



Public Prosecution Service of Canada  
Service des poursuites pénales du Canada

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INTERNAL AUDIT  
DIVISION

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DIVISION DE LA  
VÉRIFICATION INTERNE

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AUDIT OF GOVERNANCE AND  
INTEGRATED PLANNING

AUDIT REPORT  
JUNE 20, 2012



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## LIST OF ACRONYMS

CAE	Chief Audit Executive ( <i>Dirigeant principal de la vérification – DPV</i> )
CFO	Chief Financial Officer ( <i>Dirigeante principale des finances – DPF</i> )
CFP	Chief Federal Prosecutor ( <i>Procureur fédéral en chef – PFC</i> )
CIO	Chief Information Officer ( <i>Dirigeant principal de l'information – DPI</i> )
CRP	Corporate Risk Profile ( <i>Profil de risque de l'organisation – PRO</i> )
DDPP	Deputy Director Public Prosecutions ( <i>Directeur adjoint des poursuites pénales – DAPP</i> )
DPP	Director of Public Prosecutions ( <i>Directeur des poursuites pénales – DPP</i> )
DPR	Departmental Performance Report ( <i>Rapport ministériel sur le rendement – RMR</i> )
DNSNPB	Drug, National Security & Northern Prosecution Branch ( <i>Direction des poursuites en matière de drogues, de sécurité nationale et dans les territoires du Nord – DPDSNTN</i> )
EC	Executive Council ( <i>Conseil exécutif – CE</i> )
FAC	Finance and Acquisition Committee ( <i>Comité des finances et acquisitions – CFA</i> )
FSR	Financial Situation Report ( <i>Rapport sur la situation financière – RSF</i> )
HQ	Headquarters ( <i>Administration centrale – AC</i> )
IAD	Internal Audit Division ( <i>Division de la vérification interne – DVI</i> )
IIA	Institute of Internal Audit ( <i>Institut de la vérification interne – IVE</i> )
IMTC	Information Management and Technology Committee ( <i>Comité sur la technologie et la gestion de l'information – CTGI</i> )
IT	Information Technology ( <i>Technologie de l'information – TI</i> )
LRM	Legal risk management ( <i>Gestion des risques juridiques – GRJ</i> )
NPMC	National People Management Committee ( <i>Comité national de gestion des personnes – CNGP</i> )
PAA	Program Activity Architecture ( <i>Architecture des activités de programme – AAP</i> )
PPSC	Public Prosecution Service of Canada ( <i>Service des poursuites pénales du Canada – SPPC</i> )
REPMB	Regulatory and Economic Prosecution and Management Branch ( <i>Direction des poursuites réglementaires et économiques, et de la gestion – DPREG</i> )
RPP	Report on Plans and Priorities ( <i>Rapport sur les plans et les priorités – AAP</i> )
SAB	Senior Advisory Board ( <i>Conseil consultatif supérieur – CCE</i> )
SPPMD	Strategic Planning and Performance Management Division ( <i>Division de la planification stratégique et de la gestion du rendement – DPSGR</i> )

## 1 EXECUTIVE SUMMARY

### 1.1. AUDIT OBJECTIVES AND SCOPE

The overall objective of this audit was to assess whether the governance and integrated planning framework and processes in place are adequate to support the Public Prosecution Service of Canada (PPSC) in achieving its objectives.

In particular, the audit examined and assessed:

- Governance and strategic direction;
- Planning and risk management; and,
- Performance and follow up.

The scope of the audit included document reviews and interviews with line executives, functional executives and managers at Headquarters (HQ), as well as with Chief Federal Prosecutors (CFP) in three regions.

### 1.2. AUDIT CONCLUSION

Overall, the PPSC has a sound governance framework that provides a basis for authority, decision-making and accountability. However, integrated planning requires improvements to support the PPSC's long term effort to balance its total net spending while achieving its mandate, strategic outcome and priorities. Important steps have been taken recently to develop a Corporate Risk Profile (CRP), and the results of these should be institutionalized. The PPSC has established performance indicators related to its strategic outcome and expected results. Operational performance indicators, however, are primarily oriented to monitoring financial performance. The work that has been underway for several years to develop complementary, non-financial performance indicators that provide systematic and standardized information in support of decision making should be accelerated.

### 1.3. SUMMARY OF FINDINGS AND RECOMMENDATIONS

While there are opportunities for improvement, the PPSC's governance and strategic direction are generally satisfactory.

*The Director of Public Prosecutions (DPP) should ensure that:*

- *Mechanisms are put in place to follow up and monitor the progress on implementing action items established by the PPSC's committees;*
- *The mandate, role, responsibilities and composition of the National People Management Committee (NPMC), the Security Committee, and the Information Management and Technology Committee (IMTC) are clarified to ensure that they provide appropriate*

*oversight of issues without duplicating work performed by other committees that operate at the same level; and*

- *The responsibilities of the Finance and Acquisition Committee (FAC) for oversight of the PPSC's current and future financial situation are strengthened.*

There are opportunities for improvement for business planning. In addition, while a Draft CRP was recently developed, the integrated risk management requires additional strengthening.

*The DPP should strengthen the integrated business planning process by:*

- *Lengthening the PPSC's planning horizon to three years;*
- *Better integrating the business planning and human resources planning processes;*
- *Assigning roles, responsibilities and accountability to analyse the short- and longer-term implications of the information provided in business plans and ensuring that approved business plans effectively align with the PPSC's strategic directions and priorities; and*
- *Strengthening accountability for implementing the management commitments in approved plans and priorities throughout the organization.*

*The DPP should ensure that integrated risk management at the PPSC is sustainably institutionalized in the PPSC:*

- *Assign a senior executive to the Risk Management function (ownership and maintenance); and,*
- *Integrate risk management processes and information into governance and planning processes.*

The PPSC has established and reports on performance indicators related to its strategic outcome and expected results. Operational performance indicators are primarily oriented to monitoring financial performance. Complementary, non-financial performance indicators that provide a systematic and standardized perspective on operations have not been fully developed and consistently implemented.

