



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
Développement du Nord Canada

Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Audit of Corporate Business Planning

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Audit and Assurance Services Branch

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TABLE OF CONTENTS

ACRONYMS ii

EXECUTIVE SUMMARY 1

1. BACKGROUND 4

2. CONTEXT AND RISK ENVIRONMENT 5

3. AUDIT OBJECTIVE AND SCOPE 7

4. APPROACH AND METHODOLOGY 8

5. OBSERVATIONS AND RECOMMENDATIONS 9

 5.1 Business Planning Processes 9

 5.2 Governance 12

 5.3 Objectives and Expectations for Business Planning 14

6. CONCLUSION 15

7. MANAGEMENT ACTION PLAN 16

Appendix A: Audit Criteria 19

Appendix B: Relevant Policies, Guidelines, and Directives 21

ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
ADM	Assistant Deputy Minister
BMU	Business Management Unit
CBP	Corporate Business Plan
CFO	Chief Financial Officer
DM	Deputy Minister
DPR	Departmental Performance Report
DRAP	Deficit Reduction Action Plan
HR	Human Resources
HRWSB	Human Resources and Workplace Services Branch
MRRS	Management, Resources and Results Structures (Policy on)
PAA	Program Alignment Architecture
PSD	Policy and Strategic Direction
RDG	Regional Director General
RPP	Reports on Plans and Priorities

EXECUTIVE SUMMARY

Background

An Audit of Corporate Business Planning was included in the 2013-2014 to 2015-2016 Risk-based Audit Plan approved by the Deputy Minister of Aboriginal Affairs and Northern Development Canada (AANDC) in February 2013. The audit was identified as a departmental priority as strategic and business planning at AANDC is critical to ensuring alignment of resources. Further, effective planning is inherently complex in the Department due to a high number and wide range of programs and linkages.

The Treasury Board of Canada Secretariat's *Policy on Management, Resources and Results Structures* (MRRS) sets forth high-level requirements that serve as the basis for departmental management and strategic planning. The annual business planning process at AANDC, the goal of which is to manage competing priorities within available resources, involves the development of business plans by each sector and region within the Department, as well as a higher-level Corporate Business Plan (CBP). The Policy and Strategic Direction (PSD) sector oversees the business planning process, providing sectors and regions with guidance and advice in the development of their business plans and by managing the development of the CBP. Sector and regional business plans provide the foundation for accountability. Quarterly reporting is completed against these plans and is used to track progress against stated commitments and expected results.

The establishment of an efficient and effective planning infrastructure at AANDC is inherently challenging. The horizontality, breadth of scope, and complexity of AANDC's priorities requires the development of well-informed and appropriately aligned directions and plans. However, business planning processes within individual sectors are evolving, with some sectors maturing more quickly than others. Furthermore, sectors have different levels of resources dedicated to business planning and knowledge and expertise is varied. These factors, as well as others, expose AANDC to a range of inherent risks that can undermine its ability to achieve its objectives in relation to business planning. Despite this risk environment, planning remains a key management practice in support of stewardship, effective and efficient operations and accountability to the public and parliamentarians. It is in the context of these risks and the importance of planning to AANDC's operations that the audit of Corporate Business Planning was conducted.

Audit Objective and Scope

The objective of the audit was to assess the adequacy and effectiveness of those management controls that support corporate business planning and compliance with relevant Treasury Board and departmental requirements. Specifically, the objective was to assess the extent to which corporate business planning processes:

- Support the development of effective plans that are meaningful and useful as decision-making and oversight tools;

- Demonstrate efficient utilization of Departmental resources engaged in the planning process; and,
- Comply with the Treasury Board of Canada Secretariat's *Policy on MRRS* (to the extent that corporate business planning supports the reporting of information concerning AANDC's programs).

The scope of the audit included an examination of those governance, risk management and control processes that support adequate and effective business planning at a corporate level. The audit focused on the most recent planning cycle of 2013-14 and, while not including a detailed examination, assessed business planning processes within a selection of Departmental sectors.

Statement of Conformance

The Audit of Corporate Business Planning conforms with the Internal Auditing Standards for the Government of Canada, as supported by the results of the quality assurance and improvement program.

Observed Strengths

In conducting the audit, a number of strengths were observed in relation to the business plans and processes of sectors, as well as the oversight and engagement of senior management. Specifically:

- Improving sector plans – Initiatives taken by sector management to improve their business planning processes have led to plans that better define sector priorities and planning commitments.
- Vertical consistency – Lower level business plans consistently demonstrate alignment with broader level departmental objectives.
- Accountability for planning commitments – Evidence gathered through interviews indicates that planning commitments align to management's performance agreements.
- Top level engagement and oversight - Senior level management, including at the Associate DM level, is actively engaged in the review and monitoring of sector and regional business plans

Conclusion

The audit found that management controls are in place to support corporate business planning at the sector, regional and departmental levels. However, it found that opportunities exist to improve both the efficiency and effectiveness of business planning within the Department. Opportunities currently exist to improve:

- The extent to which processes support aligned and efficient planning activities, including the sequencing/timing of planning processes;

- Quality assurance applied to draft business plans within sectors and across the Department; and
- Clarity of the Departmental objectives and expectations that are driving the continued maturation of business planning practices.

