

# Follow-up to the 2004 Audit of Comptrollership Communications Research Centre (CRC)

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## Executive Summary

A follow-up to the audit of the January 2004 Audit Report on Comptrollership at the Communications Research Centre (CRC) of Industry Canada was carried out during the period of March to May 2007 as per the approved 2006-07 Audit and Evaluation Plan.

The initial audit acknowledged that, while several elements of Modern Comptrollership (MC) were in place, there were opportunities to further demonstrate sound management of public resources and value-for-money. It found that there was no performance management framework; risk-management had yet to be formally adopted and integrated into everyday practice; roles, responsibilities and authorities for corporate functions were not well understood; financial reporting tools were not fully utilized; and controls over human resource planning, salaries and acquisition cards needed to be strengthened. The 2004 Audit Report contained thirteen recommendations to improve the situation.

Current findings indicate that the CRC has taken the audit seriously and responded favourably to the previous recommendations. Many of the recommendations, however, required long term implementation. In some cases, the pace of implementation is dependent on direction from and action taken at Industry Canada's corporate Headquarters (HQ). As a result, while significant progress has been made, there are some recommendations that, at this time, can only be assessed as partially implemented.

The MC Initiative has since evolved to the Management Accountability Framework (MAF), a tool Treasury Board (TB) uses to assess management practices and performance. This initiative is still evolving and TB, in its recent assessment of the Department, gave Industry Canada positive results in the area of public service values, people, policy and programs, learning, innovation and change management, and citizen-focused service. TB indicated that improvement is still required in governance and strategic direction, results and performance, risk management, and stewardship. The CRC contributed to the input the Department provided to TB.

Since the 2004 audit, performance reporting has earned much attention from management. Expected results and performance indicators are now identified in the Annual Report on Plans and Priorities and key goals and results are indicated in the Strategic Plan for 2007-2010. The Program Activity Architecture (PAA) is being fine-tuned and the CRC financial system is being structured to facilitate financial reporting against strategic priorities. The goal is to link this information from the bottom of the organization to the top, to ultimately enable linking activities to the Department and federal government priorities and be positioned to better assess management performance.

The CRC accountability framework has also been enhanced with a restructuring of the organization, the establishment of accountability accords and the introduction of formal agreements with external parties.

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Risk management has been largely addressed through the development of a Risk Profile and Action Plan in 2004 that identified six key risk areas for which action has been taken. The Risk Profile and Action Plan, however, have not been recently updated and CRC management has indicated that it will be reviewed and updated at the same time as the annual CRC strategic planning exercise.

Internal financial reporting issues are still outstanding. The previous report indicated that the CRC had not been fully utilizing the existing financial reporting tools and instead relied on “black book” systems and spreadsheet programs. These parallel systems still continue but changes to the Department’s Integrated Financial and Materiel System (IFMS) and the introduction of a new Salary Forecasting Tool in April 2007 are expected to help reduce the need for duplicate systems. The external reporting issue has been addressed in that publications and brochures directed to external stakeholders now report OGD expenditure and revenue amounts separately from departmental budgetary and expenditure figures.

In the area of Human Resources, a Plan is now in place to guide CRC planning efforts. The recording of leave is now fully automated and use of the system is no longer discretionary for employees. Many employees, however, are still not receiving performance appraisals although there has been a marked increase in the number of completed appraisals.

In conclusion, the CRC needs to continue its efforts to improve its overall Management Accountability Framework. At the same time, considerable focus and effort has been placed on addressing the issues identified in the initial audit report.

## 1.0 Background

A previous audit of Modern Comptrollership (MC) at the Communications Research Centre (CRC) of Industry Canada was conducted in two phases - a Preliminary Survey was carried out in the fall of 2002 and the Verification Phase was completed a year later. The Final Audit Report was issued in January 2004.

The objective of the initial audit was to assess the extent to which the principles of MC were in evidence and being applied at the CRC.