*The DPP should assign roles, responsibilities and accountability for performance measurement and monitoring to ensure the timely development and implementation of quantifiable elements that provide reliable management information to facilitate decision-making within the PPSC.*

#### 1.4. STATEMENT OF ASSURANCE

In my professional judgment as the PPSC Chief Audit Executive (CAE), sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusion provided and contained in this report. The audit findings and conclusion are based on a comparison of the conditions, as they existed at the time of the audit, against pre-established and approved audit criteria that were agreed upon with the PPSC management. The findings and conclusion are applicable only to the entity examined. The audit was planned and conducted to be in accordance with the Internal Auditing Standards for the Government of Canada.

I appreciate the cooperation and assistance afforded to the audit team by the PPSC staff at HQ and in the Ontario, Manitoba and British Columbia Regional offices.

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Philip Morton  
Chief Audit Executive

## 2. INTRODUCTION

### 2.1. BACKGROUND

The Office of the Director of Public Prosecutions, whose applied name is the Public Prosecution Service of Canada (PPSC), was created on December 12, 2006 with the enactment of the *Director of Public Prosecutions Act*. The PPSC was created by transforming a former branch of the Department of Justice Canada, the Federal Prosecution Service, into an independent prosecution service.

The PPSC's strategic outcome is the prosecution of criminal and regulatory offences under federal law in a manner that is independent, impartial and fair. The PPSC has three program activities:

- Drug, *Criminal Code*, and terrorism prosecution program;
- Regulatory offences and economic crime prosecution program; and,
- Internal Services.

The PPSC's corporate governance is structured in a way that is linked to its Program Activity Architecture (PAA). The Director of Public Prosecution (DPP) is the head of the organization with direct reports from two Deputy DPPs (DDPP) and five corporate heads (Chief Financial Officer (CFO), Chief Information Officer (CIO), Corporate Counsel, Director General - Human Resources, and the Chief Audit Executive (CAE)). One DDPP is responsible for the Drug, National Security and Northern Prosecutions Branch (DNSNPB), and the other is in charge of the Regulatory and Economic Prosecutions and Management Branch (REPMB). Chief Federal Prosecutors (CFP), in charge of regional offices, as well as other corporate heads not mentioned above, report to one DDPP or the other (see Annex A for an organization chart). To further support governance and stewardship, the PPSC has established a number of committees (see Annex B), each with a defined mandate and membership (see Annex C).

The PPSC developed its first Integrated Business Plan in 2009-2010 and is currently working on its 2012-2013 Integrated Business Plan. The planning function is led by the Director, Strategic Planning and Performance Management, who is responsible for the PPSC strategic and business planning function for an integrated, comprehensive, PPSC corporate framework.

In an attempt to deal with internal and external factors that are influencing the PPSC in achieving its objectives, a Corporate Risk Profile (CRP) was drafted in 2012 to assist with defining the corporate context and practices for proactively managing organizational and strategic risks.

To ensure that the PPSC achieves its mandate and strategic outcome, an initiative to further develop performance indicators has been started. This is intended to provide the PPSC with results-based performance indicators to measure progress in achieving its mandate and strategic outcome. These indicators will also assist the PPSC in making its decisions, in managing and monitoring its operations, and in reporting on its performance, both for internal and external purposes.

## 2.2. OBJECTIVES AND SCOPE

The overall objective of this audit was to assess whether the governance and integrated planning framework and processes in place are adequate to support the PPSC in achieving its objectives.

In particular, the audit examined and assessed:

- Governance and strategic direction;
- Planning and risk management; and
- Performance and follow up.

The scope of the audit included interviews with the PPSC executives at HQ, as well as with CFPs in three regions. Documents related to governance, strategic direction, planning, risk management and organizational performance (e.g. business planning guides and templates, reports, committee terms of reference, agendas and minutes, memoranda of understanding, briefings and concept papers, plans) were reviewed and assessed.

## 2.3. METHODOLOGY

The audit complied with generally accepted auditing practices and was conducted in accordance with the Treasury Board of Canada Secretariat *Policy on Internal Audit*.

The audit was carried out in three phases: Planning, Conduct and Reporting.

### 2.3.1. Planning Phase

During the planning phase, the Internal Audit Division (IAD):

- reviewed applicable departmental and central agency policies and guidelines;
- consulted with senior management to determine key risks and concerns;
- conducted a risk assessment;
- determined the audit scope and methodology;
- developed a draft audit program outline;
- developed a terms of reference document, reviewed it with DPP and obtained his approval; and
- developed the detailed audit work plan, including audit criteria.

### 2.3.2. Conduct Phase – Detailed Examination

The conduct phase, performed in March and April 2012, included reviews, analyses and comparisons against audit criteria of documentation and processes. Face-to-face and telephone interviews were conducted with executives, managers and staff from the PPSC HQ and CFPs for three regional offices (Ontario, Manitoba, British Columbia). Finally, the audit team met with the Director, Strategic Planning and Performance Management Division (SPPMD), the Chief Financial Officer (CFO), the Corporate Counsel and the DPP to debrief them on the audit results, and validate the preliminary findings.

### 2.3.3. Reporting Phase

A draft report was sent to the DPP and other key stakeholders on the management team. IAD reviewed comments in response to the report and refined it in consideration of the additional information and clarification provided. The final draft was sent to the DPP to develop a management action plan in response to the recommendations within the report.