Recommendations

The audit identified areas where management controls could be improved, resulting in four recommendations.

The Senior Assistant Deputy Minister of PSD Sector should:

1. take further steps to collaborate with the CFO Sector and HRWSB to better align the timing of planning activities and, within available resources, develop business planning processes that effectively integrate resource requirements associated with priorities and planning commitments and should ensure that processes support horizontal alignment across sector business plans when there is shared accountability and where dependencies among sectors exist.
2. develop support mechanisms (e.g. additional training, guidance in establishing and implementing new processes, tools, etc.) within available resources, and provide sectors with additional guidance for the development of efficient and effective planning processes.
3. within available resources, develop and implement a governance framework that supports quality assurance and oversight by defining the expectations of sectors as they develop their business plans, by providing support through the review of plans for quality and consistency, and by addressing the alignment of shared priorities and resource requirements across sector plans.
4. facilitate the development of Department-wide expectations, and a corresponding strategy, for business planning across AANDC, and, within available resources, develop broad guidance (e.g. guidelines) to support sectors in optimizing the value of planning in their own context and promote Department-wide consistency required to enable aligned and integrated plans.

Management Response

Management is in agreement with the findings, has accepted the recommendations included in the report, and has developed a management action plan to address them. The management action plan has been integrated into this report.

1. BACKGROUND

The Treasury Board *Policy on Management, Resources and Results Structures* (MRRS) sets forth high-level requirements that serve as the basis for departmental management and strategic planning. Specifically, the policy requires that each Department and Agency put in place a common framework for the identification of programs and for the collection, use and reporting information relative to those programs. This is important not only to support robust planning and decision-making within a department, particularly as it relates to resource allocation, but also to ensure that departments provide integrated financial and non-financial information to Parliament.

The establishment of a MRRS in each department is a key element of the *Expenditure Management System* because it provides a common framework within which financial and non-financial information is linked across government. The policy, issued pursuant to section 7 of the *Financial Administration Act*, provides departments with the flexibility and discretion they need to design and manage their programs in a manner that best achieves results while reinforcing the government's commitment to strengthen public sector management and accountability, consistent with the *Management Accountability Framework*, by providing a standard basis for reporting on the alignment of resources, programs and results.

While central agencies have not defined more specific departmental requirements for business planning, there is a government-wide trend whereby effective business planning is viewed as very important. The Clerk of the Privy Council's (CPC) *2010-11 Public Service Renewal Action Plan* supports that "planning is the foundation for management excellence and must be accompanied by effective and efficient implementation and sound reporting on results". The *Report of the Expert Panel on Integrated Business and Human Resource Planning in the Federal Public Service*, completed at the request of the CPC in December 2008, states that business planning is critically important in all organizations, and is often challenging in large and complex organizations. The identification of clearly defined priorities and a process for efficiently aligning resources with them is at the heart of good planning.

Each year Aboriginal and Northern Development Canada (AANDC) prepares a Report on Plans and Priorities (RPP) for Parliament that outlines the Department's Strategic Outcomes, Program Alignment Architecture (PAA), organizational priorities, key risks, and planned resource utilization. This document, coupled with high-level priorities of the Deputy Minister and the AANDC Executive Committee, sets the direction for the Department and is the basis upon which AANDC's Corporate Business Plan¹ (CBP) is prepared.

¹ Starting in 2013-14, AANDC's Corporate Business Plan (a three-year plan that is refreshed annually) has been renamed the Departmental Business Plan. For the purpose of this report, the Department's annually prepared business plan will continue to be referred to as the Corporate Business Plan.

AANDC's CBP is a three-year roadmap, which is developed from the business plans of sectors and regions. When read in parallel with the Department's RPP, the CBP provides a greater level of detail on how the Department plans to achieve its goals. It is intended to act as a guide for senior management and as a communication tool with all staff to ensure that objectives and strategies align with desired results. The CBP is organized along the PAA so progress can be tracked through the quarterly reporting process.

The annual business planning process at AANDC involves the development of business plans by each sector and region within the Department, the goal of which is to manage competing priorities within available resources. The Policy and Strategic Direction (PSD) Sector oversees the business planning process, providing sectors and regions with guidance and advice in the development of their business plans and managing the development of the CBP. The development of sector and regional business plans is not only key to setting priorities and allocating resources, but also to laying the foundation for accountability. Progress against these commitments and expected results is tracked through quarterly reporting. At the end of the fiscal year, quarterly reports, along with supplemental information provided by sectors and regions is used to develop the Departmental Performance Report (DPR), completing the process requirements of the *Policy on MRRS*.

2. CONTEXT AND RISK ENVIRONMENT

Developing and implementing an efficient and effective planning infrastructure and realizing the full value of business planning requires more than simply setting operational goals and commitments, and tracking their progress. In keeping with the expectations of the Clerk of the Privy Council², there is a need to integrate business plans with corresponding resourcing plans. Accordingly, several other processes within AANDC's planning framework must affect and interplay with sector business plans. They include the financial and human resources planning processes conducted by sectors each year.

