Public Health Agency of Canada | Agence de la santé publique du Canada

Final Audit Report

Audit of the Operational Planning Process

June 2014

Canada

Table of Contents

Executive summary ..... **i**

A - Introduction **1**

1. Background 1
2. Audit objective 2
3. Audit scope 2
4. Audit approach 2
5. Statement of conformance 2

B - Findings, recommendations and management responses **3**

1. Governance 3
   - *1.1 Strategic objectives* *3*
   - *1.2 Roles and responsibilities* *3*
   - *1.3 Information for decision-making* *5*
2. Risk management 7
   - *2.1 Planning risks* *7*
3. Internal controls 7
   - *3.1 Planning integration* *7*
   - *3.2 Tools and guidance* *10*
   - *3.3 Monitoring* *12*

C - Conclusion **14**

Appendix A – Specific lines of enquiry and criteria **15**

Appendix B – Scorecard **16**

Appendix C – Summary of Public Health Agency of Canada priorities **17**

Appendix D – Organizational chart and profile **18**

Appendix E – Integrated risk-based planning and reporting flowchart **19**

Executive summary

The Clerk of the Privy Council has stressed the importance of integrated planning, and considers planning to be a pillar of public service renewal. According to the Clerk, planning is the foundation for management excellence and deputy heads are expected to embed planning into their organizational cultures.

Through the operational planning process, an organization aligns and integrates its human, financial and asset resources to achieve its goals. This provides stewardship over public resources and accountability for delivery of its priorities. The fast pace of change and the fact that departments and agencies are carrying out their mandate with fewer resources makes planning integral to an organization's success.

Since 2008, the Public Health Agency of Canada (the Agency) has implemented an integrated operational planning (IOP) process to align plans with priorities, facilitate horizontal linkages across the Agency, improve management decision-making; and provide information to enable resource allocation. That process sought to capture all of the Agency's resources. On March 2012, a new process called the 'Agency operational planning process' was introduced to provide more strategic, streamlined information while strengthening links to the Corporate Risk Profile and the Report on Plans and Priorities; and forming the basis for high-level quarterly reporting to Executive Committee. This process, which produced the Agency Operational Plan (AOP) for 2012-13 and 2013-14, focused greater attention on priority work at a higher organizational level than the IOP process.

The objective of the audit was to assess the effectiveness of the Agency's integrated operational planning process in the development of a coherent plan. The audit was conducted in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Audit*. Sufficient and appropriate procedures were performed and evidence gathered to support the accuracy of the audit conclusion.

The audit examined the process and practices that were in place to develop the 2013-14 AOP. It found that the Agency has made efforts to streamline the operational planning process, and has developed guidance documents. Although the scope of the audit focused on the operational planning process that produced the 2013-14 plan, it is noted that the planning process continues to evolve. The Agency has started the implementation of a number of changes that should improve the end product, including updates to planning templates and an earlier launch of the planning process.

While roles and responsibilities have been defined, a stronger review and challenge of the branch plans must be exercised. The Agency would be better served if it was using the operational plan more as a management tool to demonstrate the allocation of all its resources to achieve its objective. More effort is required to ensure that the operational plan is extended to accurately capture all of the Agency's activities. Further, there should be better integration of branch and internal service plans, as well as other key corporate planning documents. An appropriate level of detail, accurate financial information and regular AOP monitoring and

reporting activities would increase management's ability to support ongoing planning decisions.

Management agrees with the five recommendations aimed at strengthening the Agency's integrated operational planning process.

A - Introduction

1. Background

Operational planning is the process by which an organization translates on a yearly basis its priorities and program objectives into tangible, effective operational program delivery, program support and management activities. It specifies plans and priorities for the upcoming fiscal year, along with resources required to deliver the plan. It also outlines how progress on performance is measured and identifies significant operational risks, resource pressures and mitigation strategies. The result of the financial management component of operational planning is an approved initial budget allocation.

Integrated planning has been a priority for public service renewal since 2007-08. The Clerk of the Privy Council has stated that, when it is done well, integrated planning allows us to clearly identify gaps in the resources required to deliver on priorities and to close those gaps by redesigning the work, developing employee capacity or devoting more staff to the effort. More recently, the Clerk also emphasized the importance of planning to support the government's capacity to deal with emerging issues and informed decision-making.

The Public Health Agency of Canada (the Agency) is the primary Government of Canada agency responsible for leading federal efforts to promote and advance public health in Canada and to support national readiness to deal with public health threats. To do this, the Agency works closely with all levels of government (federal, provincial, territorial and municipal) and with non-government organizations to strengthen health promotion and disease prevention, build public health capacity; provide science leadership and enhance public health security.

In 2013, the Agency refreshed its five-year strategic plan with Strategic Horizons 2013-18. This document outlines the Agency's priorities and provides the context in which Agency plans and activities are developed. It also serves as the basis for ensuring that the Agency's programs and activities, as presented in the branch operational plans, continue to be aligned with Agency priorities. A summary of the Agency's priorities is presented in Appendix C.

Since 2008, the Agency has implemented an integrated operational planning (IOP) process to align plans with priorities, facilitate horizontal linkages across the Agency, improve management decision-making and provide information to enable resource allocation. That process sought to capture all of the Agency's resources. On March 2012, a new process called the 'Agency operational planning process' was introduced to provide more strategic, streamlined information while strengthening links to the Corporate Risk Profile (CRP) and the Agency's Report on Plans and Priorities (RPP) and to form the basis for high-level quarterly reporting to Executive Committee (EC). This process, which produced the Agency Operational Plan (AOP) for 2012-13 and 2013-14, focused greater attention on priority work at a higher organizational level than the IOP process.