### 3. OBSERVATIONS AND RECOMMENDATIONS

#### 3.1. GOVERNANCE AND STRATEGIC DIRECTION

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**The PPSC's governance and strategic direction are generally satisfactory though there are opportunities for improvement.**

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The Institute of Internal Auditors (IIA) recognizes that there is no single governance model that applies to all public sector entities. It nevertheless outlines that certain governance principles are common across the public sector. *“Common principles of corporate governance encompass the policies, processes, and structures used by an organization to direct and control its activities, to achieve its objectives, and to protect the interests of its diverse stakeholder groups ethically”*.<sup>1</sup>

The Institute on Governance, an independent, Canada-based, not-for-profit public interest institution, conceives of governance as having three dimensions: authority, decision-making and accountability. These stipulate who has power, who makes decisions, how other players make their voice heard and how account is rendered.

Strategic direction focuses on establishing a future desired state for an organization through the development of a series of long-term, forward-looking priorities that are periodically refreshed to ensure that they remain relevant to changing circumstances.

We therefore expected to find that:

- The PPSC has established effective oversight bodies with clearly communicated mandates that include roles with respect to governance, risk management and control;
- These oversight bodies request and receive sufficient, complete, timely and accurate information to support strategic decision making (e.g., financial statements, periodic performance reporting, annuals reports, Departmental Performance Report (DPR), Report on Plans and Priorities (RPP));
- A clear and effective organizational structure has been established and documented and the managerial spans of control are appropriate;
- Authority, responsibility and accountability are clear and communicated;
- The PPSC has clearly defined and communicated strategic directions, objectives and priorities, aligned with its mandate; and,
- The PPSC monitors external and internal environments to obtain information that may signal a need to re-evaluate its strategic directions, objectives and priorities, policies and/or control environment.

We observed that the PPSC's governance and strategic direction are generally satisfactory, and found that:

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<sup>1</sup> IIA, Supplemental Guidance, the role of auditing in public sector governance, 2<sup>nd</sup> Ed, January 2012

- Accountabilities are well understood and aligned with individuals' responsibilities. Responsibilities and performance expectations to which managers are held accountable are formally defined and clearly communicated. The PPSC's roles, responsibilities and accountabilities with partners are clearly defined and internally communicated. Current memoranda of understanding with partners are being reviewed and others are being implemented;
- Internal and external environmental scanning is done. The internal and external forces and trends that have an impact on the PPSC's business were discussed at a strategic planning retreat held in February 2011. The results of environmental scans are also evident in the annual business plans. The external environment scanning done with investigative agencies is mostly informal, but is conducted on a regular basis.
- The PPSC has an established organizational structure, which is well documented and supports its Program Activity Architecture (PAA). However, the audit noted that some of the Internal Services (Program Activity #3) with a horizontal scope, including Strategic Planning and Performance Management, maintain a report to the DDPP, REPMB. Also the Agents Affairs Program in charge of the management of legal agents mainly involved in drug prosecution reports to the DDPP, REPMB and not to the DDPP DNSNPB. In order to maintain appropriate managerial spans of control, the DDPP REPMB is responsible for prosecution programs relating to Regulatory and Economic crimes and law practice, some Internal Services, as well as three regional offices.
- The PPSC has oversight bodies with clearly communicated mandates. Its key governance committees have documented terms of reference addressing strategic direction, monitoring and reporting, finance and human resources matters, risk management and control. All committee terms of reference were recently revisited and approved by EC in its February 7<sup>th</sup>, 2012 meeting. However, the mandate, role and composition of several committees subordinate to the EC (NPMC, Security Committee, and IMTC) would benefit from further clarification in terms of roles and responsibilities, relationships with EC and its working or sub-committees. For example, human resource matters concerning labour relations may go directly to EC without being presented to the NPMC. As well the Security Committee handles among other things, information security, IT security and Business Continuity, without having the CIO as a member.
- The financial information provided to committees is accurate and complete. However, the Finance and Acquisition Committee (FAC) does not review the Financial Situation Report (FSR) as a standing item on its agenda – the FSR was on the FAC agenda in only two of eight meetings during 2011-2012. The FAC has been reviewing the PPSC's financial situation as documented in the recently-developed the PPSC Investment Plan as part of its mandate to identify key financial risks. However, the governance of the organization could be enhanced by ensuring that this key oversight committee has a clear responsibility for regular financial monitoring. Furthermore, although the FAC mandate requires it to inform EC about FSRs, no FSR was recorded as being tabled at EC over the period of the audit's documentation review (March 2011-March 2012). It is the audit team's opinion that responsibility for conducting reviews of the PPSC's financial situation on an organization-wide basis could be more clearly documented.

- The non-financial information presented to committees derived from iCase is not as accurate and reliable as the financial information, and more information is needed on workload and trends. Managers identified the system's poor design and weaknesses in defining the PPSC's needs as well as the lack of PPSC's control over the system as contributing to these deficiencies even though it was acknowledged that iCase information has improved over the years.
- Minutes of meetings for the key committees (EC, FAC and Senior Advisory Board (SAB)) are maintained and accessible by both committees' members and management. However, there is no process to follow up or monitor the progress in implementing action items: the audit team observed several instances where no follow-up took place to make sure that actions approved by the EC or SAB were completed. As well, the approval of the minutes of meetings is not always timely in the case of EC, and some committees that do not meet frequently (e.g., NPMC and IMTC).
- Strategic directions and priorities are aligned. The PPSC held its first strategic planning retreat on February 23, 2011, but not all the management team was invited. A report on the results of the retreat was approved by EC at its May 3, 2011 meeting, and the DPP presented the report to the entire management team at a subsequent SAB meeting. The report stated that senior staff would be tasked with championing and carrying out different elements of the priorities, however responsibilities and work plans to implement the priorities were not developed to ensure timely implementation, follow-up, and accountability. The development of strategic direction and priorities could be improved by setting the priorities earlier in the planning cycle, and through the participation of the entire management team. This would help ensure understanding of, commitment to and accountability for the resulting priorities.