Done well, integrated business planning adds value to the public sector manager by:

- setting and communicating clear priorities in support of consistent and aligned directions, investments and operations;
- enabling tough choices and trade-offs that are required during resource scarcity;
- providing structure and guidance during times of organizational transformation and in this way, enabling resilience; and;
- establishing the basis for strong accountability.

² In his 14th Annual Report to the Prime Minister (2007), the Clerk of the Privy Council introduced the objective of Public Service Renewal and established a Deputy Minister committee to oversee and drive the renewal agenda. Since that time, the committee has developed annual Action Plans to advance the priorities of the Public Service Renewal, one of which is planning.

The achievement of this value depends on some building blocks³ including:

- A common baseline and shared understanding of what is required;
- Governance arrangements that enable leaders from all parts of the organization to engage in discussions on priorities and choices;
- Bottom-up input on how to address business goals;
- An ability to analyze and consider risks to the goals and objectives; and,
- A process and culture that values effective planning and that is nimble enough to adjust to the changing priorities that inevitably characterize government operations.

AANDC has begun to address a number of these building blocks. It is important to note, however, that establishing an efficient and effective planning infrastructure for AANDC is inherently challenging. Specifically:

- **Complex business with multiple stakeholders:** The horizontality, breadth of scope, and complexity of AANDC's priorities requires the development of well-informed and appropriately aligned directions and plans. As well, in a period of fiscal restraint, synergies need to be identified to avoid missed opportunities, costly overlap and duplication, factors that underpin efficient, integrated planning.
- **Increasing corporate and administrative obligations:** Increasingly, public sector managers are called upon to support corporate and Central Agency requirements. Implementing robust and consistent planning processes in a context of already heavy "reporting burden" makes articulating the value proposition of planning more difficult and can lead to planning being seen as a mere compliance requirement. While coherence and coordination are necessary, so is flexibility. Direction-setting mechanisms must simultaneously provide structure and value, be adaptable and sufficiently efficient to navigate the changes and complexities that characterize AANDC's business environment.
- **Guidance on planning is limited:** Despite Central Agency directions and the stated importance of planning, very little central guidance exists on the expectations and methods for planning. Within the Department, current processes and practices are decentralized across and within sectors. There is relatively non-prescriptive guidance offered to sectors, allowing them the flexibility to adapt planning processes to their own operations. However, this inherently leads to challenges of consistency, which can become compounded in the face of turnover among key personnel.

³ Report of the Expert Panel on Integrated Business and Human Resources Planning in the Federal Public Service. December 2008.

- **Business planning is relatively new and is evolving within the context of a larger planning cycle:** Sector business planning is relatively new within the Department and has emerged out of the quarterly reporting process. Business planning processes within individual sectors are clearly evolving, with some sectors maturing more quickly than others. The Department's annual planning processes involve several sectors. In addition to business planning, sectors are required to prepare financial, human resources, information management/information technology (IM/IT), procurement and investment plans annually. This heavy volume of planning combined with the high number of sectors make departmental planning appear onerous and time consuming, rather than being viewed as a sound business practice essential to the achievement of objectives.
- **Resource levels devoted to planning vary:** At the present time, sectors have different levels of resources dedicated to business planning. Knowledge and expertise is also varied, depending on the professional backgrounds of planning personnel and sector management. This is explained, in part, by the impact of the Deficit Reduction Action Plan (DRAP) and the Department's recent initiative to establish Business Management Units (BMUs) within sectors. While the realities of DRAP make it a major driver of business planning (i.e., the requirement to set tight, defensible priorities and manage limited resources carefully), the staff reductions and changes it generated increase the challenge of planning.

These factors, taken individually or collectively, expose AANDC to a range of inherent risks that can undermine its ability to achieve its objectives in relation to business planning. Despite these risks, planning remains a key management practice in support of stewardship, effective and efficient operations and accountability to the public and Parliamentarians.

It is in the context of these risks and the importance of planning to AANDC's operations that the Audit of Corporate Business Planning was conducted.

3. AUDIT OBJECTIVE AND SCOPE

3.1 *Audit Objective*

The objective of this audit is to assess the adequacy and effectiveness of those management controls that support corporate business planning and compliance with relevant Treasury Board and departmental requirements. Specifically, the objective will assess the extent to which corporate business planning processes:

- i. Support the development of effective plans that are meaningful and useful as decision-making and oversight tools;
- ii. Demonstrate efficient use of departmental resources engaged in the planning process; and,

- iii. Comply with the Treasury Board of Canada Secretariat's *Policy on MRRS* (to the extent that corporate business planning supports the reporting of information concerning AANDC's programs).

3.2 Audit Scope

The scope of the audit included an examination of those governance, risk management and control processes that support adequate and effective business planning at a corporate level. Specifically, the audit examined:

- i. The governance structures and related processes that support the quality assurance, integration and oversight of business planning processes;
- ii. Processes, tools and other mechanisms that support the incorporation of performance reporting and risk information into departmental planning; and,
- iii. The controls that support and promote effective and efficient departmental business planning, including those controls designed to support:
 - A consistent and integrated approach to departmental business planning and related reporting;
 - The integration of clearly defined business objectives into formal plans;
 - Effective communication and shared understanding of corporate priorities; and
 - Effective and timely monitoring of progress against plans.

