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## **Building Communities through Arts and Heritage Audit Report**

**Office of the Chief Audit Executive  
Audit and Assurance Services Directorate**

**March 2015**



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## List of Acronyms

APF	Approval and Payment Form
BCAH	Building Communities through Arts and Heritage
CoE	Centre of Expertise
CED	Community Engagement Directorate
DG	Director General
FAA	Financial Administration Act
FVA	Financial Viability Analysis
GAF	General Application Form
GCIMS	Grants and Contributions Information Management System
GCMI	Grants and Contributions Modernization Initiative
HR	Human Resources
HQ	Headquarters
PCH	Canadian Heritage
PMERS	Performance Measurement, Evaluation and Risk Strategy
PO	Program Officer
PRAM	Project Risk Assessment and Management
RAF	Recommendation and Approval Form
RRC	Regional Review Committees
RBAP	Risk-Based Audit Plan
SMER	Sports, Major Events and Regions Sector

# Executive summary

## Introduction

The Building Communities through Arts and Heritage (BCAH) Program, a Government of Canada initiative, was created as part of the 2007 federal budget to support local arts and heritage festivals as well as small capital projects that place an emphasis on local engagement.

The BCAH Program helps communities celebrate their past and their present. The Program is intended to increase opportunities, through festivals and other events and projects, for local artists and artisans to be involved in their community and for local groups to commemorate their local history and heritage.

The BCAH Program offers funding through three separate components:

- Regionally delivered:
  - **Local Festivals (Component I):** The Local Festivals component provides funding to local groups for recurring festivals that present the work of local artists, artisans, or historical performers;
  - **Community Anniversaries (Component II):** The Community Anniversaries component provides funding to local groups for non-recurring local events and capital projects that commemorate an anniversary of 100 years or greater in increments of 25 years, as well as projects that commemorate in 2014 and up to 2017, inclusively, the 75<sup>th</sup> anniversary of locally significant events directly related to the Canadian participation in World War II; and
- Delivered by headquarters (HQ):
  - **Legacy Fund (Component III):** The Legacy Fund component provides funding for community capital projects that commemorate a 100th anniversary or greater in increments of 25 years, of a significant local historical event or local historical personality, as well as projects that commemorate in 2014 and up to 2017, inclusively, the 75<sup>th</sup> anniversary of locally significant events directly related to the Canadian participation in World War II.

The Director General of the Citizen Participation Branch has overall accountability for the entire BCAH program.

The authority for this audit is derived from the Multi-Year Risk-Based Audit Plan (RBAP) 2014-2015 to 2016-17 that was recommended by the Departmental Audit Committee and approved by the Deputy Minister in June 2014.

The objective of this audit is to provide assurance that BCAH Program risk management, control and governance structures and processes are in place and adequate. The sub-objectives are to provide assurance that:

- BCAH governance structures and practices are in place and operating as intended to ensure the achievement of program objectives;
- Key internal controls over the identification, monitoring, management and mitigation of risks are in place and operating as intended in regard to the BCAH Program financial and operational performance; and
- The BCAH Program is managed in compliance with relevant PCH and central agency policies, guidelines and expectations.

## **Key findings**

Throughout the audit fieldwork, the audit team observed several examples of good practices in the management and administration of the BCAH Program. This resulted in several observed strengths which are listed below:

- The BCAH governance framework includes structures, processes, roles and responsibilities that are clearly defined, communicated and understood.
- Senior management and oversight bodies receive sufficient, complete and accurate information to support decision making.
- Performance Measurement and Results are documented, actively monitored and reported to required authority levels.
- Payments made to recipient organizations are accurate, adequately supported and approved in accordance with Contribution Agreements and the Treasury Board Policy on Transfer Payments.
- Expected project results are monitored and communicated on a regular basis to support management decision making.
- BCAH's National and Regional Review Committees provide assurance on the quality of assessment, risk management and due diligence in risk decision making.

## **GOVERNANCE AND RISK MANAGEMENT**

From Governance and Risk Management perspective, the BCAH Program is well managed. The following areas for improvement were identified through the audit.