## **Recommendation**

### *1. The DPP should ensure that:*

- *Mechanisms are put in place to follow up and monitor the progress on implementing action items established by the PPSC's committees;*
- *The mandate, role, responsibilities and composition of the NPMC, Security Committee, and IMTC are clarified to ensure that they provide appropriate oversight of issues without duplicating work performed by other committees that operate at the same level; and*
- *The responsibilities of the FAC for oversight of the PPSC's current and future financial situation are strengthened.*

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### 3.2. PLANNING AND RISK MANAGEMENT

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**Opportunities for improvement exist in the PPSC's integrated business planning processes. In addition, while a CRP has recently been drafted, the integrated risk management systems and practices are still under development.**

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#### **Planning**

Planning is used by successful organizations to identify initiatives and activities to address issues and contribute to the achievement of stated objectives. It is also the process by which managers identify priorities – an important aspect of managerial responsibilities, especially in situations where resources are scarce.

Strategic planning focuses on the development of a long-term, forward-looking plan. This is articulated through a series of direction setting statements (strategic priorities) establishing a future desired state. Business planning focuses on the alignment of operational and project plans with the strategic plan, and demonstrates how the strategic priorities are to be achieved.

The strategic and business plans should be linked through the alignment of corporate objectives with overall capacities. The business plans should be communicated to ensure that employees understand the priorities of their organizational unit and of the PPSC as a whole.

We therefore expected to find that:

- The PPSC prepares and communicates an annual business plan that is aligned to its strategic objectives and priorities;
- Input from investigative agencies and other stakeholders drives strategic and business planning; and
- A formal process is in place to challenge planning assumptions and related resource allocations.

The PPSC's planning process has been evolving since the SPPMD coordinated the production of the first Integrated Business Plan in 2009-2010. Since then, the SPPMD has refined the templates used in the process, focusing on making them more streamlined and less repetitive. Information collected via the templates is aggregated and consolidated by the SPPMD, and includes the results of internal and external environmental scans, as well as a description of the current workload and workforce, risks and mitigation strategies, forecasted revenue increases and possible cost reduction measures, and a summary of procurement and IT needs.

The audit team observed a number of shortcomings in the current planning process. Although, business plan documents are aligned to the PPSC's strategic objectives and priorities, their preparation on an annual basis is predominantly viewed to satisfy the Treasury Board requirements (formerly Management Accountability Framework requirements) and the business planning guides and templates developed by the SPPMD. They also have only a short one-year horizon. Moreover, although the financial information submitted in the plans is reviewed and

analysed within the Finance and Acquisitions Directorate in order to support the FAC in developing a proposed organizational budget and resource allocations, the results of the plans themselves are not sufficiently challenged, approved, used as management tools, or effectively communicated to the organization or its employees.

Furthermore, because the sectoral and regional business plans are not approved management commitments, an extensive Business Case review process is conducted throughout the year at the FAC after the budget is approved. The process is necessitated by the short-term nature of the business plans. Because staffing expenditures (including replacements) have multi-year consequences that are not considered in the planning process, and the PPSC is facing a projected decline in reference levels starting in 2012-2013<sup>2</sup>, a control to help manage the growth of the PPSC in the face of this decline is vital. The Business Case process attempts to do this. Interviews demonstrated that there is increasing dissatisfaction with the amount of time that the FAC is required to devote to reviewing and approving business cases. It would be more efficient to have the longer-term implications of the staffing requests addressed through integrated business planning rather than requiring FAC to consider every request as an individual Business Case.

Lastly, the current business planning process, which is not effectively integrated with the human resources planning cycle, does not provide a sufficient perspective or information to enable resource management. The business planning process, for example, is initiated in the fall of the year, whereas the human resources process starts in late winter. While preparing a narrative workforce analysis is part of the business planning process, the detailed staffing plans that drive about 86% of the PPSC spending are only called for as part of the human resources process. With the exception of the FAC review of business cases process, which, as noted, is not part of either business or human resources planning, there are no formal mechanisms to challenge planning assumptions and related resource allocations.

### **Risk management**

Risk management plays a significant role in strengthening an organization's capacity to recognize, understand, accommodate and capitalize on new challenges and opportunities. Effective risk management equips an organization to respond actively to change and uncertainty by using risk-based information to enable more effective decision-making. Risks to the achievement of objectives and priorities should be identified and assessed, with explicit mitigation strategies for each significant risk.

We therefore expected to find that:

- Management has a documented approach with respect to risk management and identifies and tracks risks in its governance and planning processes; and
- Management formally responds to its risks.

The audit found that legal risk management (LRM) is well developed at the PPSC. Since inheriting LRM from its predecessor organization, the PPSC has modified the approach to ensure

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<sup>2</sup> The PPSC Investment Plan forecasts that total net spending requirements will exceed total budget available for spending by \$16.5 million in 2016-17.

that it reflected the mandate of the new organization. The LRM function is an essential aspect of the work of the prosecutors of the PPSC. It is based on the complexity of files and cases and is characterized by the decision-making and implementation processes used to reduce the frequency and seriousness of legal risks and problems that hinder the PPSC in fulfilling its mandate and objectives. This process also involves assessing the probable outcome of a prosecution, the potential impacts on legislation and departmental and/or governmental policies and the probable impacts on investigative agency operations, as well as evaluating the possible costs involved and public perceptions.

Until recently, the PPSC lacked a formal, documented approach to integrated risk management (IRM) that systematically identified and tracked all of the PPSC's risks (legal/prosecution, corporate, administration, management, operational). It has now drafted its first CRP, but the results of this work are not yet formally institutionalized in strategic decisions that contribute to the achievement of the PPSC's overall corporate objectives. Also, the executive who was responsible for IRM has recently left the PPSC, and the work description for the position is under review. Without a senior manager responsible for IRM, the function could be at risk.