The audit was to include an examination of the full planning cycle for 2012-13, including how the results of 2011-12 business plans were incorporated into 2012-13 business plans and how results of 2012-13 business plans were compiled and incorporated into 2013-14 business plans. Business planning processes within four sectors were to be considered from a sampling perspective. However, it was apparent from initial interviews with planning staff within these four sectors that significant changes had been made to planning processes between 2012-13 and 2013-14. Accordingly, the audit focused on the most recent planning cycle of 2013-14.

While the audit did not include a detailed examination of business planning processes within specific sectors or regions, the practices were assessed as they were considered integral to the overall departmental business planning process.

4. APPROACH AND METHODOLOGY

The Audit of Corporate Business Planning was conducted in accordance with the requirements of the Treasury Board of Canada's Secretariat's *Policy on Internal Audit* and followed the Internal Auditing Standards for the Government of Canada. The audit team examined sufficient, relevant evidence and obtained sufficient information to provide a reasonable level of assurance in support of the audit conclusion.

The principal audit techniques used included:

- Interviews with key management and staff in various sectors and regions;
- A review of key departmental documentation related to corporate business planning and Central Agency documents, policies and guidelines; and
- An assessment of the 2012-13 and 2013-14 business plans of four sectors selected for sampling purposes, as well as a more limited review of other sector and regional business plans as accumulated during the conduct phase of the audit.

The approach used to address the audit objective included the development of audit criteria against which observations and conclusions were drawn. The audit criteria developed for this audit are included in Appendix A.

5. OBSERVATIONS AND RECOMMENDATIONS

5.1 *Business Planning Processes*

The annual business planning process at AANDC involves the development of business plans by each sector and region within the Department, as well as the preparation of a higher level corporate business plan. Sectors are provided the flexibility to develop business planning processes that best support their needs. In reviewing business planning across a number of sampled sectors, the audit found that initiatives are being undertaken by sector and regional management to improve their annual business planning processes. More robust business planning processes are being established, and this is leading to business plans that better define sector priorities and planning commitments and that better demonstrate alignment to the Department's PAA and its priorities.

While initiatives taken by sector management are leading to improvements in sector and regional business plans, three (3) opportunities to improve business planning processes at both the sector and departmental level were identified that would support:

- Developing sector business plans that are supported by Finance and HR plans (i.e. integration);
- Developing sector business plans that align horizontally with the plans of other sectors (i.e. identify points of intersection or shared accountability for related results and dependencies); and
- Developing sector business plans in a more streamlined manner (i.e. timely, responsive, aligned, cost-efficient).

Audit observations relative to each of these three (3) opportunities are provided in the following pages.

5.1.1 Integrating Sector Business Plans with Finance and HR Plans

The Clerk of the Privy Council's *2010-11 Public Service Renewal Action Plan* identified integrated planning as one of the "four renewal pillars" to be incorporated into the organizational cultures of federal departments. More particularly, the action plan states:

“Planning is the foundation for management excellence and must be accompanied by effective and efficient implementation and sound reporting on results. The goal is to align and integrate human, as well as financial, asset, and information resources required to deliver on the business of government”⁴.

At AANDC, annual planning processes require that in addition to business plans, sectors and regions develop financial resource plans, HR plans, IM/IT plans, procurement plans, and investment plans. Many of these planning processes are completed independently, supported by various internal functions within three sectors, namely PSD, CFO Sector, and HRWSB.

Given the interdependent nature of these planning activities, and the overarching importance of business planning to the Department, the audit expected to find that the departmental planning processes associated with business, resource and HR planning were appropriately *integrated and aligned*. The audit also expected to find that sectors’ business planning processes included the identification of the financial and human resources needed to support the priorities and planning commitments included in their business plans.

Integration with Financial and HR Planning: While sector business plans articulate sector priorities and specific planning commitments, the audit found that plans do not address the resource requirements necessary to achieve these priorities and commitments. Sector business plans reviewed during the audit included the identification of deliverables and milestones in relation to specific planning commitments, but did not indicate the financial or human resources required to meet these commitments. Further, the audit identified that sector business planning processes did not include any explicit requirement to demonstrate the link between available resources and the priorities and commitments established by the sector.

Alignment with the Timing of Financial and HR Planning: The audit also found that, for the past two years, the timing of business planning processes has not aligned with related departmental planning processes (i.e. financial and HR). The official launch of the business planning process for both 2012-13 and 2013-14 occurred after the start of the fiscal year. PSD management advised that the business planning process was delayed in 2012-13 as a result of DRAP and by a need of the Department (and its sectors) to consider and incorporate the direction provided by the Federal Budget 2012. The delay in the 2012-13 planning cycle caused a delay in the launch of the 2013-14 cycle⁵. PSD management advised that efforts are underway to try and realign the timing of these planning processes for 2014-15.