## **INTERNAL CONTROL**

- BCAH project files for Festivals and Anniversaries are inconsistently maintained from region to region.
- BCAH Procedure Manuals for Local Festivals and Community Anniversaries are in need of standardization and the Legacy Component Procedures Manual requires updating.

- There is no formal mechanism in place to collect and analyze feedback from applicants and recipients on the management of the Program.

## **Recommendations**

### **INTERNAL CONTROL**

- The Director, Community Engagement, in cooperation with the Centre of Expertise (CoE) and the Chief Information Officer Branch (CIOB) should provide explicit guidance to all BCAH program management and staff concerning what constitutes the “official” BCAH project file, including the documentation and reconciliation requirements and expectations of paper files.
- The Director, Community Engagement, should ensure that the Legacy Component procedures manual is updated and communicated to program staff.
- The Director, Community Engagement, should also ensure that a standard BCAH procedures manual is developed for regional offices with appropriate training provided to program staff to ensure a consistent understanding and application of the procedures.
- The Director, Community Engagement, should modify the current template(s) to collect feedback on the management of the program and formalize an approach to analyze that feedback.

### **Statement of Conformance**

In my professional judgment as Chief Audit Executive, the audit was conducted in accordance with the Internal Auditing Standards for the Government of Canada as supported by the results of the quality assurance and improvement program.

## **Audit opinion**

In my opinion, the BCAH Program is well-managed with effective Governance and Risk Management in place but requires some improvement in Internal Control for the following areas: administering and managing project files; collecting and analysing feedback on the management of the program; maintaining and applying consistent BCAH procedures.

Signed by

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### **Maria Lapointe-Savoie**

Chief Audit Executive

Department of Canadian Heritage

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# 1. Introduction and context

## 1.1 Project Authority

The authority for this audit is derived from the Multi-Year Risk-Based Audit Plan (RBAP) 2014-2015 to 2016-17 that was recommended by the Departmental Audit Committee and approved by the Deputy Minister in June 2014.

## 1.2 Background

### 1.2.1 *The Building Communities through Arts and Heritage Program*

The Building Communities through Arts and Heritage (BCAH) Program, a Government of Canada initiative, was created as part of the 2007 federal budget to support local arts and heritage festivals as well as small capital projects that place an emphasis on local engagement.

The BCAH Program helps communities celebrate their past and their present. The Program is intended to increase opportunities, through festivals and other events and projects, for local artists and artisans to be involved in their community and for local groups to commemorate their local history and heritage.

The BCAH Program offers funding through three separate components:

- **Local Festivals (Component I):** The Local Festivals component provides funding to local groups for recurring festivals that present the work of local artists, artisans, or historical performers;
- **Community Anniversaries (Component II):** The Community Anniversaries component provides funding to local groups for non-recurring local events and capital projects that commemorate an anniversary of 100 years or greater in increments of 25 years, as well as projects that commemorate in 2014 and up to 2017, inclusively, the 75<sup>th</sup> anniversary of locally significant events directly related to the Canadian participation in World War II; and
- **Legacy Fund (Component III):** The Legacy Fund component provides funding for community capital projects that commemorate a 100th anniversary or greater in increments of 25 years, of a significant local historical event or local historical personality, as well as projects that commemorate in 2014 and up to 2017, inclusively, the 75<sup>th</sup> anniversary of locally significant events directly related to the Canadian participation in World War II.

The BCAH Program has an ongoing approved funding of \$4,537,662 in Salaries and Operations,<sup>1</sup> as well as \$14,355,000 in Grants and \$3,300,000 in Contributions.

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<sup>1</sup> Includes funds allocated for personnel, operating and maintenance, and employee benefits package (EBP).

### **1.2.2 Program Delivery**

Organizationally, the BCAH Program is situated within the Community Engagement Directorate (CED) of the Citizen Participation Branch within the Citizenship and Heritage Sector of the Department of Canada Heritage (PCH). The Director of CED is responsible for the BCAH Program and reports to the Director General of the Citizen Participation Branch. The Director General of the Citizen Participation Branch has overall accountability for the entire BCAH program.

