



Canadian Space Agency
Agence spatiale
canadienne



**MANAGEMENT ACTION PLANS
FOLLOW-UP FOR INTERNAL AUDIT**

**Annual Report
as at March 31, 2011**

Audit and Evaluation Directorate

June 2011

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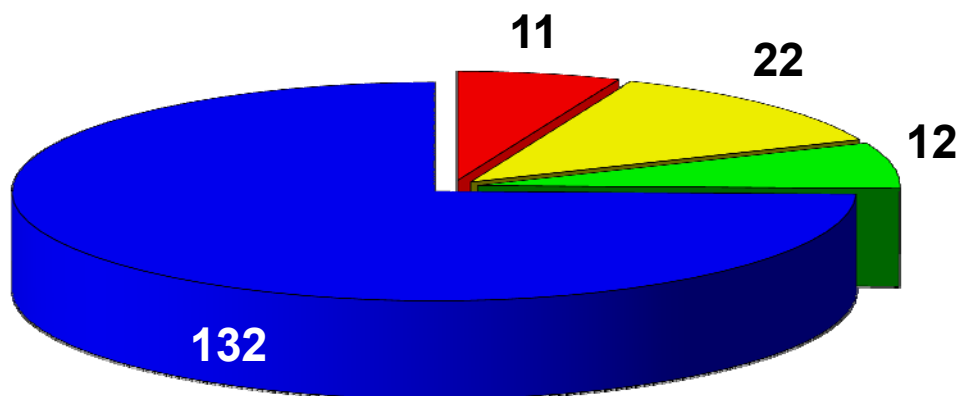
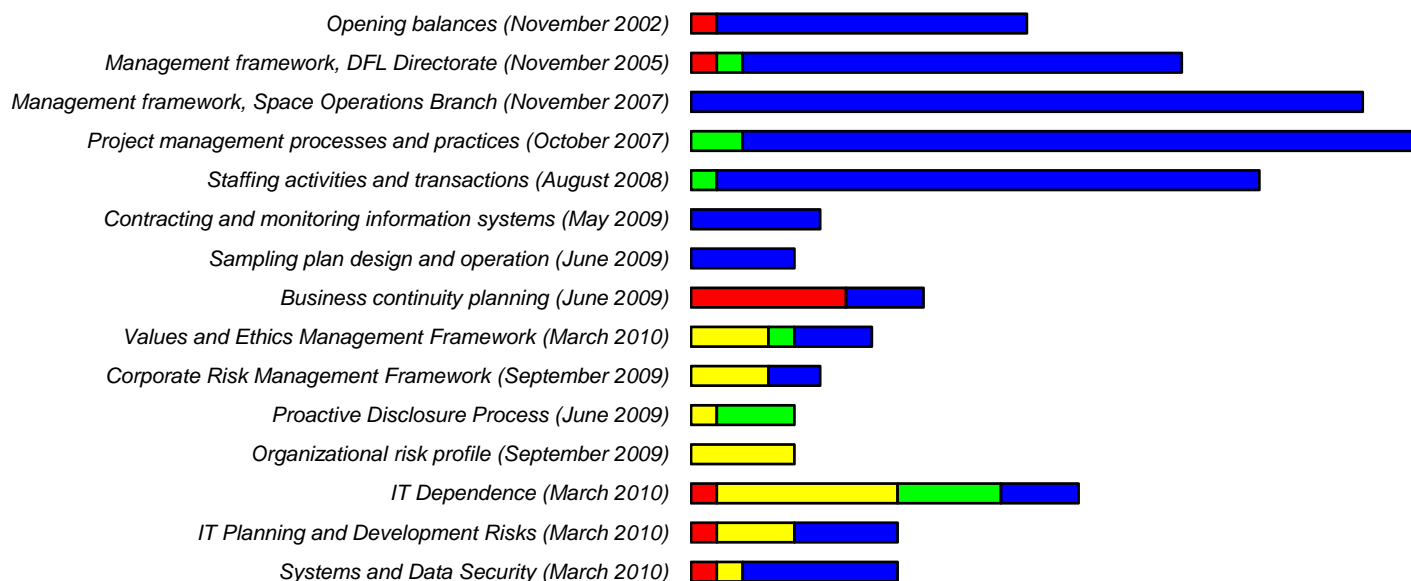
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IMPLEMENTATION SUMMARY

This follow-up report on the implementation of management action plans concludes the internal audit process and outlines the measures taken by the various entities concerned in response to our findings and recommendations. As part of the follow-up process in effect, management action plans are to be reviewed annually until they are fully implemented, and the extent of implementation is to be assessed and reported to the Departmental Audit Committee (DAC).

This annual report contains the follow-up findings as at March 31, 2011, for 15 audit projects and for which reports and management action plans have been submitted to and approved by the DAC. The following charts give an overview of the implementation status of the management action plan elements.



The following pages set out in detail the progress of the action plans for each of the audit projects.



