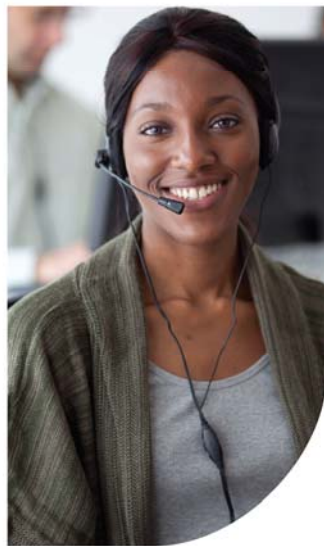


Summary of the Board of Management Oversight Framework Assessment of Performance 2013-2014



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

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Introduction

The Board of Management Oversight Framework (BoMOF) is a key accountability instrument that complements the Treasury Board Secretariat (TBS) Management Accountability Framework (MAF). It consists of a clear list of management expectations which directly address the oversight responsibilities granted to the Board of Management (BoM) under the *Canada Revenue Agency Act*.

Each year, the Board performs an Assessment of Performance (Assessment) against the BoMOF where members evaluate the Agency's overall management capacity, identify areas where further work is required, and discuss with Agency officials the next steps that should be taken. The 'next steps' from the Assessment inform the drafting of the Board's chapter in the Corporate Business Plan, the objectives in the Commissioner's Performance Agreement, as well as the Board and committee work plans.

The BoMOF is structured around the Board's five main areas of oversight as outlined in the *Canada Revenue Agency Act*: Organization of the Agency; Administration of the Agency; Management of Resources; Management of Services; and Management of Personnel. Each area of oversight is further structured according to the Board's expectations for good management. Each expectation is supported by key questions that further delineate good management practices and provide the basis for the Board's assessment of Agency management.

This year's Board Assessment against the BoMOF is set out in the following pages. Each page sets out the expectation, a summary of the evidence reviewed, and the Board's assessment and rating.

In accordance with the risk-based approach adopted for the BoMOF in 2011-2012, each year the Board determines which expectations, in the context of the current environment, present the highest priority to be assessed. This approach enables the BoMOF to more flexibly adjust to changes in the environment and fiscal conditions.

Key elements of the decision criteria for selecting expectations for assessment include: the degree/level of priority identified by the Board/Agency; the level of risk requiring mitigation identified for the expectation; the significance of environmental change affecting the expectation; and whether the expectation is subject to follow up reviews or audit recommendations, and/or new and revised frameworks, strategies, or policies. The expectations chosen for assessment, and their ratings, in each of the last three years are indicated in the following table.

This year Asset Management has been divided into two expectations: Asset Management and Accommodations Management. Asset Management has been revised to align with the Policy Framework for the Management of Assets and Acquired Services. Accommodations Management includes major accommodation-related projects such as Workplace 2.0. Also, the Management of Personnel expectations have been amended to align with HR2020 and the Agency Strategic Workforce Plan. The key questions have been modified accordingly.

The following are the definitions of the ratings that the Board can give to an expectation:

- Strong – All of the evidence meets or exceeds Board expectations and suggests continued strong performance.
- Acceptable – Most of the evidence meets Board expectations.
- Opportunity for Improvement – Some of the evidence meets Board expectations. Deficiencies noted.
- Attention Required – None of the evidence meets Board expectations. Immediate attention required.

List of expectations

	BoMOF Expectation	2011-2012	2012-2013	2013-2014
Organization of the Agency	Governance	Not assessed	Not assessed	Acceptable +
	Internal Accountability	Strong	Not assessed	Not assessed
Administration of the Agency	Risk Management	Not assessed	Not assessed	Not assessed
	Program Evaluation	Acceptable	Not assessed	Not assessed
	Internal Audit	Not assessed	Not assessed	Strong
	Sustainable Development	Not assessed	Strong	Not assessed
	Agency Performance Indicators	Opportunity for Improvement	Acceptable	Not assessed
	Management of Business Change	Not applicable	Acceptable+	Acceptable +
	Integrity	Not applicable	Acceptable	Acceptable
Management of Resources	Financial Management	Strong	Strong	Strong
	Project Management	Not assessed	Strong	Not assessed
	Asset Management	Not assessed	Not assessed	Strong
	Accommodations Management	Not applicable	Not applicable	Strong
	Procurement	Not assessed	Not assessed	Strong
	Information Management (Structured)	Strong	Not assessed	Not assessed