The CED is responsible for the development and distribution of learning tools / information / support materials, procedures, program guidelines, application forms, operation of the funding formula (for the Local Festivals and Community Anniversary components) and management of the overall program budget. CED is also responsible for program analysis, reports and results with assistance from Planning and Corporate Affairs Sector, who is closely involved in the development and management of administrative procedures, due diligence, risk management, data collection and program results.

The BCAH Program is delivered using grants and contributions funding to non-profit community organizations, Aboriginal governments or municipal governments (the latter are eligible for the Community Anniversary and Legacy Fund components only) that are planning and organizing events and projects that engage citizens in their communities through performing and visual arts, as well as through the expression, celebration, and preservation of local historical heritage.

The model for delivery is such that the Local Festivals and Community Anniversaries components are delivered by the Regional offices (Western, Prairies and Northern, Ontario, Quebec and Atlantic) while the Legacy Fund component is delivered by the Headquarters office (National Capital Region). The Headquarters office is further responsible for reporting, risk management, financial administration and program development as well as providing delivery support to the Regional offices. Examples of the distribution of responsibilities are as follows.

PCH Headquarters is responsible for:

- developing and updating national evaluation tools and procedures;
- monitoring, reporting and analysis of data from across the country for results management;
- maintaining and updating the BCAH Program web site, with support from CIOB and Communications;
- administration of program budget;
- for the Legacy Fund component only, ensuring coordination between the program and its stakeholders across Canada, both internal and external to PCH;
- identifying policy issues; and
- contributing to a national overview of trends and issues.

PCH regional offices are responsible for regional program activities related to the administration of Festivals and Anniversaries (Components I and II), including:

- communicating with applicants within their region;
- evaluation of applications based on national evaluation instruments developed by the Headquarters;
- the review and recommendation of qualified applicants, and sign-off by a Regional Review Committee for Regional Manager or Regional Executive Director in accordance with Departmental delegated funding instruments; and
- the collection of essential data for results measurements.

National and Regional Review committees, with representation from the Regions as well as from Headquarters, are responsible to monitor guideline interpretation and to ensure that assessments are made in a consistent manner across the country.

## **2. Objective**

The objective of this audit is to provide assurance that BCAH Program risk management, control and governance structures and processes are in place and adequate.

The sub-objectives are to provide assurance that:

- BCAH governance structures and practices are in place and operating as intended to ensure the achievement of program objectives;
- Key internal controls over the identification, monitoring, management and mitigation of risks are in place and operating as intended in regard to the BCAH Program financial and operational performance; and
- The BCAH Program is managed in compliance with relevant PCH and central agency policies, guidelines and expectations.

## **3. Scope**

This audit included BCAH Program administration activities undertaken both in Headquarters and in the Regional Offices and covered the period from April 1, 2013 to the substantial completion of the audit work.

## **4. Approach and methodology**

All audit work was conducted in accordance with the Treasury Board Secretariat's *Internal Auditing Standards for the Government of Canada and Policy on Internal Audit*, and the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.

Audit criteria identify the standards against which an assessment is made and form the basis for the audit work plan and conduct of the audit. Audit criteria are specific to each audit's objectives and scope. The detailed audit criteria for the Building Communities through Arts and Heritage audit are provided in Appendix A. Audit criteria were

developed based on the Treasury Board Secretariat's *Audit Criteria related to the Management Accountability Framework* and policies and directives relevant to grant and contribution programs, including Treasury Board's *Policy on Transfer Payments*.

The audit methodology included:

- Reviewing BCAH and PCH's documentation, guidelines and procedures, policies and processes relevant to program delivery;
- Conducting interviews with and gathering information from 7 representatives from the BCAH organization at headquarters, 13 representatives from regional offices, as well as representatives from the Citizenship and Heritage sector's resource management, and the departmental grants and contributions Centre of Expertise;
- Reviewing a random sample of BCAH application and project-related file documentation stratified by region, program component and disposition. Statistical sampling was used to select and test 103 files from:
  - Approved Project list for FY2013-2014,
  - Recommended Project Applications list intake on January 2014
  - Non- Recommended Project Applications list intake on January 2014,
- Analyzing information obtained through interviews, tests, and review of documentation.