The Agency's Strategic Policy, Planning and International Affairs Branch (SPPIAB) is responsible for leading the operational planning process (see organizational chart

in Appendix D). It is a collaborative process involving branches and functional areas such as finance, human resources, information management/information technology, etc. (see Appendix E for details on the process). Branch planners and functional areas collaborate to define requirements and develop the final branch plans. These plans identify branch key initiatives (BKIs) to be completed over a three-year planning horizon and the expected results and performance targets. They also serve as the basis for reporting on progress. The branch plans are approved by the assistant deputy ministers (ADM). Together, these branch plans comprise the AOP.

2. Audit objective

The objective of the audit was to assess the effectiveness of the Agency's integrated operational planning process.

3. Audit scope

The audit focused on the Agency operational planning process and practices that lead to the development of a coherent plan. The audit examined controls related to the planning cycle that produced the 2013-14 plan.

4. Audit approach

The audit assessed whether functional (for example, accommodations, information management/information technology) and strategic planning information is incorporated in the Agency's integrated operational planning process; how information from branch plans and the corporate risk profile is captured in the operational plan; how branch plans are reviewed; and how progress towards the achievement of the Agency's priorities is monitored and reported.

The audit criteria were derived from the Office of the Comptroller General's Audit Criteria Related to the Management Accountability Framework, the Agency Operational Planning Branch AOP Overview Guide and specific Treasury Board policies and guidelines.

The audit was carried out across the Agency and methodologies included interviews, as well as a review of records, documentation, policies, standards, guidelines, frameworks and operational plans including benchmarking, where applicable.

5. Statement of conformance

In the professional judgment of the Chief Audit Executive, sufficient and appropriate procedures were performed and evidence gathered to support the accuracy of the audit conclusion. The audit findings and conclusion are based on a comparison of the conditions that existed as of the date of the audit, against established criteria that were agreed upon with management. Further, the evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing.* The audit conforms to the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the quality assurance and improvement program.

B - Findings, recommendations and management responses

1. Governance

1.1 Strategic objectives

Audit criterion: *The Agency has in place an approved operational plan and corresponding activities aimed at achieving its strategic objectives.*

An organization's operational plan is developed as a management tool that outlines the initiatives and activities to be undertaken over the fiscal year. It facilitates the allocation of the Department's resources and activities and establishes accountability for the achievement of objectives. It is a tool that allows the Agency to fulfill its fundamental responsibility for the prudent management of allocated resources and complements the reports to Parliament (that is, Part III of the Estimates consisting of the Report on Plans and Priorities (RPP) and Departmental Performance Report [DPR]).

More precisely, operational planning provides a standardized resource planning framework that aims to clearly demonstrate linkages between an organization's established priorities, planned activities, expected results and planned resource allocation.

The eight branch plans that collectively comprise the Agency Operational Plan (AOP) were approved by the respective branch heads in June 2013. The Executive Committee (EC) endorsed these plans at its June 27, 2013 meeting.

The current AOP framework of having eight separate branch plans is a reasonable approach for the Agency, as it assigns the accountability to complete operational planning requirements to the appropriate level of authority. The process is leveraged towards developing the RPP and DPR.

The audit observed that the branch plans reflect select activities aimed at achieving the Agency's strategic objectives. The branch heads identified these activities as RPP planning highlights and the Branch Key Initiatives (BKI) as priority work that is significant in achieving expected results. However, the activities only account for part of the Agency's resources. The remainder of the resources is being allocated to ongoing activities. As a result, the use of the operational plans as a management tool was limited.

In conclusion, the Agency has an approved operational plan that does not reflect all key activities and resources aimed at achieving its strategic objectives (see Recommendation 1).

1.2 Roles and responsibilities

Audit criterion: *Roles and responsibilities are documented and communicated to all key stakeholders.*

Operational plans for a specific planning period are normally prepared by the accountable assistant deputy ministers or branch heads. This involves the identification of key plans,

priorities and strategies, the basis for measuring performance and achievement of identified results and the level of resources, as approved in the Annual Reference Level Update (ARLU), to be dedicated to each program activity to achieve the expected results.

The terms of reference for the Branch Planning Leads Committee and the Agency Operational Planning Branch AOP Overview Guide both highlight and define the roles and responsibilities of the agency staff involved in the operational planning process.

The ADMs or equivalents are responsible for working closely with their planning teams to fulfill the AOP requirements and ensure that branch plans are realistic and achievable, as they are ultimately accountable for the quality and timely delivery of their operational plans. The ADMs must also review and approve the branch operational plan (BOP) prior to it being submitted to the Strategic Policy, Planning and International Affaires Branch (SPPIAB), which has overall responsibility for the coordination of the process and consolidation of all branch inputs into the AOP.

Branch planning leads are responsible for:

- disseminating information into the branch from corporate planning;
- ensuring that AOP timelines are respected;
- facilitating collaboration between the branch and internal/shared services;
- performing a quality assurance review of the branch's operational plan prior to submitting it for approval to the ADM; and
- forwarding the ADM-approved branch operational plan to SPPIAB.

