PREA-related grievances. Further analysis is required and is anticipated once the reporting process has been fully validated.

Recommendations and Management Response

8. **It is recommended that the Director General, Human Resources Directorate ensure that the planned analysis to establish trends with respect to HR activities is undertaken**.

   With the coming into force of the last component of the PSMA on December 31, 2005, deputy heads must ensure to build integrated business and HR plans. They are also required to put in place the mechanisms to capture the data and be able to report to Central Agencies through the MAF, PCMAF and SMAF exercises. The DG of HRPDD is currently developing the measures and indicators for developing the monitoring and reporting strategies for the Department. These measures would also address the comments from the Prairies and the North, which concur with this recommendation by the audit.

   Headquarters and all regional offices participated in business planning in 2005-2006, an exercise that specifically emphasized HR planning.

4.3.3 IT Adherence to National Policies and Best IT Business Practices

The recently implemented IT governance framework has established roles and responsibilities as well as processes for IT application development and decisions on IT investments, and has formalized staff communications regarding IT topics and issues. Regional staff generally agreed with the overall concept of an IT governance framework, but at times had concerns with the way in which the framework was implemented.

Help Desk. Regional users must first contact the national help desk when they experience problems. If after 15 minutes the national help desk cannot resolve the problem, it forwards the query to the IT help desk in the region. There were issues in two regions with the level of service (i.e. quality and timeliness) offered by the national help desk and the process for referring issues to the regional help desk.

Regional IT staff periodically receive a list of the requests forwarded by the national help desk. We found that no list is maintained for issues raised and resolved at the regional level. In addition, the close date on the national list does not necessarily indicate the timeframe within which the customer's problem was resolved, as sometimes cases are left open in the event that follow-up issues may arise. Regional clients of the national help desk expressed some concern with both these issues.

In the B.C. and Ontario regions, staff complained about the slowness of downloading information from the help desk system now in use at Headquarters. There has been a change in the supplier of the national service with consequent changes in the level and quality of service. Regional IT staff from these two regions were of the opinion that the format of the information on issues that have been referred to the national help desk is not appropriate for reporting purposes without additional processing. Also, at the time of the audit, since the change in supplier, client satisfaction with the service provided by the help desk was not being assessed.

It is our opinion that an analysis of regional versus national help desk costs, response times, and level of client satisfaction would be useful in determining the distribution of work between the national and regional help desks, and whether requests should first be sent to the regional or the national help desk.

Data Backup. Although local work patterns have created some regional differences, in our view there is an appropriate national backup process. The backup system for all regions consists of storing backups at a remote site. In Ontario Region, the backup packages are never opened by the remote facility personnel. The regional IT operator initials a seal on the package that is sent to the remote facility. After the designated time, the package is returned to the server room for the package to be opened and the tapes re-used. The packages do not have an address and are identified only by the date, with no indication of what tapes are included. If a backup tape is required at any time, the regional IT operator requests the package from the remote facility. This occurred recently when someone inadvertently lost the contents of a computer file and requested that the contents be restored. This same data backup procedure is used in the other regions with minor variations (e.g. different locations being used for off-site backup, different processes in relation to off-site storage). However, Québec Region reported a concern with lawyers storing documents on local disk drives, for which no central backup is possible.

Also, there is concern in all regions about the length of time for the full backup process. The process starts at 4 pm on Friday. Files that are open at the time of the backup do not get copied. In Ontario, regional IT staff must check which files have not been backed up because they were

open at the time. IT staff send out an e-mail after backup is completed to determine whether any files were missed during the backup process.

IT Applications. Only minor application development is done at the regional level. All regions indicated that the new IT governance structure was being followed for all application development projects and other IT activities. While there is an approval process in the IT governance structure, at the time that this audit was completed, we found that small application development projects were not always following this process. We were informed by IMB that they were examining ways of addressing this issue.

In the past, small applications, such as the creation of a local database, were developed without consulting the IT specialists in the regions and for which there was no formal approval process. For example, the Access to Information and Privacy (ATIP) Log in Ontario Region took little time to develop. Also, in the same region, the Sentencing Database was developed by a lawyer who was involved not only in the requirements definition but who also produced the supporting operating instructions and other documentation. We note that a sentencing database was also developed in Prairie Region.