## 5. Observations and recommendations

This section presents the observations made during the fieldwork conducted in the Building Communities through Arts and Heritage audit. The observations are based on a combination of the evidence gathered through documentation and file review and testing, analysis, and interviews conducted for each audit criterion. Appendix A provides a summary of all findings and conclusions for each of the criteria assessed.

In addition to the findings presented in this audit report, observations of conditions that were not systemic in nature or of lower materiality and risk are communicated separately for management's consideration and action.

### 5.1 Internal control

#### 5.1.1 Financial and non-financial records

*BCAH project files for Festivals and Anniversaries are inconsistently maintained from region to region.*

The Building Communities Through Arts and Heritage Program provides funding to assist in the delivery of projects that meet the objectives of the program and fall within the program's eligibility criteria. Program Officers are expected to maintain project files that document the project from the initial receipt of the application for funding, through to the final payment, analysis of the project's final report and file closure. The audit team expected to find project files that documented projects sufficiently to provide a third party with a complete history of the project.

The audit team noted differences between BCAH regional offices, delivering Festival and Anniversary projects, on what is considered to be the official project file/records (i.e. electronic vs. paper file). Project records were observed to vary in terms of medium (paper and electronic), level of detail and file structure from region to region.

For the most part, there are no BCAH department-wide standard expectations for the structure and content of paper and electronic files. While all projects are recorded in GCIMS/GCMI, GCLinks; the level of supporting documentation that is scanned and attached to the electronic project files varies from region to region.

The audit team expected to find a reconciliation process to ensure consistency between various project records (e.g. Paper File, GCIMS/GCMI, GCLinks, Excel Spreadsheet, SAP and Shared Drives). It was noted, through interviews and testing, there is no formal approach in reconciling the various project records.

## **Risk assessment**

Due to the inconsistency between the level of detail and quality of non-financial records documenting each BCAH project from region to region, key supporting documentation may be omitted from the official project files, which increase the risk of challenges in monitoring projects.

## **Recommendation**

1. The Director, Community Engagement, in cooperation with the Centre of Expertise (CoE) and the Chief Information Officer Branch (CIOB) should provide explicit guidance to all BCAH program management and staff concerning what constitutes the “official” BCAH project file, including the documentation and reconciliation requirements and expectations of paper files.

### **5.1.2 BCAH procedures and practices**

*BCAH Procedure Manuals for Local Festivals and Community Anniversaries are in need of standardization and the Legacy Component Procedures Manual requires updating.*

The audit team expected to find standard procedures for the administration of the BCAH program by Program Officers and Program Managers to be documented, communicated, implemented and monitored. Procedure manuals help ensure desired treatment of project files including: the review and assessment of applications; recommendations and approvals of funding; communication with applicants/recipients; monitoring activities; payments; and review and analysis of project reports. Additionally, a procedures manual can enable new BCAH staff to become effective in the administration of BCAH projects in a timely manner.

For the Legacy component (Component III), the audit team observed that there is a procedure manual; however, the manual is outdated.

For the Festivals and Anniversaries component (Components I and II), three regions have developed their own regional procedures manual. Based on a review and testing of project files, the audit team confirmed that BCAH’s procedures manuals and guidelines are not consistent from region to region. Through interviews with BCAH Management, Regional Program Officers (POs) and Managers, the audit team confirmed that there is no official or specific training offered on the BCAH Program’s procedures, guidelines and assessment practices. However, it was noted that a working group has been created and tasked to develop a standard procedures manual for all regions. It was also noted that in one region, a designated Program Officer is in charge of training new Program Officers in the Region to show them how to manage files, etc.

## **Risk assessment**

Without a standard procedures manual and consistent training, there is a risk that applications and project files may be assessed and documented differently from Program Officer to Program Officer and from region to region.

## **Recommendations**

2. The Director, Community Engagement, should ensure that the Legacy Component procedures manual is updated and communicated to program staff.
3. The Director, Community Engagement, should also ensure that a standard BCAH procedures manual is developed for regional offices with appropriate training provided to program staff to ensure a consistent understanding and application of the procedures.