## **Recommendations**

2. *The DPP should strengthen the integrated business planning by:*
  - *Lengthening the PPSC's planning horizon to three years;*
  - *Better integrating the business planning and human resources planning processes;*
  - *Assigning roles, responsibilities and accountability to analyse the short- and longer-term implications of the information provided in business plans and ensuring that approved business plans effectively align with the PPSC's strategic directions and priorities; and*
  - *Strengthening accountability for implementing the management commitments in approved plans and priorities throughout the organization.*
  
3. *The DPP should ensure that integrated risk management at the PPSC is sustainably institutionalized in the PPSC by:*
  - *Assigning roles and responsibilities for corporate risk management to an individual or group of individuals at the senior management level (ownership and maintenance); and*
  - *Integrating risk management processes and information into governance and planning processes.*

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### 3.3. PERFORMANCE AND FOLLOW UP

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**The PPSC has established and reports on performance indicators related to its strategic outcome and expected results. Operational performance indicators are primarily oriented to monitoring financial performance. Complementary non-financial performance indicators that provide a systematic and standardized perspective on operations have not been fully developed and consistently implemented.**

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Performance monitoring is the ongoing, systematic process of collecting, analyzing, communicating, and using performance information. Monitoring and follow up are essential components of assessing an organization's progress toward meeting expected results and of making adjustments, if necessary, to ensure that they are achieved. They support decision making, accountability, and transparency.

We therefore expected to find that:

- Management has identified planned results linked to organizational objectives;
- Management monitors actual performance against planned results and adjusts course as needed;
- Reviews are conducted to analyze, compare and explain financial variances between actual and plan; and
- Financial and non-financial reporting are reviewed and approved.

We found that the PPSC has identified three performance indicators to monitor the extent to which its strategic outcome is achieved. It has also defined expected results for both program activities (the Drug, Criminal Code and terrorism prosecution program, and the Regulatory offences and economic crime prosecution program). Even though the latter results have no specific targets<sup>3</sup>, the PPSC reports on both the strategic outcome performance indicators and the expected results in its annual DPR.

The PPSC's operational performance measures are primarily oriented to monitoring financial performance. Active monitoring of financial performance is in place and done primarily by the CFO and the DPP. Monthly FSRs are prepared mid-month and sent to each cost centre manager, for review and sign off, before being consolidated and sent to the DPP and to the DDPPs the first week of the following month. The approved reports are then distributed to all managers. Finance and Acquisition Directorate also prepares quarterly financial statements that provide results, risks, and significant changes in operations, personnel and programs. Comparisons to the prior years are shown with variances and explanations. Interviews demonstrated that financial performance indicators are regarded as satisfactory.

While some steps have been taken since 2009 to establish non-financial measures for operational performance, progress has been limited by resource constraints and availability of meaningful data. As reported to the Federal-Provincial-Territorial Heads of Prosecution Committee in April

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<sup>3</sup> The PPSC has determined that targets are not applicable for these two expected results - litigation files that are prosecuted are decided on merit and, disposition of cases that are not decided on merit.

2011, three initial base indicators (timely and accurate timekeeping, compliance with protocols for opening and closing files) had been implemented. Proposed use of trend analysis of case volumes, changes in relative complexity of files, staff retention rates, costs, and other quantifiable elements to strengthen the analysis of internal and external factors affecting the PPSC's business and to improve capacity to plan ahead were also reported.

However, there remains a less systematic approach to performance monitoring currently across the PPSC. The SPPMD regularly responds to requests for non-financial information from one of the DDPPs reporting on ageing and complexity of files. The iCase business unit also responds to ad hoc requests for information from the DDPPs and regional offices on the time spent by senior counsel on low and medium complexity files. These reports, while noteworthy, do not show historical trends or consolidate regional data that would foster a national perspective or assist in drawing organisational-wide observations on performance.

In contrast, the Agent Affairs Program produces quarterly reports to track and monitor agents. These monitor time spent on files by agents, with a breakdown by file complexity. One of the reports is a benchmark report generated quarterly. It shows the historic percentage of files going to trial, duration of files, total costs, lawyer level, cut off time when the file is sent to the supervisor for review, and the ratio of preparation time to all time in court. These reports are sent to agent supervisors in the regions. There have been discussions about extending these types of benchmark analyses to in-house prosecutors.

## **Recommendation**

*4. The DPP should assign roles, responsibilities and accountability to performance measurement and monitoring to ensure the timely development and implementation of quantifiable elements that provide reliable management information to facilitate decision-making within the PPSC.*

#### 4. CONCLUSION

The IAD assessed the PPSC's governance and integrated planning against pre-determined audit criteria based on Treasury Board of Canada Secretariat policies and directives, the Office of the Comptroller General Core Management Controls, as well as good practices of other government organizations.

Overall, the PPSC has a sound governance framework that provides a basis for authority, decision-making and accountability. However, integrated planning requires improvements to support the PPSC's long term effort to balance its total net spending while achieving its mandate, strategic outcome and priorities. Important steps have been taken recently to develop a CRP, and the results of these should be institutionalized. The PPSC has established performance indicators related to its strategic outcome and expected results. Operational performance indicators, however, are primarily oriented to monitoring financial performance. The work that has been underway for several years to develop complementary, non-financial performance indicators that provide systematic and standardized information in support of decision making should be accelerated.

The management action plan is located in section 5.0 of the report. In six to twelve months, the CAE will follow-up with the DPP to determine the extent to which the management action plan has been implemented.