	BoMOF Expectation	2011-2012	2012-2013	2013-2014
	Information Management (Unstructured)	Opportunity for Improvement	Opportunity for Improvement	Opportunity for Improvement
	Information Technology (Investments)	Strong	Strong	Strong
	Information Technology (Security)	Acceptable	Acceptable	Not assessed
Management of Services	Service	Acceptable	Acceptable	Not assessed
	Service Performance Measurement	Not assessed	Not assessed	Acceptable
	Service Redress Mechanism	Strong	Not assessed	Not assessed
Management of Personnel	HR - Leadership	Strong	Not assessed	Acceptable +
	HR – Representative Workforce	Acceptable	Acceptable	Strong
	HR – Qualified and Skilled Workforce	Acceptable	Acceptable	Acceptable
	HR – Workplace	Strong	Strong	Not assessed
	HR - Infrastructure	Not applicable	Not applicable	Not assessed

Organization of the Agency

Expectation: Governance – The Board must assure itself that the Agency has an appropriate governance structure in place and that it is engaged on the right issues.

Assessment Criteria:

- Agency's decision-making structure and processes are effective
- Agency effectively engaging the Board

Summary of Information considered by the Board:

The Agency's decision making structure includes formal committees of Assistant Commissioners, the Deputy Commissioner, and the Commissioner, with the Board of Management providing oversight for its areas of responsibility under the CRA Act. These structures have resulted in rigorous analysis and well documented rationales for Agency level decisions. They ensure that the Agency considers the collective impact of decisions and that there is appropriate engagement at the most senior levels for decisions with strategic implications, at the same time as promoting efficiency through the appropriate delegation of operational decisions. The structures have evolved– for example, through the creation of new committees – to bring particular focus to priority areas such as integrity.

Board's Rating: Acceptable +

Board's Comment:

The Agency should ensure the governance structure promotes a nimble and innovative organization.

Administration of the Agency

Expectation: Internal Audit – The Board must assure itself that the Agency has an effective internal audit function to provide assurance on the efficacy of the Agency’s control framework.

Assessment Criteria:

- Internal audit planning approach is appropriate
- Internal audit reports are objective, reliable, and accurate
- The chief audit executive has followed up on management action plans

Summary of Information Considered by the Board:

In 2006 and 2011 external assessments of the internal audit function, the CRA obtained the highest possible rating – general conformance to the standards. The Agency follows the practices set out in the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*. The CRA Internal Audit Charter establishes the independence of the internal audit function and the Chief Audit Executive position at the CRA. All internal audit action plans are followed up as required and reported to senior management. In the Follow-Up Report presented to the Board in September 2013, 97% of recommendations have either been fully addressed, or are at the planning stage or at some level of implementation. The Agency also conducts reviews, which provide a quick assessment of specific areas of concern.

Board’s Rating: Strong

Expectation: Management of Business Change – The Board must assure itself that the Agency has processes in place to manage and implement its business change.

Assessment Criteria:

- The transformation agenda is implemented
- Measurement mechanisms are in place to ensure that expected results are achieved
- Core business operations are maintained while delivering on the transformation agenda

Summary of Information Considered by the Board:

The Agency continued to manage its transformation agenda through dedicated transformation teams and a strong governance and reporting structure, at the national, branch, and regional levels. Comprehensive reporting mechanisms remained in place during 2013-2014 and the Board received regular updates on the status of the initiatives under their purview, including upcoming activities and recent milestones achieved. The CRA will achieve Deficit Reduction Action Plan (DRAP) and Targeted Review savings for 2013-2014, and is on track for savings in future years. By November 2013, over 94% of the workforce impacted from 2012-2013 workforce adjustment situations had been absorbed, and the Agency is on track to continue its effective management of workforce changes. The need to be nimble remains a challenge.

Board's Rating: Acceptable +

Board's Comment:

The CRA has managed its recent change agenda effectively. The rapidly changing external environment will challenge the Agency to keep pace with its business change agenda.

Expectation: Integrity – The Board must assure itself that the Agency has measures in place to make integrity a part of its operations and decision making.