The Operational Planning, Reporting and Risk Management Directorate (OPRRMD) is responsible for:

- initiating the planning process;
- establishing timelines;
- developing approaches and planning templates;
- communicating relevant information to branch planning leads; and
- performing a quality assurance review of the submitted BOPs to ensure that the format is acceptable and the required information has been included.

The Office of the Chief Financial Officer (OCFO) is responsible for supplying and verifying the overall budget information included in the operational plans.

Development of the 2013-14 AOP took place in an environment of change, most notably the consolidation of internal service functions with Health Canada and the creation of the Shared Services Partnership (SSP). Under the SSP Framework Agreement (the Agreement), the following functions and resources falling under the line of authority of the Deputy Minister of Health will provide service to both the Agency and Health Canada: human resources, security, facilities management, information management/information technology (IM/IT), access to information and privacy (ATIP), communications and accounting and procurement. Further, the audit and evaluation functions and resources that fall under the line of authority of the Chief Public Health Officer will provide service to both the Agency and Health Canada. Both deputy heads will retain full responsibility and accountability to execute their

full mandate and achieve results for Canadians in all areas covered by the Agreement. The Agreement is governed by the Portfolio Executive Committee (PEC) consisting of members of senior management from both organizations. It should be noted that the PEC is supported by working committees whose specific responsibilities include planning, prioritization and coordination in each functional and program area covered by the SSP.

In conclusion, while roles and responsibilities have been defined and communicated to all key stakeholders, it would be beneficial for OPRRMD, as part of its quality assurance responsibility, to ensure that areas of internal dependency are endorsed by respective branch and internal/shared services parties (see Recommendation 5).

1.3 Information for decision-making

Audit criterion: *Management receives timely, complete and accurate information to support ongoing planning decisions.*

The AOP is a process that provides financial and non-financial information in support of Agency activities that are considered important to the achievement of the Agency's mandate and related strategic objectives. In this regard, the AOP is a useful tool in support of planning decisions.

The AOP process for 2013-14 was launched in February 2013 and the final AOP was approved by the EC on June 27, 2013. The branch plans focused mainly on select branch activities aimed at achieving specific Agency objectives. They provided limited information regarding ongoing branch activities that account for the greater portion of branches planned spending.

The total planned spending was identified for each of the selected activities, with links to program elements. However, the related financial information was not provided, such as salary, operations and maintenance (O&M), professional services, capital and grants and contributions (G&C). As well, the full time equivalent (FTE) capacity required to deliver on the selected activities was also not provided, thereby making it more challenging to quantify and accurately report on the plans and limiting their ability to inform decision-making.

The audit also found that operational plans from internal service functions were not included as part of the AOP. As a result, senior management was not provided with information on the use of the internal service functions resources in support of Agency program delivery. In order for the planning information to support decision-making, it is important to ensure that the operational plans contain all of the information required to align internal service resources with operational objectives. This is further discussed in Section 3.1.

The audit also identified errors in some branch plans, such as calculation errors and total expenditures reported on the RPP not reconciling with the total expenditures of the eight branch plans.

The Agency would gain from an earlier planning process, an appropriate level of plan details, completeness of internal service information and accurate information in support of ongoing planning decisions.

Recommendation 1

It is recommended that the Assistant Deputy Minister, Strategic Policy, Planning and International Affairs Branch, in collaboration with branch heads, develop an Agency operational plan that reflects all key activities and resources in support of the achievement of the Agency's strategic objectives.

Management response

Management agrees with the recommendation.

In 2013-14, Executive Committee, in a year of change management, decided specifically to highlight branch key initiatives in the operational plan. The result, which was expected, was a plan that focused on the major changes in resource use and/or how branch activities were supporting key priorities.

For 2014-15, the Strategic Policy, Planning and International Affairs Branch has shifted back to a more typical Agency Operational Plan process that is intended to capture all of the Agency's resources at a strategic level.

The Agency Operational Plan will reflect the utilization of all Agency resources at a strategic level.

The Agency will develop a summary analysis of all organizational operational plans.

Recommendation 2

It is recommended that the Chief Financial Officer ensure that the financial information in the Agency operational plans is complete and accurate.

Management response

Management agrees with the recommendation.

The 2014-15 Agency Operational Plan (AOP) will reflect all of the Agency resources. Further, the Chief Financial Officer (CFO) will provide quality assurance (QA) to confirm that branch resources align with organizational budget plans.

The CFO will verify that the financial information in the AOP is accurate and related to organizational plans aligned with these budgets.

2. Risk management

2.1 Planning risks

Audit criterion: *The operational planning process has incorporated measures to identify, mitigate and report on the risks (for example, financial, reputational, compliance, etc.) that could impact the Agency's ability to achieve its objectives.*

A key component of integrated planning is the identification of risks that could impact on the delivery of the Agency's priorities and developing mitigating measures to address those risks. This serves to inform senior management decision-making and ensures that appropriate resources are allocated to address those risks.

Each year, the Agency conducts an assessment of the risks and develops mitigating strategies for the significant risks, which are documented in the Agency's Corporate Risk Profile (CRP). As part of the 2013-14 planning cycle, this risk assessment was completed in November 2012.

Through a review of the Branch Operational Plans, the audit determined that 82% of risk-mitigating strategies contained in the CRP were included in the branch plans and 18% were not.

Because these risk-mitigating strategies are aimed at ensuring that corporate risks are properly managed, it is important that they are fully integrated in the operational plan (see Recommendation 3). This provides assurance that all approved mitigating strategies will be operationalized. In addition, it serves to ensure that they are resourced or otherwise addressed through informed decision-making by senior management, and enables management to monitor the effectiveness of the risk mitigating strategies.