### **5.1.3 Feedback gathering and analysis**

There is no formal mechanism in place to collect and analyze feedback from applicants and recipients on the Program management.

The *Treasury Board Policy on Transfer Payments*<sup>2</sup> expects, in part, that “Transfer payment programs are accessible, understandable and useable by applicants and recipients” and in particular that “Applicants and recipients are engaged in support of innovation and continuous improvement”. The audit team expected to find a formalized mechanism in place whereby applicants for, and recipients of, program funding could be engaged to provide feedback on the management of the BCAH Program.

Auditors observed through interviews and file testing that POs maintain frequent communication with applicants/recipients and occasionally receive feedback in relation to the management of the Program. There were also instances where this feedback was communicated to managers in the region and to BCAH headquarters.

Through audit fieldwork, it was observed that formal feedback provided by recipients in their final reports was limited to the project completed. It was further noted that while the template for the final report from recipients of BCAH funding includes a section for feedback on projects, it does not include any questions concerning the ease of applying and reporting to the program, challenges encountered by the recipient, or suggestions on how to improve the administration of the program.

## **Risk assessment**

The absence of formal recipient feedback on the management of BCAH Program may limit management’s ability to document and learn where the program could be improved.

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<sup>2</sup> <http://publiservice.tbs-sct.gc.ca/pol/doc-eng.aspx?id=13525&section=text#cha5>

## **Recommendation**

4. The Director, Community Engagement, should modify the current template(s) to collect feedback on the management of the program and formalize an approach to analyze that feedback.

## Appendix A – Audit criteria

The conclusions reached for each of the audit criteria used in the audit were developed according to the following definitions:

Numerical Categorization	Conclusion on Audit Criteria	Definition of Conclusion
1	Well Controlled	<ul style="list-style-type: none"><li>well managed, no material weaknesses noted; and</li><li>effective.</li></ul>
2	Controlled	<ul style="list-style-type: none"><li>well managed, but minor improvements are needed; and</li><li>effective.</li></ul>
3	Moderate Issues	<p>Has moderate issues requiring management focus (at least one of the following two criteria need to be met):</p> <ul style="list-style-type: none"><li>control weaknesses, but exposure is limited because likelihood of risk occurring is not high;</li><li>control weaknesses, but exposure is limited because impact of the risk is not high.</li></ul>
4	Significant Improvements Required	<p>Requires significant improvements (at least one of the following three criteria need to be met):</p> <ul style="list-style-type: none"><li>financial adjustments material to line item or area or to the department; or</li><li>control deficiencies represent serious exposure; or</li><li>major deficiencies in overall control structure.</li></ul> <p>Note: Every audit criterion that is categorized as a “4” must be immediately disclosed to the CAE and the subjects matter’s Director General or higher level for corrective action.</p>

The following are the audit criteria and examples of key evidence and/or observations noted which were analyzed and against which conclusions were drawn.

<b>Audit Sub-Objective 1:</b> To provide assurance that BCAH governance structures and practices are in place and operating as intended to ensure the achievement of program objectives.			
<b>Criteria</b>	<b>Audit Criteria</b>	<b>Conclusion</b>	<b>Examples of Key Evidence/Observation</b>
1.1	The BCAH governance framework includes structures, processes, roles and responsibilities, and accountabilities that are clearly defined, communicated, and understood.	Controlled (2)	<ul style="list-style-type: none"> <li>Interviews with program staff and management at HQ and in the Regions confirmed a common understanding of the governance framework for BCAH and the structures, roles, responsibilities and accountabilities of committees and positions that contribute to the delivery of the program.</li> <li>The Regional Review Committees (RRC) have been in operation since the creation of the program and their role is considered to have been well understood and practiced.</li> <li>There are no formal terms of reference for RRCs which outlines the roles, responsibilities and accountabilities of the committees.</li> </ul>
1.2	Senior management and oversight bodies receive sufficient, complete and accurate information to inform decision making.	Well controlled (1)	<ul style="list-style-type: none"> <li>Interviews with BCAH management have revealed that senior management is briefed on program performance at the conclusion of each intake and a weekly look-ahead is communicated from the Director, Community Engagement to the Director General, Citizen Participation.</li> <li>Senior Management receives updates on various aspects of the BCAH program, as evidenced by a review of various documentation including look-ahead, memos and deck. Items noted in the reports received by the Director General (DG) and shared with the Program Director and National Manager included both statistical data and contextual</li> </ul>