The initial audit concluded the following as it related to each of the activities/elements examined:

- i. Performance Measurement Framework: The Communications Research Centre did not have an established Performance Measurement Framework in place.
- ii. Internal Reporting: CRC had not benefited from Financial Reporting tools developed by the Department, rendering financial reporting less efficient and effective.
- iii. External Reporting: External reports directed at CRC stakeholders may have contained misleading financial information.
- iv. Risk Management: Formal processes and practices had not been established within CRC to manage risk.
- v. Human Resource Plan: CRC did not have a comprehensive Human Resource Plan in place to guide its human resource planning efforts.
- vi. Employee Performance Appraisals: CRC employee performance was not being evaluated in a timely manner.
- vii. Acquisition Cards: The large number of Acquisition Cards in circulation and their high limits increased the risk of inappropriate use.
- viii. Salary Management: The management of salary expenditures could have been more efficient.
- ix. Accountability Mechanisms: Opportunities existed to enhance aspects of CRC's accountability mechanisms.

The audit findings, conclusions and recommendations of the audit were accepted by CRC.

## **2.0 Objective to the Follow-up**

The objective of the follow-up to the initial audit was to assess the extent to which CRC management has made progress in implementing its intended course of action arising from the recommendations contained in the January 2004 Comptrollership Audit Report.

## **3.0 Scope of the Follow-up**

The follow-up to the initial audit focused on the extent to which CRC management has made satisfactory progress in implementing the recommendations contained in the January 2004 Audit of Comptrollership. It did not include an assessment of the effectiveness of their implementation.

The follow-up was restricted to interviewing the Director, Finance and Materiel Management at the CRC and reviewing documentation that was provided. It did not include interviews with other management and staff at CRC or at Corporate HQ. The scope included both the corporate functions and the core business functions of the CRC:

- Corporate functions include: Campus Operations; Information Network and Systems; Marketing; Finance and Materiel Management; and Human Resources.
- Core functions include: Satellite Communications and Radio Propagation; Broadcast Technology; Terrestrial Wireless Systems; and Broadband Network Technologies.

Excluded from the scope of the review was the contracting and procurement function for which there were two recommendations (#8 and #9) made in the 2004 Audit Report. Contracting and the use of acquisition cards are the subjects of two separate Departmental-wide audits within Industry Canada which are being conducted at the current time.

## **4.0 Approach and Methodology**

In executing the follow-up, the Audit Team took the following actions:

- Issued a follow-up notification letter to the President, CRC;
- Developed a follow-up questionnaire aligning the CRC management response and proposed actions;
- Distributed a follow-up questionnaire to the Director, Finance and Materiel Management, CRC;
- Interviewed the Director, Finance and Materiel Management, CRC;
- Obtained and reviewed key documentation to assess the degree to which the proposed actions have been implemented;

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- Ensured the proposed actions in the Audit Report dated January 2004 were still relevant; and
- Communicated with the Director, Finance and Materiel Management on the results of the follow-up.

## **5.0 CRC Actions and Detailed Follow-up Findings**

The following summarizes the actions developed by CRC management to address the recommendations contained in the January 2004 Audit Report and the current status of their implementation.

### **5.1 PERFORMANCE MEASUREMENT**

#### **2004 Initial Recommendation # 1 and Management Response**

*CRC should establish a Performance Measurement Framework for the Centre. The Framework should include the requirement for key performance indicators in Operational Plans.*

***Management Response** - CRC will respect the deadlines established in the IC MC Action Plan approved in April 2003. We will begin with CRC's Strategic Plan, and incorporate in an explicit fashion, statements relating to the performance framework and other MC priorities. IC has chosen to develop frameworks for two of the five departmental strategic objectives and the two objectives selected are not directly linked to CRC activities. CRC is also proceeding in this initiative through participation in the S&T Performance Measurement Network (for Science Based Departments & Agencies - SBDAs). The S&T PM Network will be developing a generic performance measurement framework in the fall of 2003. CRC will use the experience gained in developing the generic framework to establish a framework for CRC.*