In B.C. Region, the Finance unit has developed a cost-recovery database, a training tracking system (not part of PeopleSoft), and an evidence tracking system for the Regional Director. The IT section was not involved with these developments either in the choice of contractor or in the selection of the development process used. As a result, there is no way to maximize departmental benefit from the investment in IT development. In our view, a Department-wide knowledge management strategy, which includes an inter-regional cooperative approach, would be advisable for this kind of development.

System reliability for corporate systems appears to be improving. Regional staff cited SAP and PeopleSoft as examples where improvements had been made. However, other national systems are seen as problematic. iCase was cited as a problem in Montreal and Toronto. We were told that staff in these offices prefer to use Caseview, which is being phased out.

Conclusions

Delivery of IM/IT services has been favourably impacted by the recent implementation of the IT governance structure and associated processes. Although the helpdesk process is generally working well, at the time of this audit, issues were noted and some problems cited with the new Headquarters supplier regarding the provision of information to the regional offices. More information was needed on costs and services to better evaluate the performance of the national and regional desks.

Backup processes are in place and functioning in all three regions. Most of the IT applications being developed in the regions are small and do not require extensive resources. However, some applications were being developed without consulting the IT section in each region. This gave rise to the following concerns:

- A lack of an official approval process by the IT section may mean the section will gain no knowledge enhancement from the development process, the ultimate product, or overall technology impacts of the application.
- It could be more appropriate or cost-effective to involve regional IT staff.
- A Department-wide knowledge management strategy, which includes an inter-regional cooperative approach, would be advisable.

Recommendations and Management Response

9. It is recommended that the Chief Information Officer request that regional IM/IT staff:

a) analyze help desk costs (regional vs. national), response times, and level of client satisfaction;
b) ensure that no applications are developed without the involvement of IMB and the regional IT sections.

Under BIT.COM's direction, a national multi-year help desk contract was renegotiated in 2003-2004. Regular meetings between regional representatives and the IMB "contract manager" are taking place. Regional representatives are regularly reminded to communicate any help desk-related issues to the IMB "contract manager".

The IT governance approved by BIT.COM clearly outlines the various levels of delegation regarding application development and software purchases. Furthermore, the supporting notes to DOJ's Delegation of Financial Signing Authority clearly state that consultation with IMB and/or regional IM/IT Directors is required for application development. The governance and financial delegation instruments were communicated numerous times to Regional IM/IT Directors and Senior Regional Directors. From our perspective, the issue is not one of unclear governance but one of local implementation.

Since this particular recommendation was conveyed, various regional offices have noted that appropriate authorization by headquarters of IT investments are indeed procured; that headquarters provides guidance on maintenance of programs; and that no instances of applications being developed outside of proper IM/IT groups have occurred in recent years.

4.4 Records Management Practices

At the time of the audit, there was no national governance structure for information management in the Department of Justice and records management practices varied significantly between regions. In all cases, we were able to easily locate all of the legal files identified in our samples, and we received no complaints about difficulties locating needed files. However, the content of the files and the organization of the material differed. For example, a significant number of files selected did not contain copies of e-mails. In Québec Region, there is a file checklist at the front of each legal file. Although in Ontario the Head of Information Holdings would prefer to have a list of contents at the front of every file, we found that generally this was not the case. We were told that the Head of Information Holdings in Ontario Region is planning to conduct a review of the quality and content of files, but as far as we are aware other regions have no such plans.

Improvements in file management are urgently needed in B.C. Region. Although all regions visited commented on the overall lack of storage space for physical files, in B.C. the main storage facility is overflowing and, as a result, a significant number of files are being stored in legal service delivery areas located in a number of different sites. This decentralized storage of files limits the ability of records staff to establish control over these files. As a result, there is insufficient security over access to some files. Furthermore, in some cases boxes of files are left in unsecured areas where the triggering of the sprinkler fire suppression system could destroy paper material. We reviewed some files and found different numbering systems were being used. We also noted inconsistencies in the organization and type of material that was include in the file. Regional records staff were of the opinion that legal staff and their support personnel are not well versed in the Department's document classification scheme.

Management in B.C. Region recognize that these problems exist and are planning an extension to the main storage facility. The audit team is of the view that there is an urgent need in B.C. to staff the four vacant positions in records management and to provide training to regional staff in records management practices.