Assessment Criteria:

- Measures to foster and promote a culture of integrity are taken
- Measures to prevent, monitor, detect, and manage breaches of integrity are taken

Summary of Information Considered by the Board:

Integrity is an ongoing priority for the Agency. In 2013-2014, the CRA implemented a number of initiatives to ensure a culture of integrity, with the support of a strong senior management oversight process. Examples include publishing a new version of the CRA Integrity Framework; completing an Integrity Vulnerability Review; reviewing corporate security and emergency policy instruments; strengthening personal security screening measures; reviewing and clarifying the Conflict of Interest Policy; creating the Integrity Advisory Committee and the Chief Privacy Officer position; updating the Taxpayer Bill of Rights; improving the Internal Fraud Control Program by implementing an anonymous tip line; forming the National Audit Trail Monitoring Program; improving the monitoring and control of employee system access privileges through the Identity and Access Management Project; strengthening the Internal Investigations Program; and implementing Business Intelligence and Quality Assurance to improve audit quality and internal controls.

Board's Rating: Acceptable

Board's Comment:

The CRA has launched a wide range of initiatives over the past year to further strengthen integrity. Bringing these to completion and demonstrating results will be a priority for Agency management.

Management of Resources

Expectation: Financial Management – The Board must assure itself that the Agency has and follows the appropriate control framework for the management of its financial resources.

Assessment Criteria:

- Sound management of financial authorities is demonstrated
- Processes and internal controls are in place to ensure that taxes assessed and collected on behalf of federal, provincial, territorial governments and other stakeholders are reported accurately, completely and in a timely manner

Summary of Information Considered by the Board:

The 2013-2014 Treasury Board Secretariat Management Accountability Framework preliminary results have been released and the Agency has received an “acceptable” rating. This is the highest rating achievable under the TBS regime.

The Agency’s control framework consists of oversight functions provided by three main bodies: the Treasury Board Secretariat, the Board of Management, and the Office of the Auditor General. This ensures consistently sound financial management. Each year, the CRA prepares audited financial statements that are included in the Annual Report to Parliament. The Board receives a resource management dashboard every quarter, which facilitates the oversight of resource management by providing detailed information on the CRA’s use of financial resources. The Agency’s strong resource management process has positioned the Agency to achieve savings commitments related to Budgets 2012-2013 while maintaining the capacity to deliver core business. Within the government financial community, the CRA is recognized as a leader and is often asked to share best practices.

Board’s Rating: Strong

Expectation: Asset Management – The Board must assure itself that the Agency is managing its assets and acquired services in a manner that enhances access, competition, and fairness, resulting in the best value for the Agency.

Assessment Criteria:

- Significant asset decisions are aligned with Agency priorities
- Agency assets are secure
- Life cycle of assets are managed and assets are disposed of in an environmentally respectful way
- Targets and benchmarks are in place to perform assessments of physical condition, functionality, use, and financial performance of material and real property assets

Summary of Information Considered by the Board:

In 2012, the CRA implemented the new Procurement Review and Oversight Committee which comprises broader senior management representation and a more robust procurement oversight function with improved decision making. The Committee is mandated to ensure that the Agency's high risk/high dollar value procurement is conducted in a fair, open and transparent manner, achieves value for money, and is aligned with Agency priorities.

The Agency manages its assets in a manner that ensures best value by implementing policy changes and rigorous security measures, and by monitoring and tracking procurement processes. The security of assets is governed by a complete suite of policy instruments. The CRA's total asset base is \$512 million.

New initiatives this year included enhanced screening of employees and contractors, enhanced accountability for managers via policy instruments, and new policy instruments for managing the lifecycle of assets.

Board's Rating: Strong

Board's Comment:

While the CRA does not have a large asset base, it is managing it well.

Expectation: Accommodations Management – The Board must assure itself that office accommodations and related support space are provided efficiently and meet the needs of the Agency.

Assessment Criteria:

- Real property investments are based on long term accommodations plans that take into account the government's direction to increase efficiency and improve space utilization
- Real property investments meet the program and business priorities of the Agency while incorporating effective risk management and cost containment measures

Summary of Information Considered by the Board:

Accommodation decisions are closely aligned with the Agency's priorities and needs, including increased efficiency, risk management, and cost containment. The Agency is using updated Government of Canada standards for space utilization and incorporating those standards and considerations into long term accommodation investment plans. By the end of 2013-2014, it is expected that the CRA's footprint will be reduced by 27,000m² with a savings of \$12.5M. A strong governance framework exists to ensure accommodation investments meet the program and business priorities of the Agency.