*Information sessions on performance measurement will be provided to CRC managers by IC Planning & Performance Directorate. The 2004-05 Operational Plans will contain performance indicators and a CRC Performance Measurement Framework (PMF) will be developed in collaboration with IC's continuing work on PMFs for the remaining departmental strategic objectives.*

#### **Follow-up Findings**

***This recommendation has been substantially implemented***

In 2004, the Management Accountability Framework (MAF) replaced the Modern Comptrollership Initiative. In the past three years, this Initiative has been evolving and CRC



describes it as “a process that requires ongoing refinement”. MAF is a tool used to assess management practices and performance in various categories such as Values and Ethics, Accountability, Stewardship and Risk Management. Different indicators and measures are used to make these assessments which are conducted by Treasury Board Secretariat (TBS) and the Public Service Human Resources Management Agency Canada (PSHRMAC). Reporting tools that support this framework include the Department’s Program Activity Architecture (PAA), the Report on Plans and Priorities and the Departmental Performance Report. The goal is to link this information together, from the bottom of the organization to the top, to ultimately enable linking activities to the Department’s and the Federal Government’s priorities and be positioned to make an assessment of management performance and practices. In effect, it facilitates the preparation of a Departmental report card on how well the Department is doing in achieving its goals and meeting the right objectives in the correct manner.

Currently, CRC reports to one of Industry Canada’s three strategic outcomes - an innovative economy. In the Department’s Report on Plans and Priorities for 2007-08, expected results and performance indicators are identified and, in the Strategic Plan for 2007-10, its key goals and results are identified.

Due to the evolution of MAF performance indicators, CRC is awaiting guidance from IC HQ with regard to the next steps. In the interim, MAF awareness sessions for managers are being planned. In April 2007, CRC senior management received a MAF awareness session and the presentation re-enforced the fact that MAF is not only a framework but an annual process whereby TBS assesses the Department’s performance. This is now the fourth year this exercise has been conducted and the presentation emphasized the positive results and identified those areas requiring further improvement. Positive results were achieved in the area of public service values; people; policy and programs; learning, innovation and change management; and, citizen-focused service. Areas for improvement included governance and strategic direction, results and performance, risk management, and stewardship.

## **5.2 PERFORMANCE REPORTING**

### **2004 Initial Recommendation # 2 and Management Response**

*CRC management should ensure that reports against plans include costs to the lowest practical level and feedback from managers.*

***Management Response** - CRC has worked with various tools to monitor and to evaluate the performance of its programs. CRC has always put great emphasis on the identification of results, the re-evaluation of initiatives and projects and findings new directions. Data on the resources and budgets are available for creating reports. In line with IC’s direction on Modern Comptrollership, CRC will now aggregate these processes into one formal document.*

## Follow-up Findings

### *This recommendation has been partially implemented*

The Department's Program Activity Architecture (PAA) is currently being fine-tuned to improve its ability to report down to a sub-sub activity level on financial and non-financial information that link up to the Department's priorities and strategic outcomes. CRC is also structuring Internal Orders within IFMS starting in 2007-08 to facilitate financial reporting against strategic priorities and, in turn, facilitate performance measurement and reporting. As well, CRC is working with CAS to explore the current use of the financial coding blocks at Industry Canada to improve the reporting of departmental data.