3. Internal controls

3.1 Planning integration

Audit criterion: *The operational planning process incorporates branch and functional level detailed plans (financial, human resources, information management/information technology, procurement, accommodations and communications) and integrates with key information from the Corporate Risk Profile and the Investment Plan.*

Operational planning allows management to better understand how its resources will be utilized to achieve the Agency's goals. It creates a coherent picture of the integration of its various parts, outlining how they will work together to support the organization's strategic priorities. It is developed as a management tool to facilitate the coordination of the Department's resources.

The AOP is based on the vertical alignment of strategic and operational planning, as well as the horizontal integration of finance, human resources, IM/IT and other internal/shared services functions. This concept is presented in Figure 1.

Figure 1: Vertical and horizontal alignment of strategic and operational planning

Source: 2013-14 Agency Operational Planning Branch AOP Overview Guide

Financial information

The AOP presents the total spending for the next three years, by branch. One branch presented information by Program Alignment Architecture (PAA), drilling down to the sub-program activity level. Branches were not required to provide a spending profile by salary and benefits, O&M, capital and G&Cs. The AOP also presents the total spending for each selected activity (RPP highlights and BKIs) by PAA (sub-program). The AOP would be strengthened by updating the planning guidance to provide the Agency with more complete financial information (see Recommendation 4).

Non-financial information

Non-financial information offers insight into organisational management; informs strategy; and makes for more informed decision-making. It is expected that the AOP will provide such information with regard to internal service requirements (that is, human resource, IM/IT, procurement, accommodation and communications) and to investment planning and risk mitigation measures.

Internal services - human resources. The Human Resource Directorate (HRD) was involved in the Agency's operational planning process from the start by providing input into the development of the AOP Guide and by defining the information requirements. As part of the operational planning process branches were asked to provide information on human resource (HR) management issues and actions that have a significant impact on business activities (such as employee retention and mobility, employment equity, official languages,

employee morale and well-being, etc.), as well as on anticipated staffing requirements, in order to clearly describe the mix of employees versus professional service contracting planned across program activities.

However, as the Agency was in the midst of a vacancy management exercise intended to collect information on anticipated staffing for the full planning year, the audit found that branch plans only identified the HR issues and actions. There was no evidence that this information was reviewed and validated with the responsible functional authority. The AOP did not contain an HR functional plan. As a result, there is no evidence that the HR services function can fully support operations and program delivery.

Internal services - other (procurement, accommodation, IM/IT and communications). The AOP guide mentioned that information on other internal service requirements would be collected through separate processes. It should be noted that certain branches identified some of these internal service requirements in the AOP. However, there was no evidence that they were reviewed and validated with the responsible functional authorities. The AOP did not contain functional plans for these internal service functions. As a result, there is no evidence that these internal services function can fully support operations and program delivery.

Investment planning requirements. Branches have identified several projects in their AOP branch plans. However, these did not include all projects identified in the Agency's investment plan. Branch planning could be better integrated by aligning decision-making with the planning process.

An AOP should cover all branch objectives and identify related requirements for functional supports and other internal services. However, the audit found that branch AOP documents did not include that information for SSP internal service functions. Improvements are required to integrate branch and functional planning for both program and internal services/SSP branches. For the 2014-15 planning process, it should be noted that OPRRMD is making efforts to enhance the integration of information in the planning process, including updating the planning template.

Recommendation 3

It is recommended that the Assistant Deputy Minister, Strategic Policy, Planning and International Affairs Branch, work collaboratively with branch heads to ensure that:

- *the internal service support to the Agency is reflected in the Agency Operational Plan; and*
- *the Agency Operational Plan incorporates all the information in the Agency's Corporate Risk Profile and Investment Plan.*

Management response

Management agrees with the recommendation.

2012-13, the year upon which the audit focused, was the first year of the Health Canada-PHAC Shared Services Partnership (SSP). It was a transition year for the Agency, Health Canada and the SSP.

Under the SSP Agreement, resources are pooled and responsibilities for providing internal services are shared between Health Canada and the Agency. While Health Canada is administratively responsible for certain internal services, the Agency remains accountable for ensuring that the shared services meet the Agency's program needs. Both Deputy Heads retain full responsibility and accountability to execute their full mandate.

The Agency and the internal service functions under the SSP will work together to ensure that operational plans reflect internal service requirement needs.

The Agency will ensure the integration and accuracy of information related to risk and investments through the enhancement of planning documents and tools.

3.2 Tools and guidance

Audit criterion: *Tools and guidance are provided to support the integrated operational planning process.*

The development of an operational plan requires the collection of information from many stakeholders and sources. To ensure that the appropriate level of information is collected, clear guidance and appropriate tools are required.

The OPRRMD has developed several guidance documents, including: the AOP Overview Guide, AOP Frequently Asked Questions, and AOP Lexicon. Together, these documents explain the approach and requirements of the Agency's planning process. In addition, planning templates have been developed to facilitate the collection of information from branches.

The AOP guide and associated tools directed branches to provide a branch planned spending profile, which details the overall branch planned spending for each of the next three fiscal years, as well as an estimate of the financial percentage that each RPP planning highlight and/or BKI represents with respect to the total branch budget. Senior management received limited financial information, since most branches provided the total spending for the next three years by branch and not by PAA. Moreover, few branches provided the total spending by salary and benefits, O&M, capital and G&Cs.