Board's Rating: Strong

Expectation: Procurement – The Board must assure itself that the Agency’s procurement activities comply with legislative and policy requirements, and represent an effective and cost-efficient means of acquiring necessary goods and services.

Assessment Criteria:

- Procurement activities yield best value in return for amounts disbursed

Summary of Information Considered by the Board:

A Procurement Review and Oversight Committee was established with CRA’s Chief Financial Officer as a member. Procurement strategies are aligned with Agency investments, and there have been no legal issues or appeals to the trade tribunal. CRA’s e-procurement self-service tool allows clients to place orders directly with vendors, thereby creating efficiencies and reducing the cost of repetitive transactions. These e-procurement transactions currently represent 97.2% of the total volume of transactions in the Agency. The CFO has full delegation for procurement, which allows reduced procurement lead-times because all related approvals occur within the CRA. Therefore the Agency can quickly complete large procurement projects.

Audits on the Procurement Accountability Framework and on supplier contracts were conducted in 2012 and 2013, respectively, with identification of only minor areas requiring improvement. All resultant action plans have now been implemented.

Board’s Rating: Strong

Expectation: Information Management (Unstructured) – The Board must assure itself that the Agency has measures in place to appropriately manage its unstructured information.

Assessment Criteria:

- Direction and tools are provided to employees to manage unstructured information
- Mechanisms are in place to ensure sound and secure recordkeeping and efficient use of unstructured information
- Plans and practices for managing unstructured information are aligned with CRA and Government of Canada strategic directions

Summary of Information Considered by the Board:

In 2013-2014, the Agency updated the Information Management (IM) Policy and the new Information Management Policy Framework, improved the information available through the IM Resource Centre, delivered IM training sessions to employees, and implemented a new paper records storage model. In May 2013, the CRA external website was updated to meet the new TBS Standard on Web Usability. The Agency will also begin the transition to GCDocs, the Government of Canada's standard electronic document management solution, in September 2014. The Agency is aligned with the GoC IM strategic directions, although managing unstructured information remains a challenge for all departments.

Board's Rating: Opportunity for Improvement

Board's Comment:

The CRA is moving towards implementation of a Government of Canada standard electronic document management solution. The Board recognizes the implementation is subject to a number of factors.

Expectation: Information Technology (Investments) – The Board must assure itself that the Agency adequately plans and invests in its IT assets to ensure they support the achievement of its business goals.

Assessment Criteria:

- IT Strategy supports the Agency's strategic directions
- Shared Services Canada (SSC) governance framework ensures that IT interests are supported
- IT investments are well managed to maintain value and transparency while meeting current and future business requirements
- User needs and expectations are incorporated in defining system requirements
- IT performance framework is used to identify and implement opportunities for improvement

Summary of Information Considered by the Board:

The CRA's Information Technology (IT) Strategy identifies information technology priorities for investments. In 2013-2014, the IT priorities include expansion of e-services, Shared Services Canada, IT security, business intelligence and business analytics, core systems redesign and renewal, increased mobility, and ongoing efficiencies. The CRA continues to ensure a lifecycle approach to the management of IT investments through the IT Asset Investment Plan. CRA IT interests continue to be well supported by SSC through the established three-tiered SSC-CRA governance model. All reporting requirements in the Annual Report to Parliament and the CRA quarterly reports are met. The progress of IT initiatives that support the strategic priorities from the IT Strategy are tracked.

Board's Rating: Strong

Board's Comment:

The Agency should continue benchmarking with third parties and monitor the progress through strong performance indicators.

Management of Services

Expectation: Service Performance Measurement – The Board must assure itself that the Agency has performance targets, monitors performance for key service elements, and has an appropriate methodology for measuring taxpayer and benefit recipient satisfaction.

Assessment Criteria:

- Service standards and targets are consistently met
- Client satisfaction is measured to identify service improvement goals and priorities

Summary of Information Considered by the Board:

The CRA continues to perform well with its service standards and reports performance both internally and externally. The Agency uses many different measurement tools to gauge client needs and expectations, such as the CRA's Annual Corporate Survey, Profile of Enquiries reports, Exit and Interactive Voice Response questionnaires, and business intelligence from existing data bases. These measurements are used to shape service delivery with the goal of improving client satisfaction. The red tape reduction consultations and consequent branch and agency action plans have gained the CRA recognition in two successive budgets.