## 5.3 INTERNAL REPORTING

### 2004 Initial Recommendation # 3 and Management Response

*The Comptroller, CRC should:*

- *Assess the capabilities and potential uses of MRS and SMS across CRC;*
- *Solicit a representation of users to define needs that could be covered using MRS, create MRS reports and share these with the organizations;*
- *Through IFMS, assess the possibility of using internal order numbers for project identification and assess the need for a project management software for research projects; and*
- *With assistance from IC Corporate Systems Division, provide the necessary training for using the systems to all managers.*

**Management Response** - *During February 2003, DFTT offered an information session on the Departmental Management Reporting System (MRS) for all CRC managers and administrative staff. The session provided attendees with an overview of the system and stressed the benefit to managers of providing a simple interface to the Department's corporate systems. Interested individuals were then provided with more detailed information when they applied for their MRS accounts. Further information sessions will be held in the fall 2003 targeting responsibility centre managers.*

*CRC is using internal order for project identification and for tracking project costs. CRC DFTT's staff has consulted regularly with IFMS on use of internal numbers and project management software. Internal orders have been used for project identification in the case of capital projects for a few years. Last year, with the launch of a new program at CRC for Remote*

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*and Rural Broadband Access, a system of internal orders was set-up specifically to enable tracking of financial data relating to the approved projects. The internal orders will continue to be used for both capital and RRBA projects.*

*CRC DFTT's staff have consulted IFMS on plans for the implementation of project management software and also participate on IFMS working groups. Implementation of project management software for all CRC research projects will be explored in the future and must take into account the cost benefit as well as the needs of CRC managers and clients. Emphasis for 2003-04 and 2004-05 is being placed on the sector's responsibilities in relation to the IC MC Action Plan.*

*As discussed above, training of CRC administrative staff and identified managers has been completed. An on-going process is in place to phase in training of all relevant managers.*

## **Follow-up Findings**

### ***This recommendation has been partially implemented***

The Comptroller position has now been replaced by the Director, Finance and Materiel Management. It is anticipated that with the reporting changes to the Department's Integrated Financial and Materiel System (IFMS) and the Salary Forecasting Tool (SFT) in April 2007, "black books" like an Excel spreadsheet for soft commitments will become less of a requirement. Administrative staff will be receiving training on these changes and information sessions will be held for senior staff. The Department has launched the Enhanced Management Reporting exercise with the goal of improving financial management reports. A User Group of representatives from various Sectors will meet to identify the type of reporting that will be required. A representative from the CRC Financial Section will be part of this User Group.

## **5.4 EXTERNAL REPORTING**

### **2004 Initial Recommendation #4 and Management Response**

*CRC should ensure that publications directed to external stakeholders report OGD expenditure and revenue amounts separately from departmental budgetary and expenditure figures.*

***Management Response*** - *CRC understands that the current inclusion of OGD accounts in total Revenues and Expenses could be confusing for some readers. In order to help the clarity of the information, CRC will ensure that publications directed to external stakeholders report OGD expenditure and revenue amounts separately from departmental budgetary and expenditure figures.*

## Follow-up Findings

### *This recommendation has been fully implemented*

External reporting now includes a breakdown between OGD and Industry Canada funding. CRC receives funding from a number of government and non-government sources. Industry Canada provides about 75% of the CRC funding. Other government funding is provided by the Canadian Space Agency and the Department of National Defence. Revenue from the private sector is generated through the licensing of intellectual property and contracted R&D.

## 5.5 RISK MANAGEMENT

### 2004 Initial Recommendation # 5 and Management Response

*The CRC should, through implementation of the Modern Comptrollership Action Plan, seek to integrate risk management as an integral component of its ongoing management practices. In so doing, CRC should consider the following:*

- *Developing a framework to help managers identify and assess risk at a project, operational and strategic level;*
- *Providing managers with training and education in risk management concepts, techniques and tools;*
- *Developing a risk management profile for CRC; and*
- *Establishing a basis for reporting of how risks are being managed to higher levels of authority.*

**Management Response** - *CRC has always applied the principles and fundamentals of risk management. Risk management is conducted on an on-going basis on projects and corrective actions are taken when necessary.*

*CRC is following the Modern Comptrollership Action Plan: a Risk Management profile and Integrated Risk Management Framework is currently being developed for CRC. The first draft is under review and the next version is expected by the end of December for review by CRC Senior Management planned for January 2004. CRC is committed to the implementation as per Industry Canada's action plan for end of this fiscal year.*