The AOP guide directed branches to identify the RPP planning highlights and BKIs and to provide the information required by enabling internal/shared service groups to support

integrated planning. RPP planning highlights and BKIs are defined as priority work that is significant to achieving expected results. However, the AOP guide also notes that an RPP planning highlight or BKI does not represent ongoing work, nor is it a policy or program. As a result of this guidance, branch plans focused primarily on the RPP planning highlights and BKIs and did not fully reflect the activities and associated resources aimed at achieving the Agency's strategic objectives. In addition, for a majority of the internal service requirements (such as accommodations, procurement, IM/IT and communications), the guide mentioned that the information would be collected through separate processes. The audit did not find evidence of such processes being communicated to the branches. Therefore, most branch plans did not include the information needed to enable internal/shared service groups to support integrated planning or determine the branch's specific needs.

A Branch Planning Leads Committee met regularly to discuss planning requirements and issues and to provide ongoing guidance and clarification throughout the planning process. However, the audit noted that the SSP internal service functions did not participate in the Committee meetings related to the AOP process.

The AOP template used to collect branch planning information was in an MS Word format, which does not accommodate numerical data quality assurance. This resulted in inconsistencies in the branch operational plans, such as inconsistent use of tables to present branch information or calculation errors within those tables.

In conclusion, improvements to the tools currently in place are required to further support the operational planning process and to clarify how Agency needs for shared internal services are to be conveyed to the responsible shared service leads.

Recommendation 4

It is recommended that the Assistant Deputy Minister, Strategic Policy, Planning and International Affairs Branch, enhance the tools currently in place to better facilitate the collection, consolidation and consistency of planning information, and provide guidance to branches regarding the internal services required from shared service entities.

Management response

Management agrees with the recommendation.

The Agency will explore using new business intelligence (BI) tools, including an enterprise BI tool that is currently in development, to improve the collection, consolidation and consistency of planning information. In the interim, SPPIAB will work with branches to improve existing tools. This will be informed by a post-2014-15 AOP review with branch planners.

As a precursor to any new processes, current BI tools will be reviewed and updated, considering lessons learned from 2014-15, best practices and efficiencies, in order to enable the efficient consolidation and consistency of branch planning information.

The Agency will explore using new BI tools to improve the collection, consolidation and consistency of planning information. In particular, the Agency will consider the automated tools of other government departments in determining the optimal system for Agency needs.

3.3 Monitoring

Audit criterion: *Management monitors actual performance against planned results, makes adjustments as required, and reports on progress towards meeting the Agency's priorities.*

Before performing periodic monitoring on the progress of the AOP, a proper review and challenge of the operational plan must be performed prior to its endorsement by the EC. The audit observed that a stronger review and challenge of the branch plans must be exercised. For example this could include verifying that corporate data contained in the various branch operational plans is accurate, and that the deliverables identified will be measurable and reportable during the fiscal year. This is presently not being fully performed, since the audit identified errors in some branch plans such as calculation errors and missing corporate risk mitigation strategies. Furthermore, as mentioned in Section 1.2, OPRRMD currently performs a quality assurance review of the submitted BOPs to ensure that the format is acceptable and the required information has been included. It would also be beneficial for OPRRMD, as part of its quality assurance responsibility, to ensure that areas of internal dependency, such as horizontal program activities or business requirements for internal services, are well articulated by branches and shared with internal shared service providers in a timely fashion.

There must be a mechanism in place to monitor and report on the operational priorities that have been identified. If the monitoring of results identifies problems and/or opportunities in a timely manner, management can then utilize this information to make proactive adjustments to priorities and resource allocations during the year.

The audit noted that no quarterly or mid-year monitoring and reporting was completed for fiscal year 2013-14. Management indicated that the monitoring and reporting was not completed due to a lack of capacity in both the OPRRMD and the Agency's planning community and the desire to engage these resources in strengthening the planning approach for next year. It should be noted that the Agency used banking days to make adjustments to financial resources during the year. Banking days provide branches with an opportunity to identify financial risks and pressures and to reallocate financial resources as required. However, banking days did not always link the operational plans directly back to the operational objectives.

As a result of not monitoring the actual performance against planned results throughout the fiscal year, the Agency may not be able to intervene in a timely manner to address priorities that are not meeting performance targets.

Recommendation 5

It is recommended that the Assistant Deputy Minister, Strategic Policy, Planning and International Affairs Branch, in collaboration with branch heads:

- *perform a stronger oversight and challenge of branch plan submissions for completeness and accuracy; and*
- *monitor and report regularly to the Executive Committee on progress towards achieving the operational results.*

Management response

Management agrees with the recommendation.

A 2014-15 AOP review will be undertaken to inform enhancements to the oversight and challenge functions. Consideration will be given to aligning AOP progress reports with the banking day process and the timing of financial progress reports to EC.

Informed by the 2014-15 AOP review, identified improvements will be applied to enhance the planning and reporting oversight, challenge and quality assurance functions.

The Agency will establish an annual schedule for regular monitoring and reporting to the EC that includes banking days.

C - Conclusion

Planning enables stewardship of resources and accountability for performance through the alignment of resources with priorities and performance measures. It is a collaborative process that requires participation from all areas of the organization including senior management to set the direction, from the program areas to define the work requirements and from the internal service areas to support the work of the program areas. It is through the operational planning process that all of these inputs are brought together and integrated into a coherent plan of action showing how an organization intends to use its human, financial and capital assets to achieve the goals it has established for the year.