When business, financial and HR planning activities across the Department are sufficiently integrated, the risk that planning commitments may not be sufficiently resourced or that resources are not allocated efficiently will be reduced.

⁴ 2010-11 Public Service Renewal Action Plan from the Clerk of the Privy Council

⁵ While the launch of the 2013-14 business planning cycle was delayed, some sectors started their business planning processes before the official launch by PSD.

5.1.2 Aligning Sector Business Plans – Shared Accountabilities and/or Dependencies

AANDC's business is complex, involving multiple stakeholders. The horizontality, breadth of scope, and complexity of AANDC's priorities requires the development of well-informed and appropriately aligned directions and plans. Given that the work of sectors and regions is very interconnected the audit expected to find departmental business planning processes that supported the horizontal alignment of sector plans and priorities and clearly identified points of intersection and shared accountability, or areas where dependency relationships⁶ existed.

For the most part, sectors and regions develop their business plans at the same time. This can contribute to challenges in situations where one sector's priorities and planning commitments requires support from one or more sectors or from regions. Sectors have the flexibility to develop their own processes for establishing business plans, which means that they may or may not engage with other sectors to identify points of intersection, shared accountabilities or dependencies. While PSD encourages horizontal alignment during the business planning process through their call letter and the work they do to support sectors in developing their plans, PSD does not review sector and regional plans with the specific intention of ensuring horizontal alignment of plans and priorities.

Without the horizontal alignment of business plans across regions and sectors, there is the potential for gaps and inefficiencies (duplication, uncoordinated or conflicting activities, etc.) to occur. Further, the Department runs the risk of sectors working at cross purposes leading to desired outcomes not being realized and potential reputational damage. Of particular concern is the extent of intersection of accountabilities and mutual dependency between regions and sectors. Given the extent of these relationships, it is essential that sector and regional plans and planning processes explicitly consider those areas of shared accountability and dependency.

5.1.3 The Need for Sector Business Plans to be Developed in a More Streamlined Manner

Considering the flexibility sectors and regions have to adopt planning processes that support their needs, the audit expected to find sector (and departmental) planning processes that were nimble, flexible and streamlined, allowing management to plan and prioritize in a timely, responsive, aligned, and cost-efficient manner. The need for streamlined processes was considered particularly important in light of the reduction in sector staffing levels that accompanied DRAP.

⁶ Points of shared accountability exist where departmental priorities and commitments are supported by two or more sectors, while dependency relationships exist where one sector is responsible for a related result but relies on another for delivery and or support (e.g. in the case of regions and internal services).

The audit found that sectors are working to develop more robust business planning processes, which is leading to business plans with better defined priorities and planning commitments. However, the processes and procedures in place within sectors to develop the plans are not adequately streamlined. Business planning is evolving in the Department, and the audit found that different sectors' processes are maturing at different rates. Some sectors are ahead of others in terms of both the overall quality and the timeliness of their business plans and related processes.

While PSD supports the dissemination of best practices through avenues such as the monthly meetings of the Integrated Planning, Reporting, Management and Analysis Forum, sectors expressed a desire for additional support from PSD for developing their planning processes, to make them more timely, responsive and cost-efficient. Also, sectors and regions would benefit from a structured process for the dissemination of best practices by PSD (see section 5.3).

A lack of nimble, streamlined processes can result in the inefficient use of the departmental resources engaged in the planning process. If senior management views existing planning processes as being streamlined and efficient, sectors will be encouraged to increase their efforts in the development of sound planning processes that support effective and useful plans.

Recommendation:

1. The Senior Assistant Deputy Minister of PSD Sector should take further steps to collaborate with the CFO Sector and HRWSB to better align the timing of planning activities and, within available resources, develop business planning processes that effectively integrate resource requirements associated with priorities and planning commitments and should ensure that processes support horizontal alignment across sector business plans when there is shared accountability and where dependencies among sectors exist.
2. The Senior Assistant Deputy Minister of PSD Sector should develop support mechanisms (e.g. additional training, guidance in establishing and implementing new processes, tools, etc.) within available resources, and provide sectors with additional guidance for the development of efficient and effective planning processes.

5.2 Governance

The governance framework and related processes that support the quality assurance and oversight of business planning processes is considered essential to effective business planning. The *Report of the Expert Panel on Integrated Business and Human Resources Planning in the Federal Public Service* (December 2008) suggested that leadership is the “fundamental driver” of integrated planning. More specific to governance, the report stated that “demand from the top with clear governance, accountability, and performance expectations is indispensable”.

In light of AANDC's decentralized approach to the development of sector and regional business plans, the audit identified the need for AANDC's governance structure in support of business planning to be enhanced through:

- Defined quality assurance expectations at the sector level to support the quality and detail of sector business plans; and

- Oversight at the departmental level to support the consistency of sector plans, and the alignment of common/cross-cutting priorities and resource requirements.

Audit observations in regard to the governance structure in support of business planning are provided below.