## Follow-up Findings

### *This recommendation has been substantially implemented*

CRC engaged the services of a consulting firm in January 2004 to develop a Risk Profile and Action Plan. This Plan was implemented April 1, 2004. Six key risk areas were identified in the risk profile and action was taken on all of them. For example, under research and development management, project proposals are now discussed in detail, including a review of the risks involved at the annual planning exercise. CRC has also formed an active internal Safety Committee consisting of major users and an Operations & Maintenance representative. Under Campus Operations, CRC has upgraded its electronic security system and is in the process of replacing both the electrical and water distribution systems.

While this Risk Profile and Action Plan was originally drafted in 2004, it has not been updated since. CRC management has indicated that this instrument will be updated at the same time as the CRC annual strategic planning exercise. While there is no formal risk management training being offered at CRC, steps have been taken to address high risk items such as funding difficulties and the Long Term Capital Plan. The staff who manage the science and the physical infrastructure are well trained in risk management concepts, tools and techniques in their areas of expertise and have proven to be highly effective. In order to better manage ongoing risks, CRC has negotiated an arrangement with the CFO to access additional funds in the event of a campus disaster.

## 5.6 HUMAN RESOURCE PLANNING

### 2004 Initial Recommendation # 6 and Management Response

*The CRC should prepare a Human Resource Plan to guide its human resource planning efforts and communicate this plan to all CRC staff. The Plan should consider the following elements:*

- *Demographic data (global, by Branch, by Section and by occupational group) and analysis of trends and impacts on the organization;*
- *Identification of staff shortages and anticipated vacancies by Branch, occupational category, and level, based on historical turnover rate, current and planned operational responsibilities, and validation of upcoming retirements;*
- *Development of a recruitment strategy to respond to issues raised;*
- *Other areas that require departmental or service-wide action; and*
- *Discussion of staff retention and the extent of departures and their reasons.*

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**Management Response** - *We had developed a comprehensive HR plan in 1994. Since then we have developed components for HR issues, and have used existing vehicles such as HR-MC and the Board of Directors to provide opportunities for detailed discussion by Senior Management. Our plan in 2004-05 is to integrate these various components, through appropriate linkages, with the Strategic Plan and the individual Branch Operational Plans. This will result in a comprehensive document.*

**Follow-up Findings**

***This recommendation has been fully implemented***

The new Public Service Modernization Act (PSMA) which came into effect on December 31, 2005 has brought new requirements for HR planning and management that now supersede previous HR frameworks, initiatives and legislation. CRC has complied with this new legislation which has included the preparation of a detailed three year HR Plan. The Plan is designed to ensure that the CRC workforce remains stable and that its extensive track record of success in the field of advanced telecommunications R&D, which has been built up over more than 50 years, continues. The Plan identifies the challenges CRC faces in retaining and recruiting the required resource expertise, the demographics of its current staff, and the strategies it is using to staff positions. About 65% of current staff are involved in R&D and its direct support and face direct competition with the telecommunication industry for this type of resource. During the high-tech boom, CRC lost close to 25% of its research personnel and had difficulty replacing staff due to uncompetitive salaries. The situation has improved in that the salary now offered to Engineers and Research Scientists is more competitive. The Plan includes tables listing the staffing expected to take place to fill vacant positions in the current year in R&D and Corporate support. New positions are also identified but staffing is contingent on funding becoming available.

**5.7 EMPLOYEE PERFORMANCE**

**2004 Initial Recommendation # 7 and Management Response**

*The “Performance Management Policy” should be applied in the manner intended. Training and development data should be incorporated into the CRC Human Resource Plan.*

**Management Response** - *CRC is taking steps to ensure that Managers complete employee appraisals within the time limit established.*

## Follow-up Findings

### *This recommendation has been partially implemented*

The initial audit indicated that CRC employee performance was not being evaluated in a timely manner. It pointed out that the “Performance Management Policy” which called for annual performance appraisals was not being complied with and that only 17% of the appraisals had been completed as of November 2002. The latest statistics show there has been some improvement with 170 of 381 (45%) appraisals completed for the 2005-06 fiscal year as of March 31, 2007. Without completing appraisals on a more comprehensive basis, it is difficult to develop training plans to meet employee needs and to identify potential candidates for management positions.