The Clerk of the Privy Council has stressed the importance of integrated planning, calling it a pillar of public service renewal. The Treasury Board *Policy on Management, Resources and Results Structures* requires departments and agencies to put in place a framework that allows managers to commit to the results they intend to achieve with the resources they have been allocated and for which they report inside and outside the Department, so that departments and agencies can manage, undertake decision-making and enable accountability for results.

Planning for fiscal year 2013-14 took place in an environment of change and fiscal restraint where departments and agencies were being asked to carry out their mission with fewer resources. This included workforce reductions resulting from the Budget 2012, as well as the consolidation of internal service functions for Health Canada and the Agency under the Shared Services Partnership. Given these types of pressures on the organization's resources, a robust operational planning process is important.

The Agency is making efforts to streamline its planning process, placing a greater focus on strategic priorities. Additional improvements are required to strengthen the integrated operational planning process. These improvements include:

- the development of an operational plan to reflect all key activities and resources in support of the achievement of the Agency's strategic objectives;
- the integration, completeness and accuracy of branch and internal service plans and full integration of key information related to other corporate planning documents;
- the completeness and accuracy of financial information in the Agency Operational Plans;
- the updating of guidance material and tools;
- the strengthening of the review and challenge of branch plans for accuracy prior to their approval; and
- the monitoring and regular reporting to the Executive Committee of progress towards the achievement of the operational results.

Appendix A – Specific lines of enquiry and criteria

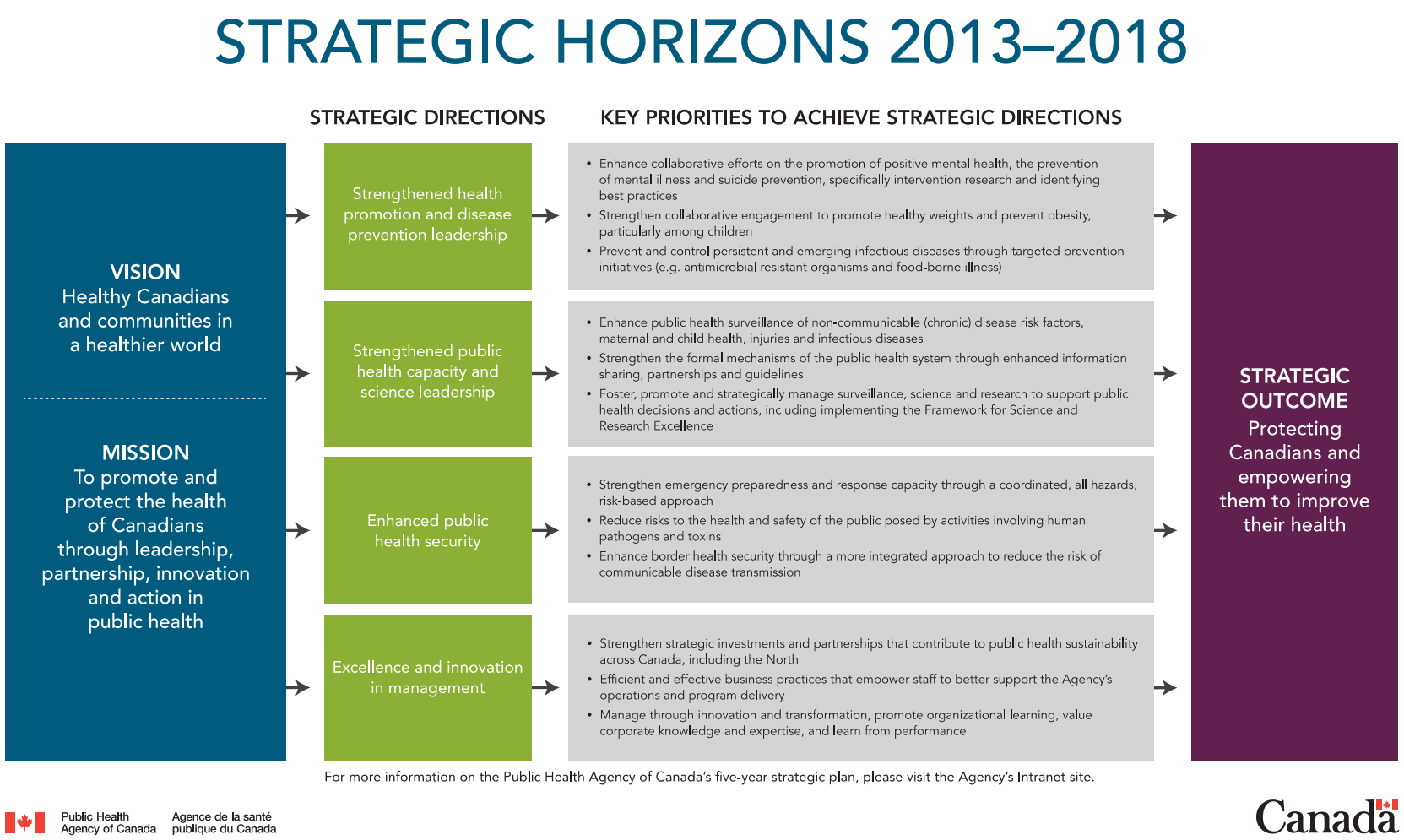
Audit of the Operation Planning Process	
Criteria Title	**Audit Criteria**
Line of Enquiry 1: Governance	
1.1 Strategic objectives[1,5]	The Agency has in place an approved operational plan and corresponding activities aimed at achieving its strategic objectives.
1.2 Roles and responsibilities[1]	Roles and responsibilities are documented and communicated to all key stakeholders.
1.3 Information for decision-making[1,2,3]	Management receives timely, complete and accurate information to support ongoing planning decisions.
Line of Enquiry 2: Risk management	
2.1 Planning risks[1,3,4]	The operational planning process has incorporated measures to identify, mitigate and report on the risks (for example, financial, reputational, compliance, etc.) that could impact the Agency's ability to achieve its objectives.
Line of Enquiry 3: Internal control	
3.1 Planning integration[1,4,5]	The operational planning process incorporates branch and functional level detailed plans (financial, human resources, information management/information technology, procurement, accommodations and communications) and integrates with key information from the Corporate Risk Profile and the Investment Plan.
3.2 Tools and guidance[1,5]	Tools and guidance are provided to support the integrated operational planning process.
3.3 Monitoring[2,5]	Management monitors actual performance against planned results, makes adjustments as required, and reports on progress towards meeting the Agency's priorities.