## 5. MANAGEMENT ACTION PLAN

Risk Ranking	Recommendation	Management Response and Action Plan	Office of Primary Interest	Initial Target Date for Completion
<b>Governance and Strategic Direction</b>				
<b>M</b>	<p><i>1. The DPP should ensure that:</i></p> <p><i>a) Mechanisms are put in place to follow up and monitor the progress on implementing action items established by the PPSC's committees;</i></p> <p><i>b) The mandate, role, responsibilities and composition of the NPM, Security, and IMT Committees are clarified to ensure that they provide appropriate oversight of issues without duplicating work performed by other committees that operate at the same level; and</i></p> <p><i>c) The responsibilities of the FAC for oversight of the PPSC's current and future financial situation are strengthened.</i></p>	<p>The DPP will direct the chair of each committee:</p> <p>a) To ensure that the approval of the prior meeting's record of decision will include follow-up and monitoring of the status of implementation of any outstanding action items.</p> <p>b) To jointly review their respective mandate, role, responsibilities, and composition to ensure that each committee has the appropriate membership and that minimal duplication and overlap exists.</p>	DPP	Oct 31, 2012
		<p>c) The CFO will ensure that responsibilities to approve and monitor the PPSC's financial situation reports will be added to the mandate of FAC.</p>	CFO	Oct 31, 2012

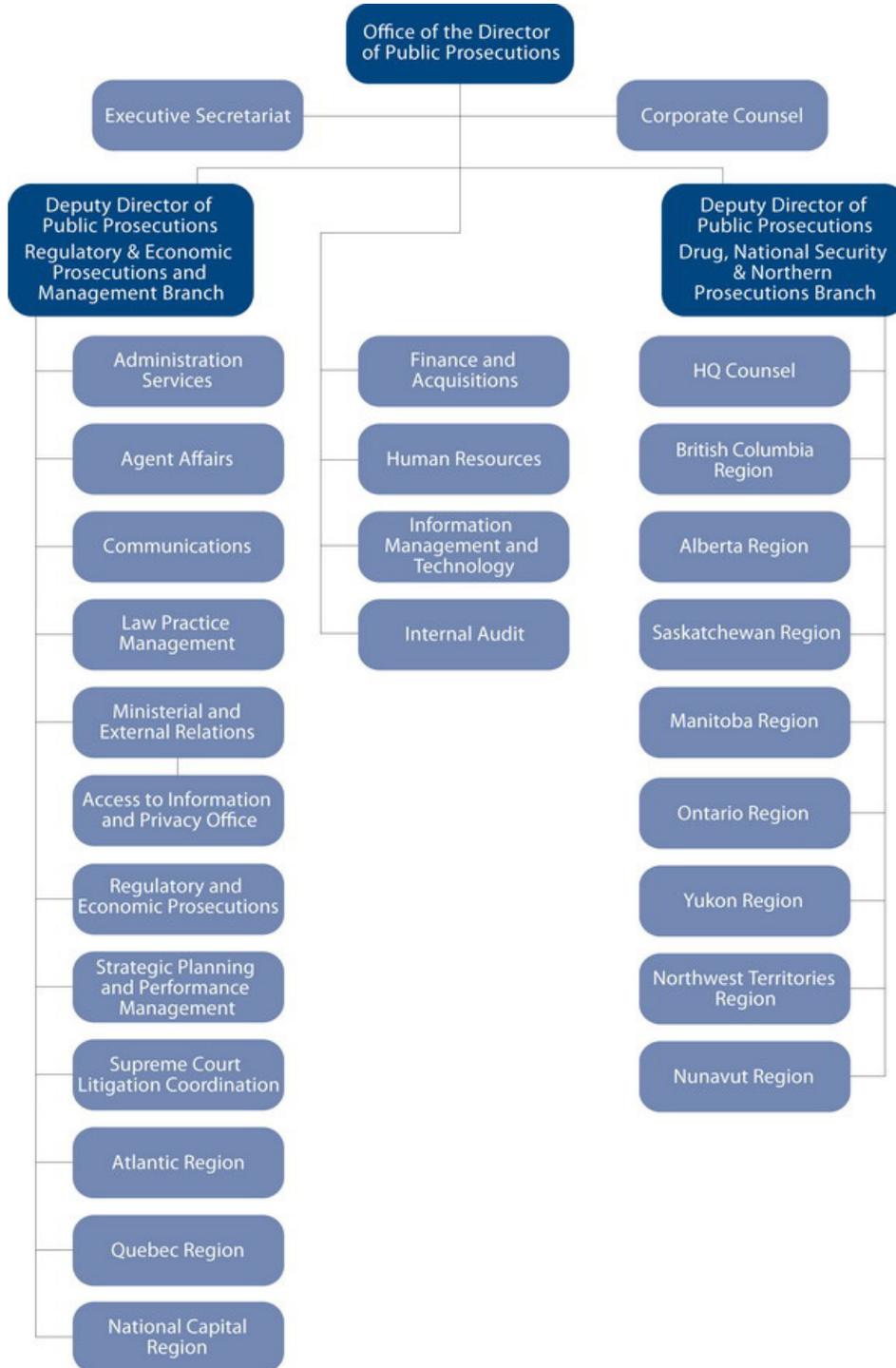
Risk Ranking	Recommendation	Management Response and Action Plan	Office of Primary Interest	Initial Target Date for Completion
<b>Planning and Risk Management</b>				
M	<p>2. <i>The DPP should strengthen the integrated business planning process by:</i></p> <p>a) <i>Lengthening the PPSC’s planning horizon to three years;</i></p> <p>b) <i>Better integrating the business planning and human resources planning processes;</i></p> <p>c) <i>Assigning roles, responsibilities and accountability to analyse the short- and longer-term implications of the information provided in business plans and ensuring that approved business plans effectively align with the PPSC’s strategic directions and priorities; and</i></p> <p>d) <i>Strengthening accountability for implementing the management commitments in approved plans and priorities throughout the organization.</i></p>	<p>a) The business planning guides and templates will be modified for the 2013-14 planning cycle to include a three year planning horizon.</p>	SPPMD	Dec 31, 2013
		<p>b) The SPPMD will coordinate with other functional heads of the PPSC to ensure that the business planning process better integrates all required business and HR planning elements including those related to finance, IMT, and administration services. To reduce the planning burden, SPPMD will coordinate the development of a streamlined annual planning process for 2013-14. Additional guidance will be provided to heads of regions and HQ sectors in 2012-13 in preparation for the next business planning cycle.</p>	SPPMD	Dec 31, 2013
		<p>c) The PPSC has initiated a pilot project to enhance the approval/validation process for annual business plans, beginning with 2012-13 plans.</p>	DPP	Dec 31, 2013