## 5.8 CONTRACTING AND PROCUREMENT

### 2004 Initial Recommendation # 8 and Management Response

*The DG Operations should review the acquisition cards in circulation and cancel any cards which have not been used for an extended period of time. The card with the \$500,000 monthly limit should be cancelled, with other methods of emergency procurement used if required.*

*Management Response - Acquisition cards and procurement services including contracting, was under the responsibility of DFTT at the time the study was completed. Procurement and contracting and acquisition cards were transferred to DG Operations Branch (DGO)*

*The card that had a limit of \$500,000 has been destroyed. Currently, there are 86 cards in use at CRC. DND activity accounts for 19 cards and 67 cards have been issued for CRC activity.*

*Delegated levels and numbers of cardholders are:*

*\$5k or less - 4 cardholders*

*\$20k or less - 26 cardholders*

*\$25k or less - 50 cardholders (19 for DND)*

*Above \$25K - 6 cardholders*

## Follow-up Findings

Not applicable. See Scope of the Follow-up (Section 3 above).

## 5.9 CONTRACTING AND PROCUREMENT

### 2004 Initial Recommendation # 9 and Management Response

*The monitoring of acquisition card usage should ensure that purchases greater than \$2,500 are supported by quotes in accordance with CRC policy.*

**Management Response** - *Management is reviewing the delegated levels of all cardholders in excess of \$25K with the intent to reduce the delegated level to a more appropriate level based on historical use.*

*A review of cards in circulation that are inactive will continue to be monitored on a regular basis.*

#### Follow-up Findings

Not applicable. See Scope of the Follow-up (Section 3 above).

## 5.10 SALARIES

### 2004 Initial Recommendation # 10 and Management Response

*CRC managers and division administrators should obtain proper training on the use of the Salary Management System in order to ensure a more disciplined approach to salary management, forecasting and expenditures.*

**Management Response:** *In January 2003 the salary management system (SMS) was decentralized to the branches for their direct input into it. Finance also provided training and access to branch administrative coordinators. CRC now has a uniform salary forecasting tool (SMS) used by all branches. These tools are helping managers and staff enhances their analytical and decision-making skills.*

*During the winter 2003, DFTT rolled out branch access to the Salary Management System (SMS). Branch administrative staff has been provided with hands-on training and detailed reference manuals before receiving increased SMS system access.*



## Findings

### *This recommendation has been fully implemented*

Salaries currently represent about two-thirds of the CRC budget. At the time of the initial audit, parallel systems had been set up to manage salaries because of the lack of CRC's confidence with the Salary Management System (SMS). The decentralization of the SMS at CRC during the winter of 2003 went a long way to improving salary management and the SMS has been found to be a very useful and versatile tool. The SMS, according to the Director, Finance and Materiel Management, was working well but it did not interface with the Department's Integrated Financial and Materiel System (IFMS) and reconciliations had to be undertaken between both systems for which procedures were developed and implemented. The Salary Forecasting Tool (SFT), which is an add-on to the IFMS, is expected to resolve most of the longstanding departmental issues with forecasting and managing salaries. A User-Focus Group, made up of representatives from the various sectors was formed in May 2007 to provide feedback with regard to reporting from the new SFT. The decentralization of the SMS has decreased the dependence on "black book" systems at CRC.