[1] Office of the Comptroller General. Internal Audit Criteria Related to the Management Accountability Framework.
[2] Treasury Board *Policy on Financial Resource Management, Information and Reporting.*
[3] Treasury Board *Policy on Management, Resources, and Results Structure.*
[4] Treasury Board *Policy on Financial Management Governance.*
[5] 2013-14 Branch Agency Operational Planning Plan Overview, Public Health Agency of Canada.

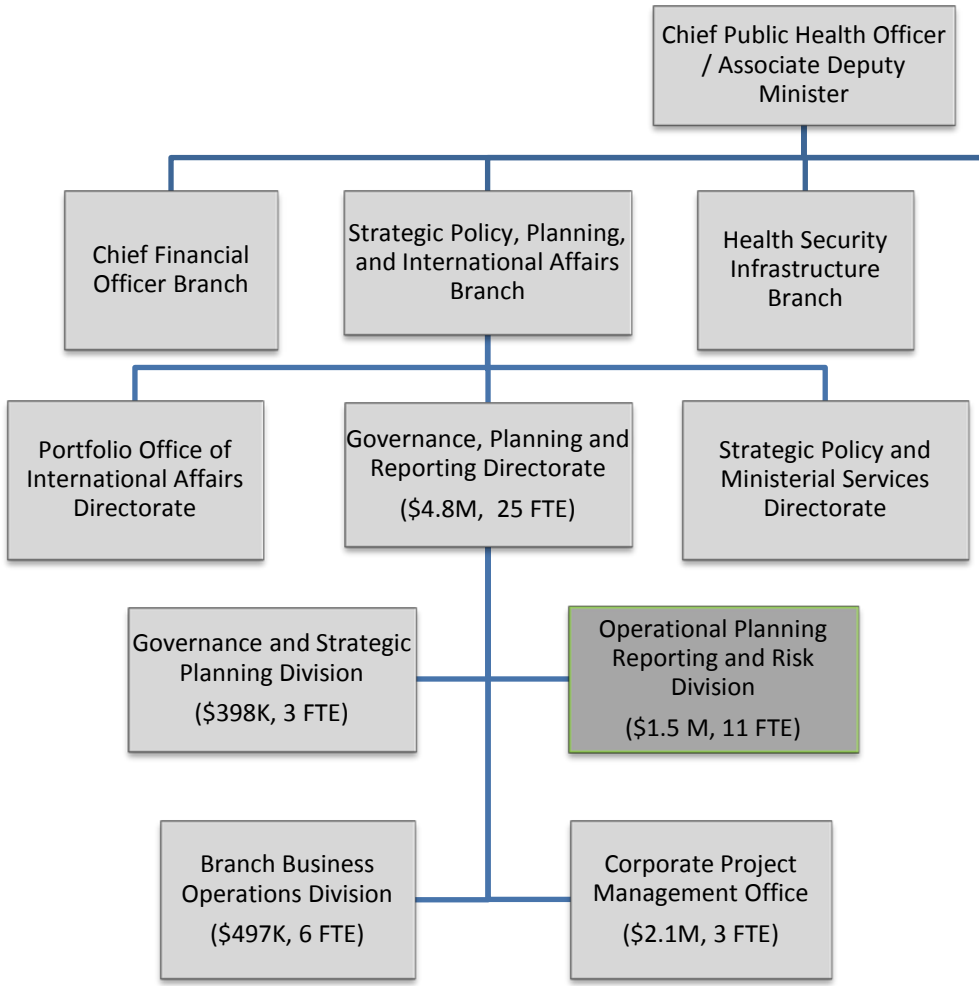
Appendix B – Scorecard

Audit of the Operational Planning Process			
Criterion	**Rating**	**Conclusion**	**Rec. #**
Governance			
1.1 Strategic objectives	**Needs moderate improvement**	The Agency has an approved operational plan that does not reflect all key activities and resources aimed at achieving its objectives.	Reference rec. 1
1.2 Roles and responsibilities	**Needs minor improvement**	The roles and responsibilities are defined and communicated to all key stakeholders. It would be beneficial for the Agency that OPRRMD ensures that areas of internal dependency are endorsed by respective branch and internal/shared services parties.	Reference rec. 5
1.3 Information for decision-making	**Needs moderate improvement**	The Agency would gain from earlier planning process, appropriate level of plan details, completeness of internal services information, and accurate information. These improvements will provide management with timely, complete and accurate information to support ongoing planning decisions.	1, 2