5.2.1 Quality Assurance at the Sector Level

Sectors and regions have flexibility to develop business planning processes that best support their needs. Staff within PSD's Corporate Results-Based Management Directorate review sector business plans when requested. Senior Strategic Outcome Advisors (within PSD but part of a different Directorate) are available to provide guidance and advice to sectors as they develop their business plans. However, sectors and regions are responsible for establishing their own business plans and these plans require ADM/RDG approval prior to their submission to PSD for the development of the CBP. The audit expected to find that effective quality assurance processes had been developed at the sector level to ensure that business plans are reviewed, challenged and scrutinized prior to their submission to PSD.

The audit found that sector business plans are approved by the respective Sector leaders (e.g. the ADM). Within some sectors, the business planning process also includes the formal review of draft sector plans by senior management levels below ADM (DG, RDG), prior to seeking ADM approval. However, the audit found that departmental expectations in regard to quality assurance have not yet been defined or documented by either individual sectors or by PSD on behalf of the Department. While most sectors were able to outline the process by which business plans are developed, these processes did not consistently demonstrate how quality assurance is sufficiently incorporated into the business plan approval process. For example, sector planners charged with consolidating directorate/branch level input into sector plans may have neither the time nor the expertise to critique or otherwise scrutinize these inputs in light of sector-wide priorities or planning commitments.

A lack of well-defined expectations around quality assurance can result in sector business plans that are not consistent in terms of the quality and level of detail of their planning commitments, targets and milestones.

5.2.2 Oversight at the Department Level

As noted previously, the breadth of scope and the complexity of AANDC's priorities require the development of well-informed and appropriately aligned directions and plans. In support of such directions and plans, the audit expected to find that sector business plans were subject to departmental oversight to ensure the consistency and quality of plans, and that there was appropriate integration and alignment of component priorities and resource requirements.

The audit found that the Associate Deputy Minister (Associate DM) plays an integral role in providing departmental oversight of the business planning process. In addition to reviewing the quarterly reports of both regions and sectors, the Associate DM reviewed the business plans of some sectors in 2013-14. Based on information provided by PSD management, the review

conducted by the Associate DM was completed on a risk basis (i.e. quarterly reporting history was considered when selecting sector plans for review).

The work of the Associate DM establishes the “tone at the top” in support of business planning and, more specifically, in providing the basis upon which business plans are used for monitor progress against business objectives. However, and notwithstanding the Associate DM’s direct involvement, the audit could not determine whether expectations for departmental oversight had been defined from the onset.

A well-defined governance framework that supports quality assurance and oversight of business planning will have a positive impact on the quality and consistency of sector business plans. It can also increase the possibility of benefitting from opportunities for the identification and alignment of common/cross-cutting priorities and resource requirements. It is important to have departmental influences that compel sectors to work together to establish consistent and aligned priorities and planning commitments.

Recommendation:

3. The Senior Assistant Deputy Minister of PSD Sector should, within available resources, develop and implement a governance framework that supports quality assurance and oversight by defining the expectations of sectors as they develop their business plans, by providing support through the review of plans for quality and consistency, and by addressing the alignment of shared priorities and resource requirements across sector plans.

5.3 Objectives and Expectations for Business Planning

Effective and efficient business planning is an important means by which management supports stewardship, prudence, accountability and the delivery of an organization’s mandate. Just as processes and governance are needed to support sound business planning, an organization’s culture is an important critical success factor. Specifically, a culture that embraces planning principles and activities as being inherently beneficial will naturally adapt and mature in its planning capabilities. The audit identified the emergence of such a culture at AANDC as sound business planning continues to be seen more as a value-added practice and less as an administrative requirement by management.

In support of this ongoing cultural shift at AANDC, it was apparent that business planning would benefit from additional departmental efforts to both promote, guide and support business planning. In this regard, the audit expected to identify a framework comprised of expectations, strategy and guidance that would serve to focus and align business planning around Department-wide planning objectives. While the audit identified a number of useful tools and practices (e.g. PSD’s annual call letter, the business planning template and PSD’s support of business planning), as well as sector-specific initiatives, there was no clear framework that served to support the consistent and deliberate maturation of business planning.

The audit identified the PSD Sector as being in the best position to facilitate and otherwise drive the development and communication of those Department-wide objectives and expectations

that support the achievement of more effective and efficient business planning. Sectors would also benefit from PSD providing broad guidelines that support key objectives and expectation such as those related to the alignment and integration of business planning across the Department. Such guidelines, as an evergreen resource, could also be used to share and promote best practices and to support sectors in improving the efficiency and effectiveness of their own business planning processes.

Recommendation:

4. The Senior Assistant Deputy Minister of PSD Sector should facilitate the development of Department-wide expectations, and a corresponding strategy, for business planning across AANDC, and within available resources, develop broad guidance (e.g. guidelines) to support sectors in optimizing the value of planning in their own context and promote Department-wide consistency required to enable aligned and integrated plans.

6. CONCLUSION

The audit found that management controls are in place to support corporate business planning at the sector, regional and departmental levels. However, it found that opportunities exist to improve both the efficiency and effectiveness of business planning within the Department. Opportunities currently exist to improve:

- The extent to which processes support aligned and efficient planning activities, including the sequencing/timing of planning processes;
- Quality assurance applied to draft business plans within sectors and across the Department; and
- Clarity of the Departmental objectives and expectations that are driving the continued maturation of business planning practices.

7. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The Senior Assistant Deputy Minister of PSD Sector should take further steps to collaborate with the CFO Sector and HRWSB to better align the timing of planning activities and, within available resources, develop business planning processes that effectively integrate resource requirements associated with priorities and planning commitments and should ensure that processes support horizontal alignment across sector business plans when there is shared accountability and where dependencies among sectors exist.</p>	<p>PSD has taken steps to support better alignment and timing of planning activities as demonstrated through the formation of an <i>integrated planning working group</i> with CFO and HRWSB.</p> <p>Since the completion of the audit work the working group has already been able to align the IM/IT, Investment and Procurement plans time lines, as well as the Business, Resource and HR plans time lines through two integrated process launches for the 2014-15 fiscal year.</p> <p>The Sr ADM of PSD will explore further opportunities to better integrate planning processes and products, with input from the CFO and the DG HRWSB, such that the resource requirements associated with priorities and planning commitments are properly considered.</p> <p>Further, PSD will adjust departmental business planning processes in support of enhanced horizontal alignment of sector business plans where there are shared accountabilities and where dependencies among sectors exist.</p>	<p>Senior ADM, PSD as lead (acknowledging the need for input from the CFO and DG HRWSB)</p>	<p>March 31, 2015</p>
<p>2. The Senior Assistant Deputy Minister of PSD Sector should develop support mechanisms (e.g. additional training, guidance in establishing and implementing new processes, tools, etc.) within available resources, and provide sectors with additional guidance for the development of efficient and effective planning processes.</p>	<p>PSD will seek input from and provide regular and ongoing direct and indirect support to the departmental planning community through various means (Corporate Results-based Management Directorate Staff, Senior Strategic Outcome Analysts (SSOAs), frameworks and support associated with the streamlining of the PAA and PMF, and through planning fora, such as the Integrated Planning, Reporting, Management and Accountability Forum (IPRMAF), which includes representatives from across all Sectors and Regions, including CFO and HRWSB).</p> <p>The Sr ADM of PSD, with input from the CFO and the DG</p>	<p>Senior ADM, PSD as lead (acknowledging the need for input from the CFO and DG HRWSB)</p>	<p>Sept 2014</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>HRWSB, will pursue means to support more efficient and effective planning processes by :</p> <ul style="list-style-type: none"> • Developing additional and new/revised tools, training and guidance • developing a planning calendar • identifying and sharing best practices and lessons learned 		
<p>3. The Senior Assistant Deputy Minister of PSD Sector should, within available resources, develop and implement a governance framework that supports quality assurance and oversight by defining the expectations of sectors as they develop their business plans, by providing support through the review of plans for quality and consistency, and by addressing the alignment of shared priorities and resource requirements across sector plans.</p>	<p>Business planning is an integral part of coordinating and aligning functions to deliver on results and to manage competing priorities within available resources. To ensure quality control and consistency, PSD provides, in addition to planning templates, appropriate guidance to the planning community.</p> <p>The Sr ADM of PSD, with input from the <i>integrated planning working group</i> as needed, will study the governance of business planning and business plans and the linkages to current sector and corporate level governance bodies. The outcome of the study will be to identify opportunities to improve consistency in the quality and detail of sector business plans and define expectations for quality assurance and for departmental oversight, and alignment of common/cross-cutting priorities and resource requirements. PSD will provide individual support to sectors requiring additional guidance to achieve the expected level of quality.</p>	<p>Senior ADM, PSD as lead (acknowledging the need for input from the CFO and DG HRWSB)</p>	<p>Sept 2014</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>4. The Senior Assistant Deputy Minister of PSD Sector should facilitate the development of Department-wide expectations, and a corresponding strategy, for business planning across AANDC, and, within available resources, develop broad guidance (e.g. guidelines) to support sectors in optimizing the value of planning in their own context and promote Department-wide consistency required to enable aligned and integrated plans.</p>	<p>PSD, in partnership with CFO and HRWSB, created an <i>integrated planning working group</i> to develop mechanisms to support greater integration of planning throughout the department.</p> <p>In the interest of streamlining work and integrating planning, PSD/CFO/HRWSB jointly brought to Senior Management Committee in October 2013, a common approach for business planning, which SMC endorsed for the 2013-14 cycle. PSD/CFO/HRWSB support Sectors and Regions by providing annual planning guidance, as well as analysis and feedback on plans, both draft and final.</p> <p>PSD further directly supports Sectors and Regions by offering advice through the Senior Strategic Outcome Analyst (SSOA) model as well as through corporate interactions with planners. PSD also disseminates information and lessons learned via the Integrated Planning, Reporting, Management and Accountability Forum (IPRMAF), which includes representatives from across all Sectors and Regions, including CFO and HRWSB.</p> <p>The Sr ADM of PSD with input from the CFO and the DG HRWSB, will develop guidance to support the maturation/ evolution of business planning within the Department, with clearly communicated objectives and expectations of business planning.</p> <p>The <i>integrated planning working group</i> will develop a standardized assessment template for business plans, which will serve as a quality-control checklist; identifying strengths, best practices, weaknesses, opportunities for streamlining, and opportunities for alignment with departmental priorities.</p> <p>The working group will also explore the applicability of “One-Pass Planning” as currently used in DFO.</p>	<p>Senior ADM, PSD as lead (acknowledging the need for input from the CFO and DG HRWSB)</p>	<p>Mar 2014</p> <p>Nov 2013</p>