## 5.11 SALARIES

### 2004 Initial Recommendation # 11 and Management Response

*The use of black book systems should be discouraged.*

*Management Response: Branches are now responsible for inputting new employee records, updating records as required, and forecasting proposed staffing actions. This enables them to both record current and projected expenditures. DFTT staff remains responsible for the maintenance of the system, and provides help desk support to the administrative staff. This provides managers with a tool for more timely and complete reporting. As well, the administrative staff has a useful tool to reconcile between IFMS and SMS.*

## Findings

### *This recommendation has been substantially implemented*

The decentralization of the SMS at CRC during the winter of 2003 resulted in improved salary management and the SMS has been found to be a very useful and versatile tool. The decentralization of the SMS has decreased the dependence on "black book" systems at CRC.

While some of these parallel systems still continue, changes to the Department's Integrated Financial and Materiel System (IFMS) and the introduction of a new Salary Forecasting Tool in April 2007 are expected to help reduce the need for duplicate systems.

## 5.12 EMPLOYEE LEAVE RECORDS

### 2004 Initial Recommendation # 12 and Management Response

*The Human Resources Division should discontinue the practice of entering leave forms in PeopleSoft and ensure that leave requests are processed according to the on-line procedures (monitoring).*

**Management Response:** *CRC is now fully automated using the PeopleSoft Leave System. Participation is mandatory since May 1, 2003.*

#### Findings

***This recommendation has been fully implemented***

CRC is now fully automated using the PeopleSoft Leave System. CRC employees have no discretion when it comes to using this System. Participation has been mandatory since May 1, 2003. Employees currently seconded to CRC from other government departments and agencies continue to submit hard copies of their leave forms. These forms, in turn, are forwarded to the employee's home department or agency.

## 5.13 ACCOUNTABILITY MECHANISMS

### 2004 Recommendation # 13 and Management Response

*CRC accountability mechanisms should be clearly understood and should address both operational responsibilities as well as corporate services. Consideration should be given to the development of a results-based accountability framework as a means to documenting existing accountability relationships and ensure that proper reporting mechanisms are in place.*

**Management Response:** *CRC has developed its strategic plan for the period 2004-2007. In this Plan clear linkages have been made with IC's objectives and performance measures are identified for specific projects/programs.*

#### Findings

***This recommendation has been substantially implemented***

Significant changes have taken place to clarify the roles, responsibilities and authorities of the corporate functions. This has included changes to the CRC organizational structure. The Human Resources Division no longer reports to the President but to IC Headquarters as part of an

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initiative to centralize common services within the department. A Business Development Division has replaced the Marketing Group and forms part of the President's Executive Suite of Offices (PESO). The Finance and Materiel Management Division has replaced the Comptrollership Office and Technology Transfer now reports to a Research Vice-President.

An important element of the accountability framework is having performance agreements in place. Accountability accords are now prepared annually by the President for each of the Vice Presidents. These accords identify ongoing commitments, performance measures and results achieved and are used to assess performance and ensure linkage to CRC strategic plans. The accords, unlike what was observed in the initial audit, now include financial management performance information and measurable indicators for the operations of CRC and program delivery. Moreover, incentives and awards at CRC may be based on the volume of revenue generated through contracting-in or royalties, where applicable, these indicators are being used to evaluate performance.

As part of the accountability regime, CRC also now has formal agreements with Industry Canada SITT on work to be done on spectrum research, with DND on defence communications R&D and with the Canadian Space Agency on the management of new satcom programs. These agreements, negotiated at the beginning of each fiscal year, outline the scope of the various projects as well as budget details, schedules and deliverables. Similar agreements are negotiated with other government departments as well as with academic and private sector clients.

In the new Strategic Plan 2007-2010, CRC has made a commitment to further improve the R&D effort related to Industry Canada's medium and short term problems and, by implication, its strategic priorities. To accomplish this, CRC will develop its annual operational plan in consultation with the appropriate Industry Canada sector head and obtain their agreement on the proposed work packages. CRC will, therefore, become more accountable for the delivery of promised results. CRC will also begin to implement a regime of project costing to ensure that the true costs of each program will be clear (including research support, corporate and campus operation functions).