Audit project: 01/02 01-04

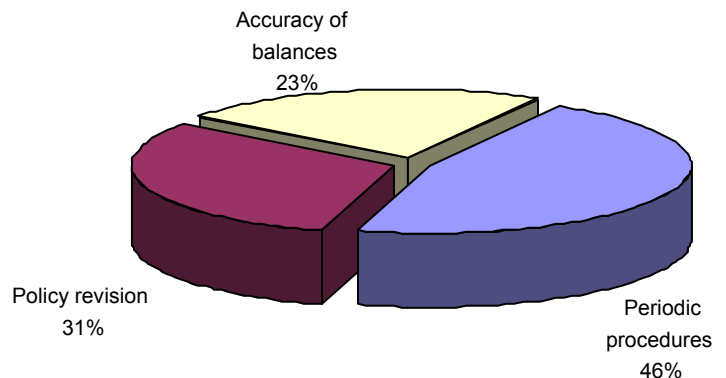
OPENING BALANCES

Audit project objective

In the framework of Financial Information Strategy (FIS), the establishment of opening balances as at April 1, 2001, was the starting point for recording and accountability under the new accounting standards. The purpose of this project was to ensure that the opening balances had been correctly established and recorded in compliance with the new accounting conventions.

Nature of recommendations

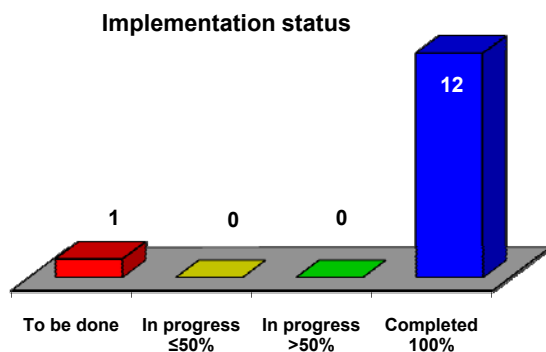
It was pointed out in the audit report submitted in November 2002 that the opening balances as at April 1, 2001, as reviewed and corrected with the participation of the Receiver General and the Treasury Board Secretariat (TBS), complied with requirements. However, we submitted recommendations to the Finance Directorate to the effect that the accuracy of audit balances could be guaranteed throughout the year by validating the balances of certain accounts, setting up periodic account analysis procedures and making effective policies available to staff.



Implementation status

Only one aspect of the plan still requires management action. It is necessary to determine the value of Canadian Space Agency (CSA) inventory. This exercise must be carried out to assess materiality and to indicate fair value in the financial statements, where applicable. Some unsuccessful action plans have been developed over the years. The value of CSA inventory has not yet been determined. However, a new strategy has been proposed for 2011. An analysis of general ledger (GL) accounts that likely contain items regarded as inventory will be done. It will then be decided whether to report them as inventory (definition of CSA inventory). If so, they will be valued.

The established deadline is June 30, 2011.



Audit project: 04/05 01-03

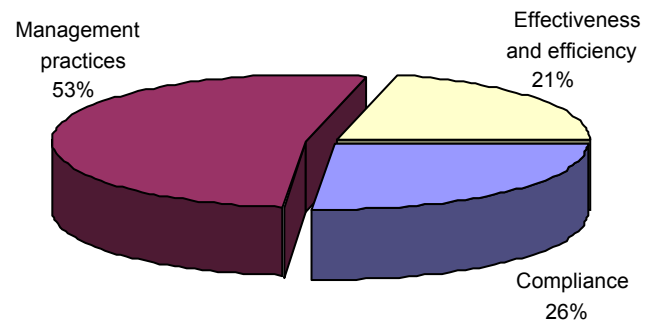
MANAGEMENT FRAMEWORK, DAVID FLORIDA LABORATORY DIRECTORATE

Audit project objective

The audit project objective was to evaluate the extent to which governance, operations and information system elements in the David Florida Laboratory (DFL) Directorate’s management framework allow the DFL to fulfil its mandate; carry out operations effectively, efficiently and economically while complying with requirements prescribed by acts, regulations and policies; and protect and account for the use of resources.

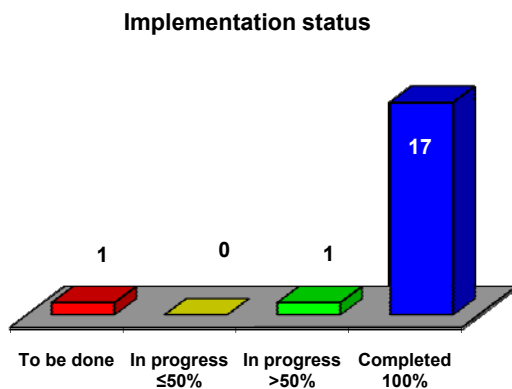
Nature of recommendations

Observations and recommendations to management focused on improving financial information quality, demonstrating transparency and equity when levying external user fees and managing accounts receivable more rigorously.



Implementation status

Financial Services have updated actual costs and finalized billing rates. The review of practices related to billing and accounts receivable processes has now been completed and has reached the final approval stage.