Conclusions

Records management practices varied from office to office. In our view this was due to the lack of a national governance structure for information management. Some regional initiatives to test and improve records management were also noted. One specific example is the creation of the sub-registry concept for files being worked on (discussed earlier in "Consistency of Regional Service Delivery"). Another is the proposed review of the quality and content of files.

Nonetheless, there is an urgent need for improvements in the management of files in some locations. In addition, there is a need to improve records management by implementing best practices, such as standard file design and content organization, review of file contents, storage and registry options, and to provide training in document classification.

Recommendations and Management Response

10. It is recommended that the Chief Information Officer in consultation with regional IM/IT staff ensure that regional improvement efforts to address common IM issues are shared nationally.

The National Information Management Committee, co-chaired by the Manager of IM Policies and Projects (NCR) and a regional IM manager, meets every six weeks by teleconference to discuss and determine policy and procedural solutions to practical IM issues. All regions contribute to the forum. In addition, the Information Management Services Division (NCR) hosts a yearly conference involving regional IM leads. The committee meetings and annual conference are an excellent vehicle for information sharing on regional initiatives.

Again, between the time of the audit's recommendation and the current situation, much effort has been directed to cultivating close working relationships between the regions and headquarters in the IM domain.

4.5 Library Cost Control and Charge-backs

Regional Library services were universally praised by regional staff in every office visited. However, in Québec we found that there was no control over Library material or over access to the library. In the Ontario regional office an employee commented that a book shown as available in the library was missing. We were informed that Library staff in Ontario Region had not conducted an inventory of books. The need for an asset inventory for all regions should be considered.

All libraries offer database search services to assist the legal staff in the pursuit of their tasks. The key database is Quicklaw, a service that is licensed from a third party supplier at an annual cost. A staff member of the regional Finance and Administration unit is responsible for calculating the search costs, which are charged back to the client. S/he takes the print-out received from Quicklaw that identifies all charges by lawyer or client and manually calculates the amounts owed. These amounts are entered into SAP. Headquarters cost recovers these

amounts from client departments. We were told by Information Management Branch that the reconciliation of the charges contained in SAP to the client file was a significant issue. However, in our interviews only one region (B.C. Region) acknowledged that this was the case.

Licensing for services such as Quicklaw is carried out regionally (i.e. Quicklaw is used across the Department but is licensed by region rather than for the entire Department). Costs for licensing of Quicklaw are significant ($180,000 in B.C., $132,000 in Québec, and $211,000 in Ontario). It is our opinion that potential savings could be realized if Headquarters negotiated for such services nationally.

Conclusions

Regional staff in each office visited were pleased with Library services. Each region negotiates the licensing costs for services such as Quicklaw—costs that are significant if considered nationally. It is our opinion that an opportunity for cost-savings exists if licensing services for Quicklaw and similar databases were negotiated on a national basis.

Recommendations and Management Response

11. It is recommended that the Chief Information Officer review the current licensing regime for services such as Quicklaw to determine if savings are possible by negotiating on a national basis.

The work currently in progress to identify and define core corporate services will be able to take into account the efficacy of IMIT's procedures, including licensing regimes. In the context of the Legal Services Review, an initiative is underway to make access to legal information sources like Quicklaw part of the core set of tools offered by the Department.

5. RECOMMENDATIONS AND MANAGEMENT RESPONSE

1. **It is recommended that the ADM Corporate Services ensure that a governance framework is developed for all corporate services functions with adequate involvement of both regional and Headquarters functional heads. 21**

   Since the completion of the audit, significant shifts in governance structures have taken place that directly address this recommendation. At the departmental level, with the establishment of FIN.com and HR.com in 2005, governance committees are in place in all three of the main Corporate Services areas. Terms of reference for BIT.COM were also updated when the governance structure for the Department was changed in 2005. Regions are represented on all three committees (HR.com is co-chaired by a Senior Regional Director), are regularly consulted on key functional issues, and appraised of committee decisions.

   In addition, the project on the identification and definition of core corporate services is well underway, with results pending shortly. This project will serve to significantly influence the development of an overall governance framework for all corporate services functions and may lead to other changes in governance structures across the Department.