			<p>information.</p> <ul style="list-style-type: none"> <li>• The National and RRC receive information extracted from the General Application Form (GAF), Project Risk Assessment and Management (PRAM), Recommendation and Approval Form (RAF), and an assessment tool (scoring details) to inform recommendation decisions.</li> </ul>
1.3	BCAH program management uses independent oversight activities to monitor and provide assurance on the quality of risk management and due diligence in risk decision making.	Well controlled (1)	<ul style="list-style-type: none"> <li>• The POs evaluate the risks by using the project assessment tool and the PRAM (financial viability, past events, media, capacity) – that is built into GCLinks and also use other information such as previous year's report, news articles, and the applicant's web presence.</li> <li>• The PRAM is a key tool intended to assist management in assessing the level of risk of program funding being used for unintended purposes and to determine appropriate mitigation strategies, including the development of recipient audit plans. The practice of secondary review of moderate or high risks projects identified through this process by the Centre of Expertise (CoE) and Reviews Committees (RC) are a particularly sound practice, as they provide additional validation to the reasonableness of risk mitigation strategies.</li> <li>• BCAH management in HQ receives frequent communications, from the regions (Components I &amp; II) and from NRC (Component III) on financial and performance measurement results (PRAM; Financial Viability Analysis (FVA); and RAF) to enable their oversight and monitoring the BCAH program and further their understanding of issues and challenges that arise.</li> </ul>

			<ul style="list-style-type: none"> <li>Based on testing of a sample of files from all regions, the audit confirmed that reports were regularly reviewed and tracked for compliance against the terms of the contribution agreement; there was evidence of assessment, scoring, review and recommendations documented as required.</li> </ul>
1.4	BCAH's HR Plan is documented and designed to achieve program objectives.	Controlled (2)	<ul style="list-style-type: none"> <li>From BCAH Management, the audit team received a document titled BCAH HR plan. The auditors observed that the plan was a staffing plan for the BCAH HQ, including the Legacy component.</li> <li>BCAH Regional staff generally report to the Regional Director of Programs, who reports to the Regional Director General under Sports, Major Events and Regions Sector (SMER).</li> <li>The audit team obtained from SMER an organizational chart that presented an overview of human resources responsible for the delivery of the BCAH components in the regions.</li> <li>As for the PCH programs delivered in regions, current and future resource requirements for the regional delivery of BCAH are incorporated in SMER IBP.</li> </ul>
1.5	Results and performance measurement are documented (adjusted as needed), are actively monitored and are reported to required authority levels and factor into decision-making.	Controlled (2)	<ul style="list-style-type: none"> <li>Interviews with BCAH management have revealed that senior management is briefed on program performance at the conclusion of each intake and a weekly look-ahead from Director to DG is conducted.</li> <li>Through interviews, it was confirmed that management exchange best practices among the regions and HQ through teleconference with all POs and monthly national Managers' virtual meetings.</li> <li>From a project perspective, final reports provided by recipients, are</li> </ul>

			<p>reviewed and analyzed by the POs which are then reviewed by the Managers.</p> <ul style="list-style-type: none"> <li>• The BCAH program's success is evaluated through performance measurement processes described in the program's PMERS.</li> <li>• The PMERS contains 16 performance indicators with associated measures; however, there are 7 indicators for which there are no established targets. The program is in the process of gathering performance data to permit the establishment of the missing targets.</li> </ul>
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**Audit Sub-Objective 2:** To provide assurance that key internal controls over the identification, monitoring, management and mitigation of risks are in place and operating as intended in regard to the BCAH Program financial and operational performance.