Risk Ranking	Recommendation	Management Response and Action Plan	Office of Primary Interest	Initial Target Date for Completion
		<p>Each region and HQ sector’s business plan will be reviewed by functional specialists at HQ who will validate and challenge each plan’s key planning elements. This process will include consultation with business plan authors. Resulting recommendations will be provided to the DDPPs for preliminary approval. Once preliminary approval has been provided, the plans will be presented for final approval by the EC and recommended business cases will go forward to the FAC in September. Finally, the SPPMD will prepare the PPSC’s corporate integrated plan that will be submitted to EC for approval by July 2012.</p> <p>d) Accountabilities for implementing the management commitments of the business plans will be included in the Performance Management Agreement of the heads of each region and HQ sector as applicable.</p>	DPP	Dec 31, 2013

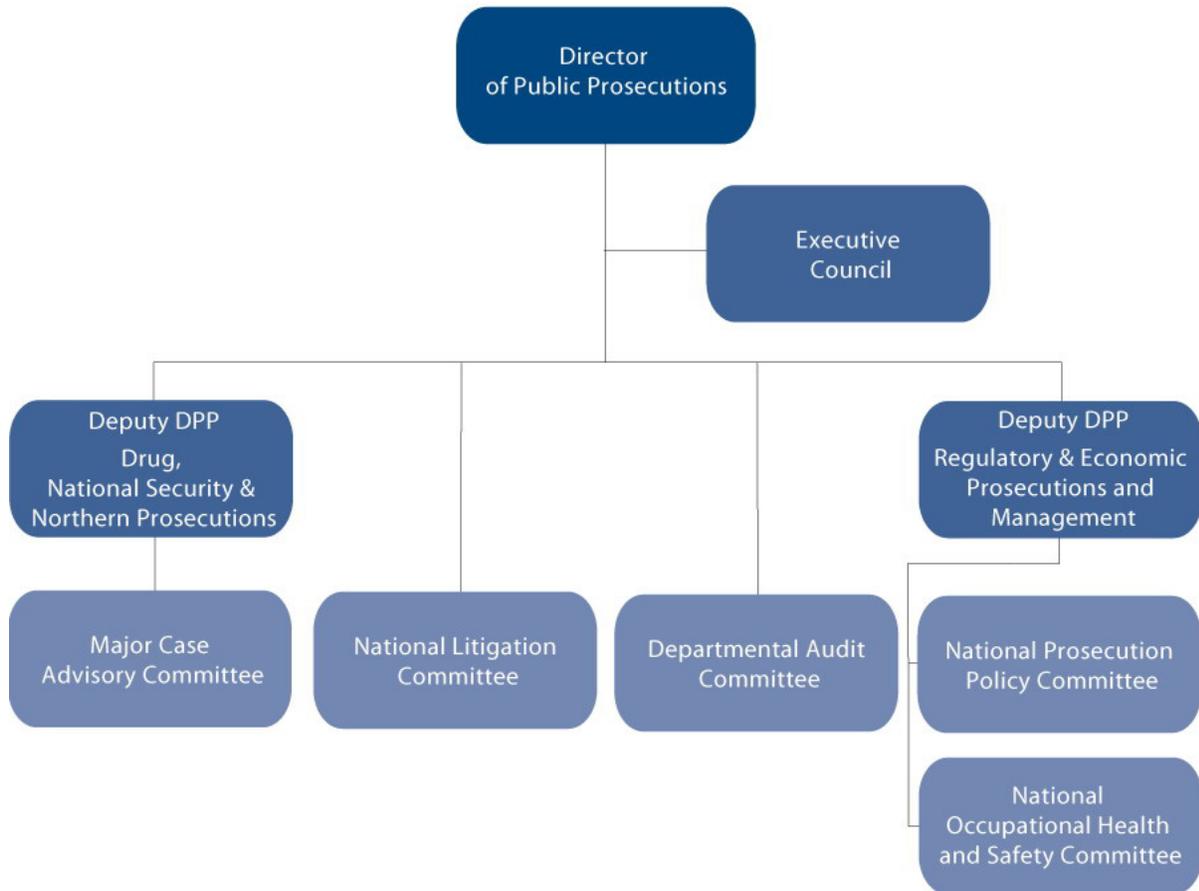
Risk Ranking	Recommendation	Management Response and Action Plan	Office of Primary Interest	Initial Target Date for Completion
<p><b>M</b></p>	<p>3. <i>The DPP should ensure that integrated risk management at the PPSC is sustainably institutionalized in the PPSC by:</i></p> <p>a) <i>Assigning roles and responsibilities for corporate risk management to an individual or group of individuals at the senior management level (ownership and maintenance); and</i></p> <p>b) <i>Integrating risk management into governance and planning processes.</i></p>	<p>a) The DPP has assigned the responsibility for risk management to the Chief Audit Executive on an interim basis in order to complete the CRP exercise that is currently underway. The function will be re-established within the Office of the Corporate Counsel once the transition to a new Corporate Counsel is completed.</p> <p>b) The EC will provide oversight of and receive periodic reports on risk management activities throughout the year. In addition, SPPMD will ensure that the 2013-14 business planning templates will include the PPSC's key corporate risks to ensure that all managers are asked for input on how they are identifying, controlling and mitigating risks in their respective functions.</p>	<p>DPP</p>	<p>June 30, 2013</p>