Risk management			
2.1 Planning risks	**Needs moderate improvement**	While the Agency has identified the significant risks in the branch plans, all mitigation strategies have not been fully integrated in the plans.	Reference rec. 3
Internal controls			
3.1 Planning integration	**Needs improvement**	The AOP needs to incorporate Agency internal service requirements and needs to be better integrated with the Agency's Corporate Risk Profile and Investment Plan.	3 Reference rec. 4
3.2 Tools and guidance	**Needs moderate improvement**	Improvements to the tools currently in place are required to improve support for the operational planning process and to clarify how Agency needs for shared internal services are to be conveyed to the responsible shared services leads.	4
3.3 Monitoring	**Needs moderate improvement**	Monitoring of actual performance of progress towards achievement of the operational results and regularly reporting to Executive Committee is required.	5

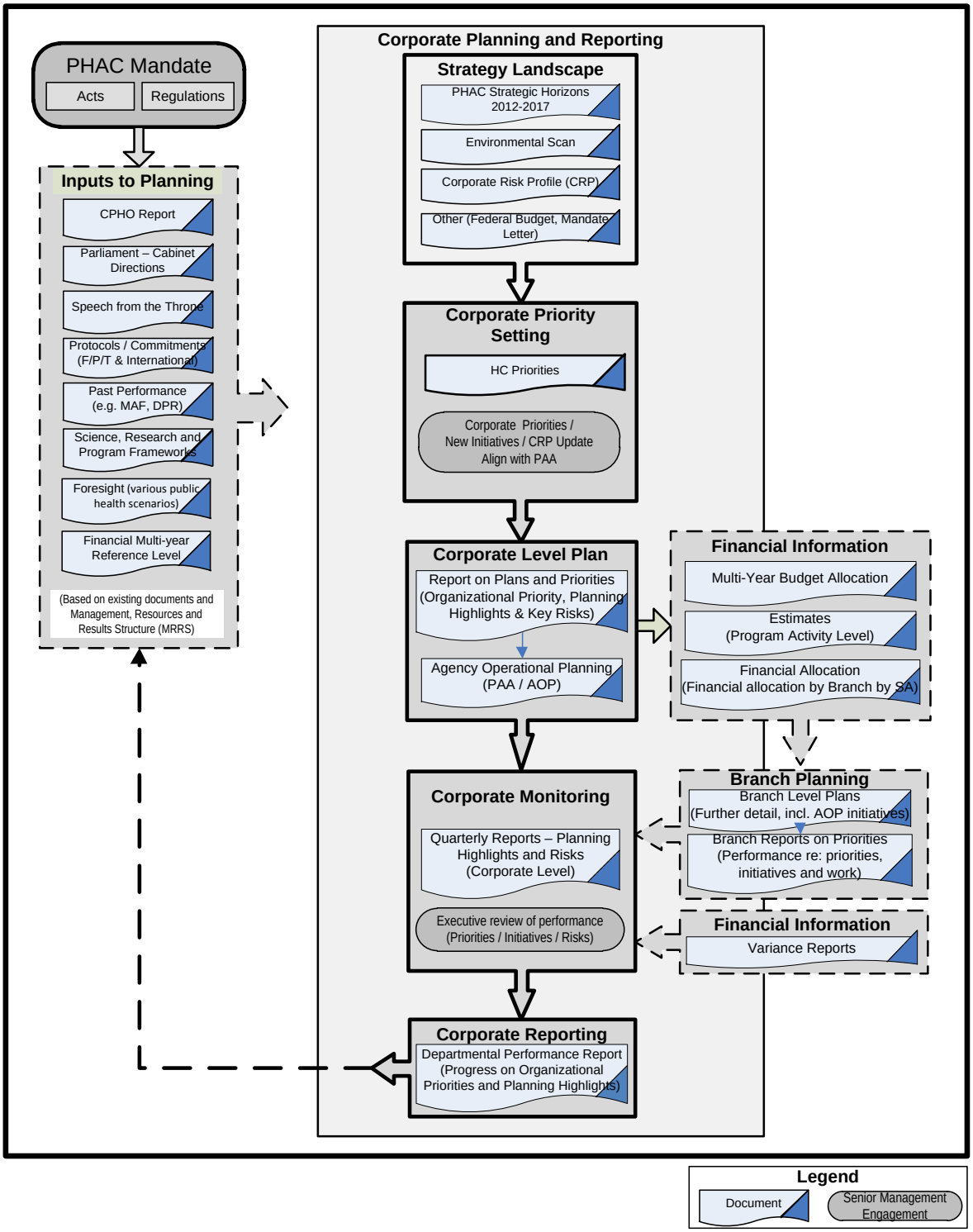
Appendix C – Summary of Public Health Agency of Canada priorities



Appendix D – Organizational chart and profile



2013-14 Planned Spending, as per Report on Plans and Priorities

PAA	Planned Spending ($M)	FTEs
Public Health Infrastructure	$135.1	778
Health Security	$48.9	231
Health Promotion and Disease Prevention	$311.7	897
Internal Services	$90.9	615
Total	$586.6	2,521

Appendix E – Integrated risk-based planning and reporting flowchart