Board's Rating: Acceptable

Board's Comment:

The Board observed the Agency uses data from programs effectively to supplement available survey information. It is important for the Agency to continue its active management of service standards.

Management of Personnel

Expectation: Leadership – The Board must ensure that the Agency has the leadership capacity and capability to deliver its business priorities and long-term vision.

Assessment Criteria:

- Measures are taken to ensure succession of leadership position
- Measures are taken to recruit or develop the leaders needed to respond to evolving business needs

Summary of Information Considered by the Board:

Succession planning for the Executive Cadre is a well-established process at the CRA and many CRA leaders are developed internally. The Agency Management Committee reviews succession plans at least once a year to ensure the Agency remains informed and prepared. Discussions with potential successors take place on an ongoing basis, and a learning and development plan is completed for potential successors. Data suggests there are a large number of potential successors for most positions and therefore the Agency is well positioned to meet its future leadership needs, despite the high retirement eligibility among executives. The CRA is improving its internal management development programs so that it can continue developing its own leaders.

Board's Rating: Acceptable +

Expectation: Representative Workforce – The Board must ensure that the Agency has a workforce that is representative of the population it serves.

Assessment Criteria:

- Workforce is representative of the full Canadian labour market with respect to employment equity
- Measures are in place to provide service to Canadians in both official languages and to foster the use of both official languages in the workplace

Summary of Information Considered by the Board:

The representation rates for all four designated employment equity groups – Aboriginal Peoples, persons with disabilities, visible minorities, and women – continued to exceed their respective labour market availabilities Agency-wide. The Canadian Human Rights Commission (CHRC) decided not to conduct an audit of the CRA's employment equity program due to the Agency's positive workforce analysis results. The CHRC will continue monitoring CRA employment equity results using the annual reports submitted to TBS. Most of the targets established in the CRA's Action Plan on Official Languages for 2013-2014 were surpassed as of September 30, 2013 in the areas of language of work, service to the public, and internal services.

Board's Rating: Strong

Expectation: Qualified and Skilled Workforce - The Board must ensure that the Agency has the qualified and skilled workforce it needs to deliver its business priorities and long-term vision.

Assessment Criteria:

- Workforce needs are identified to respond to evolving business needs and comprehensive strategies are in place to address gaps
- Targeted and effective strategies are in place to recruit the talent needed
- Measures are in place to enable the transfer of knowledge and skills, and to develop employees' technical competencies for the delivery of business priorities
- HR management programs, policies, and processes are encouraging strong performance

Summary of Information Considered by the Board:

The Agency Strategic Workforce Plan (ASWP) is the principal planning vehicle to help the CRA determine how the workforce will evolve to support future business demands. The 2013-2014 to 2015-2016 ASWP introduced the HR2020 vision which outlines how the Agency will build the workforce and workplace of the future. The CRA developed a multi-pronged external recruitment strategy to ensure its continued ability to recruit effective employees. However, external recruitment rates continue to be impacted by recent budgetary restrictions: in 2012-2013, external recruitment was 115 new employees, increasing to 392 (to date) for this fiscal year. The CRA Knowledge Management Framework was launched in April 2013 to ensure the Agency has a common definition and understanding of knowledge management. The Framework also includes a knowledge management self-assessment tool to help managers assess their current knowledge management practices. HRB is currently developing a collection of knowledge transfer strategies and best practices to showcase active knowledge transfer initiatives and enable information sharing across the Agency. Some notable examples include the National Technical Capacity Building Forum, the Information Technology Branch Mentorship Program, and the KnowHow online instruction tool. In April 2013, enhancements were made to the CRA Performance Management Program to simplify the performance management process, reduce the administrative burden, and improve consistency across the CRA. The EC Performance Management Program was also streamlined to ensure a focus on priorities and key files, change the requirements for completing performance agreements to include mandatory performance measures, and enhance the performance agreement and assessment form to reduce the administrative burden.

Board's Rating: Acceptable

Board's Comment:

The Board observed strategic recruitment must be a priority for the Agency.