   These changes have also had an effect on the regional offices, specific locations having undertaken initiatives in collaboration with headquarters to address ways to improve corporate service functions through hiring of staff, needs assessments, and identification of longer-term priorities. While there was general agreement on the need for clearer identification of roles and responsibilities, it is expected that the identification and definition of core corporate services will clarify this issue.

2. **It is recommended that the ADM Corporate Services ensure that Corporate Services functional heads at Headquarters involve their regional counterparts in a meaningful way in the development of policies and procedures.....26**

   HR teleconferences are held on a monthly basis in all the core disciplines (labour relations, compensation, staffing and classification) with regional and HQ functional heads and HR

specialists to inform and discuss HR issues. A retreat of functional heads of HR and corporate functional directors was held on January 16, 2006.

Through regularly scheduled regional meetings or teleconferences, both FAP and IMIT are able to convey current policies and procedures, and determine whether any of these policies and procedures pose difficulties. These activities also function as communications sharing at the same time. HRPDD also schedules regular meetings and conference calls where policies are discussed and consulted on.

We agree with the overall assessment from the regions that the particularities of each regional office must be kept in mind in order to develop effective policies and procedures between headquarters and regional counterparts.

3. It is recommended that the ADM Corporate Services ensure that Corporate Services functional heads at Headquarters continue to explore ways to improve communications with the regions and between regions. 27

When an HR policy needs to be developed, regional and headquarter HR specialists are consulted and often are invited to participate in the development of the policy. In fact, a multidisciplinary working group was put in place for the development of all the mandatory policies for the coming into force of the Public Service Employment Act (*PSEA*). An agreement has been reached with all the regional Heads of HR that when an Infopersonnel is to be published to employees and/or managers, a preliminary copy would be sent to them prior to distribution.

FAP has put in place business manager meetings, where managers from HQ and regions are invited to Ottawa for a three-day conference. Two conferences were held in 2005 (June and November) and a third is planned for May 2006. While these conferences focused on financial aspects, they also allowed other corporate service players to present their respective concerns. Business managers are also asked to provide input on conference agendas as a way to bring forward their challenges, needs, and point of view. FAP also engages in monthly regional calls with finance and business managers.

Four times a year, regional IT leads meet with IMIT senior management at the National Informatics Committee Meeting (the next will be in Toronto in June 2006). All the standing committees – BIT.COM, FIN.com and HR.com - have regional representatives as members who are able to present their concerns directly to headquarters. Furthermore, working groups, with regional representation, have been established for IT, IM and Library. These working groups meet regularly.

4. It is recommended that the ADM, Corporate Services require that Headquarters functional heads, in consultation with their regional counterparts, further develop standard processes for planning. 32

It is the office of Strategic Planning and Performance Management (SPPM) that, in collaboration with all sectors and regions, sets standard planning processes for the entire Department. For the first time, a standardized business plan process has been implemented for 2006-2007. As one key component of the business plan relates to HR planning, all regional HR heads (excluding NCR) were asked to designate an individual as the HR planner for that region. This process has been completed for 2005-2006.

SPPM's mandate specifically directs it to develop standard strategic planning processes that would apply to all regions. Furthermore, these strategic planning processes are built on regional participation. As noted by the BCRO, however, this is a highly nuanced initiative and great care must be taken to accommodate regional differences even as attempts are made to standardize planning processes.

In order to accomplish the audit's recommendation in this regard, Corporate Services would need to reconsider the existing reporting relations of regional CS personnel and explore alternative models (e.g. dual reporting). The audit report mentions the advantages of direct line reporting relationships between regions and regional directors. With the progression toward the Chief Financial Officer (CFO) model, this issue will figure prominently on the CS agenda. In addition, we will also see increased stewardship responsibility emerging from increased delegations, performance monitoring, and reporting requirements in human resource management due to PSMA, MAF and PCMAF.

Due analysis, consultation and consideration (including the audit's report) will be factors prior to any recommendations being made to the Department's governing body for final decisions. Another consideration for headquarters is to determine how to monitor the implementation of standardized planning processes.

5. It is recommended that the ADM Corporate Services require that Headquarters Corporate Services functional heads consult with their regional counterparts regarding the development of a standard approach to performance management for regional corporate services delivery. 34

Under the leadership of Strategic Planning and Performance Management (SPPM), the entire Department is participating in the development of performance management tools such as

Performance Management targets, MAF and MRRS. Corporate Services and regional personnel collaborate specifically for the MRRS project.