<b>Criteria</b>	<b>Audit Criteria</b>	<b>Conclusion</b>	<b>Examples of Key Evidence/Observation</b>
2.1	Payments made to recipient organizations are accurate, adequately supported and approved in accordance with Contribution Agreements and the Treasury Board <i>Policy on Transfer Payments</i> .	Controlled (2)	<ul style="list-style-type: none"> <li>• To ensure that accurate payments have been processed, follow up on approved payments is performed by the administrative support team clerk (CR) and POs for all regions. They are also responsible for keeping track of which recipient has been paid, etc.</li> <li>• All of the approved project files reviewed and tested contained <i>Section-34 Financial Administration Act</i> (FAA) signatures by proper delegated authority. This procedure is verified by Financial Management Branch before the payment is released to the recipient.</li> <li>• One recipient audit (RA) has been performed during the three most recent fiscal years.</li> </ul>
2.2	Expected results are monitored and communicated on a regular basis and support management decision-making.	Well controlled (1)	<ul style="list-style-type: none"> <li>• Expected results are monitored and communicated on a project by project basis.</li> <li>• For the Legacy (Component III), POs are responsible for monitoring the projects. Results are communicated to the DG.</li> </ul>

			<ul style="list-style-type: none"> <li>• Regional reports are produced by the Regional Executive Director and sent to the DG responsible for the program after each intake.</li> <li>• The Regional Executive Directors are responsible for responding to questions on regionally managed files (Components I &amp;II).</li> <li>• Within each region, projects are monitored by POs who are supervised by a Regional Program Manager.</li> </ul>
2.3	Financial and non-financial records are properly managed and periodically verified.	Moderate issues (3)	<ul style="list-style-type: none"> <li>• There is a lack of formal procedures to ensure consistent management of financial or non-financial records across the regions and HQ. The Legacy Procedures Manual needs to be updated and there is a working group of POs that has been created and tasked to develop a standardized Procedures Manual for Festivals and Anniversaries.</li> <li>• There is no formal approach in reconciling the various projects (Paper files, GCIMS/GCMI, Excel Spreadsheet and G. Drive).</li> <li>• Lack of direction on the level of details to be included in various records such as GCIMS/GCMI, Shared Drive, Paper file and etc.</li> <li>• There is no official, standard and specific training offered to POs on the BCAH Program's procedures, guidelines and assessment practices.</li> <li>• A funding formula is used for Components I &amp; II to allocate the available funding to eligible projects. The access to the formula is limited to program staff and management at HQ.</li> </ul>

<b>Audit Sub-Objective 3:</b> To provide assurance that the BCAH Program is managed in compliance with relevant PCH and central agency policies, guidelines and expectations.			
<b>Criteria</b>	<b>Audit Criteria</b>	<b>Conclusion</b>	<b>Examples of Key Evidence/Observation</b>
3.1	BCAH's procedures guidelines and assessment practices are consistently applied within the Program, and are aligned with Departmental and other relevant central agency requirements.	Moderate issues (3)	<ul style="list-style-type: none"> <li>The assessment practices within GCLink and GCIMS/GCMI are consistently applied within the Program.</li> <li>There is a procedure for managing Legacy files (Component III); however, the procedure needs to be updated. Three regions have developed their own regional procedures manual for Components I &amp; II. A working group has been created and tasked to develop a standard procedures manual for all regions.</li> <li>CoE provides general training on GCIMS/GCMI, GCLinks, and Gs&amp;Cs administration.</li> <li>The HQ representative on Regional Review Committees provides a degree of assurance that projects are assessed in a consistent manner from region to region.</li> <li>There is no official and specific training offered to POs on the BCAH Program's procedures, guidelines and assessment practices.</li> <li>BCAH's procedures and guidelines are not consistent from region to region. However, the assessment practices are aligned with Departmental and other relevant central agency requirements and supervisory review is conducted on data and information by the appropriate person as required.</li> <li>There are inconsistencies in the amount of supporting documentation (e.g.: signed Contribution Agreement, scanned assessments, GAF and copies of communication between POs are sometimes included</li> </ul>