Appendix A: Audit Criteria

Based on the outcomes of the audit planning phase, criteria were developed for each of the audit objectives as described in the table below. The criteria were developed to reflect Departmental business planning requirements, AASB's understanding of Departmental expectations, government-wide requirements (e.g. *Audit Criteria related to the Management Accountability Framework* and the TBS Policy on *Management, Resources and Results Structures*) and directions (e.g. the Reports of the Privy Council) as well as criteria used for similar audits conducted in other Federal Departments/Agencies.

Audit Objective 1: Corporate Business Planning processes support the development of effective plans that are meaningful and useful as decision-making and oversight tools.	
Criteria 1.1: Business planning processes promote the development of appropriate, achievable, measurable and clearly articulated business priorities and a shared understanding of these priorities.	
1.1.1	Management develops meaningful business priorities based on reliable and appropriate information inputs, such as prior years' results, risk information, environmental scanning and resource requirements.
1.1.2	Management develops appropriate key performance indicators and targets (financial and non-financial) for each of its business priorities.
1.1.3	Management develops integrated business plans which articulate business priorities that are clear, vertically aligned and supported by financial and HR plans.
1.1.4	Management applies effective quality assurance processes to ensure business plans are reviewed, challenged and scrutinized.
1.1.5	Business plans provide meaningful and sufficiently discrete priorities that can be used as filters in support of decision-making.
1.1.6	Business planning processes support the shared understanding of business priorities.
Criteria 1.2: Business planning is coordinated, aligned and integrated across the Department.	
1.2.1	Corporate business planning processes are documented with clear timelines and expectations for each stage and are effectively communicated.
1.2.2	Business planning processes result in plans that are internally consistent and sufficiently aligned with departmental strategic outcomes and priorities.
1.2.3	Business planning processes support the horizontal alignment and integration of plans and priorities, by clearly identifying points of intersection or shared accountability for related results.
1.2.4	Oversight bodies are formally mandated and effectively work to oversee the development and monitoring of Department-wide business plans, including the appropriate integration and alignment of component priorities and resource requirements.
Criteria 1.3: Business plans effectively support decision-making and provide the basis for meaningful monitoring of progress against business objectives.	
1.3.1	Management decision-making processes (including those related to resourcing) are informed by priorities within business plans.

1.3.2	Management periodically monitors progress against business plans using the performance indicators and targets embedded in these plans.
1.3.3	Management reviews and periodically reassesses its directions and plans, and plans and coordinates course corrections as necessary. Such corrections are communicated in a timely and effective manner.
Audit Objective 2: Corporate Business Planning processes demonstrate efficient utilization of departmental resources engaged in the planning process.	
Criteria 2.1: Departmental planning processes are nimble, flexible and streamlined.	
2.1.1	Business planning processes are streamlined such that management is able to plan and prioritize in a timely, responsive, aligned, and cost-efficient manner.
2.1.2	Business planning processes afford management with appropriate flexibility to balance the benefits of allowing management to adapt planning to their own needs with providing sufficient structure to ensure appropriate consistency and comparability of outcomes.
Criteria 2.2: Management is provided with the support necessary to develop business plans in an effective, efficient and timely fashion.	
2.2.1	The goals of the planning process and expectations for how plans will be used have been clearly defined, communicated and acknowledged.
2.2.2	Planning-related roles, responsibilities and accountabilities are defined and communicated in a manner that supports efficient execution of planning activities.
2.2.3	Comprehensive guidance and direction, including planning subject matter specialists, are accessible to management in support of planning requirements.
2.2.4	Meaningful and efficient tools and templates are in place and accessible to management across the Department in support of planning requirements.
Audit Objective 3: Corporate Business Planning processes comply with the Treasury Board of Canada Secretariat's Policy on Management, Resources and Results Structures (parliamentary reporting only).	
Criteria 3.1: The planning and reporting processes at AANDC are discharged in accordance with documented processes, requirements and timelines as outlined by the Treasury Board.	
3.1.1	Business planning processes support the Department's compliance with the requirements of the Management Results and Resource Structure (MRRS), including the alignment of business priorities with AANDC's strategic outcomes and its PAA.
3.1.2	The timing for the various elements of the planning process is aligned with the Government of Canada planning cycle and timelines as defined by the Treasury Board.

Appendix B: Relevant Policies, Guidelines, and Directives

- TBS Policy on Management, Resources and Results Structures
- Clerk of the Privy Council's 14th Annual Report to the Prime Minister (2007)
- Report of the Expert Panel on Integrated Business and Human Resources Planning in the Federal Public Service (2008)
- 2010-11 Public Service Renewal Action Plan from the Clerk of the Privy Council