Work is underway to identify and define core corporate services provided both in headquarters and the regions in the areas of Finance, IMIT and HR. This work will be an important step towards enhancing our collective capacity to improve performance management and business planning capacities, to align our efforts with the management agenda directions set out by central agencies and to appropriately respond to many of the recommendations contained in this internal audit. It will also position us to participate in discussions with central agencies and understand possible implications of the government's plans to centralize the delivery of some corporate services.

An HR Monitoring Framework is currently being finalized. An Appointment Delegation and Accountability Instrument is in place. The People Component of the MAF (PCMAF) indicators are taken into consideration in the establishment of our accountability regime. Regional heads of HR were consulted.

6. **It is recommended that the ADM Corporate Services in consultation with HQ functional heads consider undertaking a detailed analysis of staff workloads and work processes to determine appropriate resource levels for corporate services in the regions.40**

Corporate Services management is not certain that such a study, as defined in this recommendation, is applicable given the considerable structural differences in the regions. However, the current review of corporate services, which is underway and nearly finished, has been designed with a view to ultimately determining necessary service levels that correlate directly to our needs. This survey is a significant step – not only does it demand a scrupulous analysis of the sector in order to illuminate its critical needs, but the exercise demands that we rationalize resource levels. Our view under the current circumstances is that the preliminary identification of core services needs to be completed first before any effective and accurate assessment of workloads and work processes can be undertaken. If, subsequent to our core services review, an analysis of regional workloads and work processes is initiated, we will be in a much better position to provide relevant data.

7. **It is recommended that the Director General, Finance, Administration and Programs Directorate inform the senior regional directors and the regional finance and administration staff of the need to ensure that: 42**

   a) **purchase orders, invoices, and delivery records are matched prior to payment being made;**

b) when contracting for services, standing offers are used where appropriate;
c) regional staff are trained in contracting procedures.

Standard practices regarding payment procedures, contracting for services, and training in contracting procedures are upheld within the Department, and therefore constitute regional protocol as well. Both FAP and the regions are well-positioned to communicate with each other regarding these standard practices.

Since the completion of the audit, specific regional offices have confirmed that contracting functions complied with national protocol; and training/information initiatives have been established to address any ambiguity in *FAA* interpretation or use of standing offers. A number of regions have also undertaken various initiatives to strengthen the capacity of corporate services to monitor progress and ensure compliance with policies.

8. It is recommended that the Director General, Human Resources Directorate ensure that the planned analysis to establish trends with respect to HR activities is undertaken. 44

With the coming into force of the last component of the PSMA on December 31, 2005, deputy heads must ensure to build integrated business and HR plans. They are also required to put in place the mechanisms to capture the data and be able to report to Central Agencies through the MAF, PCMAF and SMAF exercises. The DG of HRPDD is currently developing the measures and indicators for developing the monitoring and reporting strategies for the Department. These measures would also address the comments from the Prairies and the North, which concur with this recommendation by the audit.

Headquarters and all regional offices participated in business planning in 2005-2006, an exercise that specifically emphasized HR planning.

9. It is recommended that the Chief Information Officer request that regional IM/IT staff:47

a) analyze help desk costs (regional vs. national), response times, and level of client satisfaction;
b) ensure that no applications are developed without the involvement of IMB and the regional IT sections.

Under BIT.COM's direction, a national multi-year help desk contract was renegotiated in 2003-2004. Regular meetings between regional representatives and the IMB "contract manager" are taking place. Regional representatives are regularly reminded to communicate any help desk-related issues to the IMB "contract manager".

The IT governance approved by BIT.COM clearly outlines the various levels of delegation regarding application development and software purchases. Furthermore, the supporting notes to DOJ's Delegation of Financial Signing Authority clearly state that consultation with IMB and/or regional IM/IT Directors is required for application development. The governance and financial delegation instruments were communicated numerous times to Regional IM/IT Directors and Senior Regional Directors. From our perspective, the issue is not one of unclear governance but one of local implementation.