Risk Ranking	Recommendation	Management Response and Action Plan	Office of Primary Interest	Initial Target Date for Completion
<b>Performance and Follow Up</b>				
M	<p>4. <i>The DPP should assign clear roles and responsibilities for performance measurement and monitoring to ensure the timely development and implementation of quantifiable elements that provide reliable management information to facilitate decision-making within the PPSC.</i></p>	<p>The DPP will continue to support the Performance Measurement Committee in its efforts to develop additional performance indicators. An additional position was recently approved for the SPPMD that will increase the capacity of the function.</p> <p>A pilot study is currently underway to develop and test performance benchmarks for staff prosecutors. A summary report of the study will be submitted to EC upon completion of the study.</p>	Performance Measurement Committee	Jun 30, 2013

### ANNEX A: ORGANIZATION CHART



## ANNEX B: THE PPSC'S COMMITTEE STRUCTURE



## ANNEX B: THE PPSC'S COMMITTEE STRUCTURE (CONT'D)



## ANNEX C: KEY GOVERNANCE COMMITTEES' MANDATES

Committee	Mandate	Membership
Executive Council (EC)	<ul style="list-style-type: none"> <li>• Establishes and monitors strategic directions and priorities for the PPSC;</li> <li>• Approves and monitors departmental performance management and accountability frameworks;</li> <li>• Oversees the implementation of government-wide initiatives within the PPSC;</li> <li>• Approves the PPSC's Annual Report to Parliament, Report on Plans and Priorities (RPP), Departmental Performance Report (DPR), business plans and Annual Review on Official Languages;</li> <li>• Approves directions and strategic plans for people management, financial management, knowledge management, information management, communications and information technology;</li> <li>• Approves financial matters such as initial resource allocations and other resource allocations for projects, governmental-wide and departmental initiatives and contingency issues, and departmental financial policies and costing models;</li> <li>• Approves nominations for departmental awards and to special programs and assignments recommended by the NPMC;</li> <li>• Upon the advice and recommendation of the National Litigation Committee and Major Case Advisory Committee, considers significant legal, policy and law practice management issues;</li> <li>• May delegate its decision-making authority to the following the PPSC standing committees for operational matters: NPMC, FAC, IMTC, National Prosecution Policy Committee, Security Committee; and</li> <li>• Considers all matters brought to it by the Director.</li> </ul>	DPP, Deputy DPP (2), Corporate Counsel, CFPs (3), Chief, Executive Secretariat
Finance and Acquisition Committee (FAC)	<ul style="list-style-type: none"> <li>• Recommends the initial resource allocation and other resource allocations for projects, governmental-wide and departmental initiatives and contingency issues to EC;</li> <li>• Recommends departmental financial management and acquisition policies and costing models to EC;</li> <li>• Approves resource allocations from the Operational Reserve and additional resources from</li> </ul>	DDPP, REPMB (Chair), CFO (Deputy Chair), Corporate Counsel DG of HR, CFPs (2),

Committee	Mandate	Membership
	<p>Supplementary Estimates. A report is forwarded to the Deputy Head on a quarterly basis to summarize all resources allocations approved by the FAC.</p> <ul style="list-style-type: none"> <li>• Informs EC on key financial management and acquisition reports such as Estimates, Financial Situation Report, Financial Statements and other reports with financial data;</li> <li>• Provides a challenge function on financial management (planning, budgeting, monitoring and reporting) and acquisition matters (procurement and materiel management) and use of public resources across the PPSC;</li> <li>• Approves business cases, when required from managers, to assess business needs and make efficient, effective and economical use of resources;</li> <li>• Approves financial management and acquisition directives;</li> <li>• Approves acquisition strategies for procurements of high risk or high profile, as determined by the Acquisition Manager. It includes requests for exception and requests that do not comply with the Treasury Board Contracting Policy or the <i>Government Contracts Regulations</i>;</li> </ul>	Executive director of Agent Affairs Unit (AAU)
National People Management Committee	<ul style="list-style-type: none"> <li>• Recommends vision, direction, strategic plans and related change management strategies to the EC in order to foster an environment that values the management of people;</li> <li>• Recommends strategies on people management issues to EC;</li> <li>• Recommends operational plans, priorities, funded investments and major policies to Executive Council;</li> <li>• Reviews and approves human resources management requests such as: the creation of new positions and reclassifications that have a national impact on the organization; full-time non-statutory language training; education leave and education assistance;</li> <li>• Consults with Executive Council as needed on people management matters and informs it on key decisions taken.</li> <li>• The Health and Safety Committee, the National Joint Labour Management Consultation Committee, the Employment Equity and Diversity Committee</li> </ul>	DDPP, DNSNPB (Co-Chair), DG of HR (Co-Chair), Director of Administration Services, Director of Law Practice Management, CFO, 3 CFPs.

Committee	Mandate	Membership
	and the Official Languages Committee (on issues related to language of work and linguistic profiles) report to the NPMC.	
Senior Advisory Board (SAB)	<ul style="list-style-type: none"> <li>• Discusses trends and issues, identifies priorities and risks, sets the forward agenda and considers lessons learned;</li> <li>• Tour de table to provide to the Director and the Deputy Directors an informal “heads-up” on breaking issues from across the PPSC;</li> <li>• Opportunity for senior management to share information and coordinate developments on substantive issues;</li> <li>• Identifies, analyses and makes recommendations to the EC on emerging issues that could potentially have a regional and departmental impact;</li> <li>• Recommends strategic directions and the PPSC priorities taking into account regional, national and horizontal perspectives, legal service practice areas, policy directions and public sector management imperatives, and monitors progress; and</li> <li>• Serves as a forum for horizontal integration of “lessons learned” (i.e. performance management frameworks).</li> </ul>	DPP, Deputy DPP (2), All CFPs, Corporate Counsel, CFO, Executive Director Ministerial and External Relations Secretariat, DG of HR, Director of Communications, CIO, CAE, Director of SPPM, Executive director of AAU, Director of Administration Services