			in GCIMS; amount of documents included in the paper file), across the regions.
3.2	Processes and practices related to change initiatives and feedback gathering (stakeholders, management and employees) are in place, and well communicated on a timely basis.	Moderate issues (3)	<ul style="list-style-type: none"> <li>Processes and practices related to change initiatives and program management feedback gathering from BCAH staff are in place, and well communicated on a timely basis.</li> <li>POs maintain frequent communication with applicants/recipients and occasionally receive feedback in relation to the management of the program. However, feedback related to management of BCAH has not been formally requested.</li> <li>Feedback provided by recipients in their final reports is limited to feedback on the completed project, and was observed to not include feedback on the management of the BCAH program.</li> <li>The template for the final report from recipients of BCAH funding does not include any questions concerning the ease of applying and reporting to the program, challenges encountered by the recipient, or suggestions on how to improve the management of the program.</li> </ul>

## Appendix B – Management Action Plan

<b>5.1 Internal Control</b>			
<b>Recommendation</b>	<b>Actions</b>	<b>Who</b>	<b>Target Date</b>
1. The Director, Community Engagement, in cooperation with the Centre of Expertise (CoE) and the Chief Information Officer Branch (CIOB) should provide explicit guidance to all BCAH program management and staff concerning what constitutes the “official” BCAH project file, including the documentation and reconciliation requirements and expectations of paper files.	<p>Agree</p> <p>1- In the context of PCH’s Grants and Contribution Modernization Initiative (GCMI), obtain from the Office of the Chief Information Officer Branch – Knowledge and Information Management Directorate (KIMD) and the Centre of Expertise (CoE) explicit guidance on what constitutes an “official project file” for record keeping at PCH.</p> <p>2- Communicate and request training for BCAH staff on PCH record keeping guidelines (or as planned in departmental information management modernization initiatives).</p>	<p>Director, Community Engagement</p> <p>National Manager, BCAH</p>	<p>1- October 2015</p> <p>2- October 2015</p>
<b>Recommendation</b>	<b>Actions</b>	<b>Who</b>	<b>Target Date</b>
2. The Director, Community Engagement, should ensure that the Legacy Component procedures manual is updated and communicated to program staff.	<p>Agree</p> <p>1- Continue to ensure that BCAH-HQ program staff follows the Standard Gs&amp;Cs procedures from CoE.</p> <p>2- Complete updating the Component 3 procedures (program-specific content).</p> <p>3- Communicate updates to BCAH-HQ program staff.</p>	<p>National Manager, BCAH</p> <p>National Manager, BCAH</p> <p>National Manager, BCAH</p>	<p>1- Ongoing</p> <p>2- October 2015</p> <p>3- November 2015</p>

<b>Recommendation</b>	<b>Actions</b>	<b>Who</b>	<b>Target Date</b>
3. The Director, Community Engagement, should also ensure that a standard BCAH procedures manual is developed for regional offices with appropriate training provided to program staff to ensure a consistent understanding and application of the procedures.	<p>Agree</p> <p>1- Standardize Components 1&amp;2 procedures (program-specific content) across regions.</p> <p>2- Provide tools to regional managers for training of program staff in regions.</p>	<p>National Manager, BCAH</p> <p>National Manager, BCAH</p>	<p>1- October 2015</p> <p>2- Ongoing</p>
<b>Recommendation</b>	<b>Actions</b>	<b>Who</b>	<b>Target Date</b>
4. The Director, Community Engagement, should modify current templates (s) to collect feedback on the management of the program and formalize an approach to analyze that feedback.	<p>Agree</p> <p>1- For recipient feedback: Following consultations with CoE to determine best practices in terms of collecting and analyzing client feedback, BCAH will modify if required its final report templates.</p> <p>2- As a pilot program for PCH's new Enterprise Online Solution (EOS), alert EOS project managers of the need and discuss the process to collect and analyze applicant and recipient feedback on-line and to work toward automated assessment.</p>	<p>National Manager, BCAH</p> <p>National Manager, BCAH</p>	<p>October 2015</p> <p>September 2015</p>