Since this particular recommendation was conveyed, various regional offices have noted that appropriate authorization by headquarters of IT investments are indeed procured; that headquarters provides guidance on maintenance of programs; and that no instances of applications being developed outside of proper IM/IT groups have occurred in recent years.

10. It is recommended that the Chief Information Officer in consultation with regional IM/IT staff ensure that regional improvement efforts to address common IM issues are shared nationally. 49

The National Information Management Committee, co-chaired by the Manager of IM Policies and Projects (NCR) and a regional IM manager, meets every six weeks by teleconference to discuss and determine policy and procedural solutions to practical IM issues. All regions contribute to the forum. In addition, the Information Management Services Division (NCR) hosts a yearly conference involving regional IM leads. The committee meetings and annual conference are an excellent vehicle for information sharing on regional initiatives.

Again, between the time of the audit's recommendation and the current situation, much effort has been directed to cultivating close working relationships between the regions and headquarters in the IM domain.

11. It is recommended that the Chief Information Officer review the current licensing regime for services such as Quicklaw to determine if savings are possible by negotiating on a national basis. 50

The work currently in progress to identify and define core corporate services will be able to take into account the efficacy of IMIT's procedures, including licensing regimes. In the context of the Legal Services Review, an initiative is underway to make access to legal information sources like Quicklaw part of the core set of tools offered by the Department.

APPENDIX A: Comparison of Regional Organizational Structures

Overview

The data below reflect the total number of approved positions. It should be noted that some of these positions were vacant at the time of the audit.

The recommended classification levels of the "Footprint Report" are included for comparison. We note that in many cases these classification levels (including number of positions) have been exceeded.

HR Comparison

	Québec	Ontario	B.C.	Footprint
PE06		1	1	
PE05	1			1
PE04	1	3	2	1
PE03	3		3	3
PE02		1		
PE01		1	1	
AS04	1	1	1	
AS03				1
AS02	3	2	3	3
AS01	1	2	1	
CR05	1	1	2	
CR04	4		3	4
Total	15	12	17	13

One of the 15 positions in Québec and one of the 17 positions in B.C. were vacant at the time of the audit.

We note that the senior position in Québec is classified at a lower level than in B.C. and Ontario. B.C. Region has more HR staff than the other regions. The staffing workload varies according to the extent of assistance provided by the HR function. Also, staffing workload varies according to the extent of turnover in the organization. Where there has been high staff turnover or an expanding organization, the level of staffing activity increases substantially over that required for a relatively stable organization. These are some of the factors that have to be taken into account when deciding on the most appropriate size of organization.

Finance & Administration Comparison

	Québec	Ontario	B.C.	Footprint
FI03	1	1	1	1
FI02	2		3	1
FI01	1		2	4
AS07				1
AS06		1		
AS03	1		1	
AS02	3	2		1
AS01	1		1	
CR05	3	2	10	
CR04	2	9		5
CR03	1			
Other			1	
Total	15	15	19	13

In Ontario, 4 of the 15 positions were vacant at the time of the audit, including the sole FI position. In B.C., 2 of the 11 positions were vacant at the time of the audit.

Although the Director of Finance and Administration in Ontario is at a senior level (AS 6), this is still below the recommended AS 7 position in the “Footprint Report”. Furthermore, she is not currently supported by senior financial staff, as the only FI position is vacant. It should be noted that in B.C. and Québec there are no such positions because these regions have a director of corporate services.

IM / IT Comparison

	Québec	Ontario	B.C.	Footprint
CS04		1		1
CS03	1	2	1	3
CS02	5	3	3	17
CS01	8	6	6	1
SI04		1		
SI03			1	
SI02	2	2	4	
SI01		1		3
AS04		1		
AS03			1	
AS02	1	1		
AS01		2		
LS03	1	1	1	1
LS02			1	
LS01		2		

	Québec	Ontario	B.C.	Footprint
CR05			2	
CR04	7	10	6	2
CR03	1	2	10	6
CR02		1		
Other		4		
Total	26	40	36	34

In Québec, 1 position out of 26 was vacant at the time of the audit. In Ontario, 9 of the 40 positions were vacant at the time of the audit, but some of these (i.e. in Records Management) were filled by individuals supplied through a student program. In B.C., 5 of the 36 positions were vacant at the time of the audit. This included 4 of the 18 positions within Records Management.