Analysis continues to review the value of DFL inventories. An action plan has been established to value these assets. Once DFL assets have been inventoried, real assets will be reconciled with assets on the books. Subsequently, adjustments for inventory variations will be carried out.



Audit project: 05/06 01-03

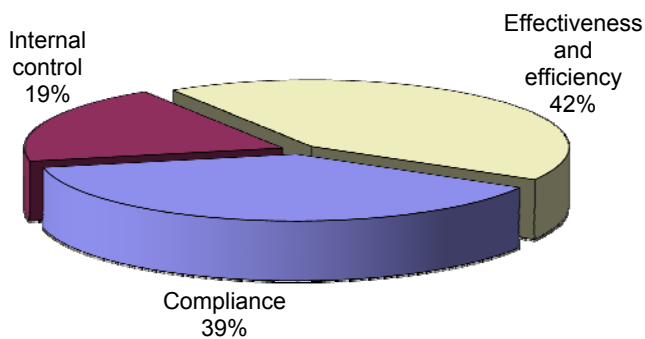
MANAGEMENT FRAMEWORK, SPACE OPERATIONS BRANCH

Audit project objective

The objective of this audit project was to evaluate the extent to which elements of the Space Operations Branch’s management framework (excluding DFL) concerning governance, operations and information systems allow the Branch to fulfil its mandate, carry out its operations effectively, efficiently and economically while complying with requirements prescribed by acts, regulations and policies, and protect and account for the use of resources.

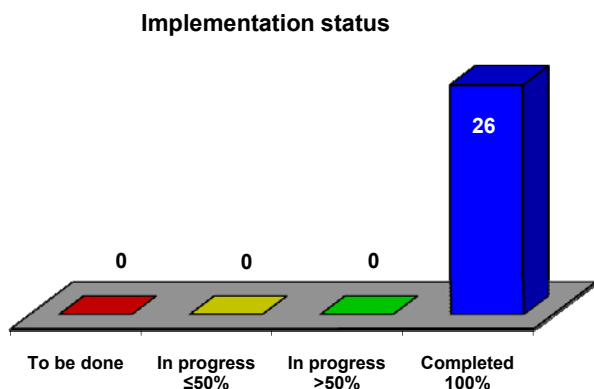
Nature of recommendations

We reported in September 2007 that management needed to exercise more control over its expenditures and revenue collection, while some practices needed to be rethought to improve their efficiency and effectiveness. Even though the audit project was specifically concerned with the Space Operations Branch’s management framework, we reported that the Agency also needed a management framework more in line with TBS requirements, in particular as regards planning and program performance measurement.



Implementation status

The CSA has developed a new program activity architecture (PAA) that is in line with the new Long-Term Space Plan and TBS requirements in this regard. Moreover, a new performance measurement framework (PMF) will make it possible to measure the results of the PAA’s various components.



There are also plans to evaluate each CSA program over a five-year period, in accordance with the new evaluation plan. The Governance, Planning and Performance Group (GPP) thus measures each program’s annual performance, resulting in the year-end Departmental Performance Report (DPR). These activities should be helpful for making decisions and setting priorities.

We now deem that all recommendations related to this audit, and the resulting action plan, have been implemented. We have finished monitoring the implementation of the management action plan for this project.



Audit project: 06/07 01-03

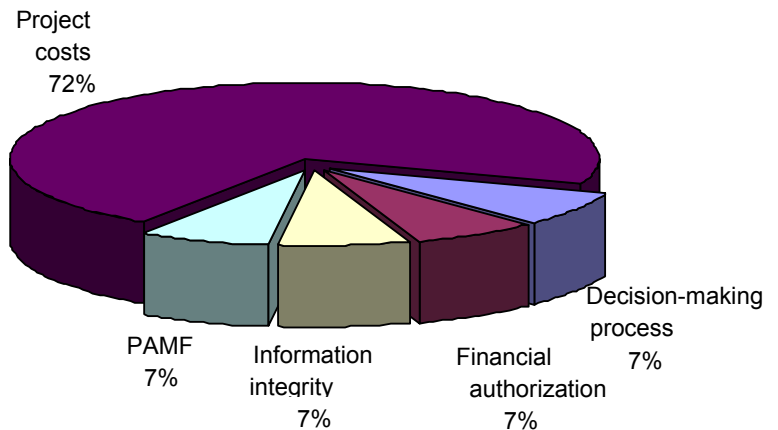
PROJECT MANAGEMENT PROCESSES AND PRACTICES

Audit project objective

The objective of this audit project was to assess to what extent the CSA's project management processes and practices (Phases 0 to E inclusive) enable it to make informed decisions as to the choice of projects/initiatives to be financed; to follow up appropriately; to implement the approved initiatives in line with the principles of effectiveness, efficiency and economy; to attain the planned results as set out in the main planning documents; to comply with all relevant policies, regulations and guidelines issued by CSA and the central agencies; and to report on resource use.

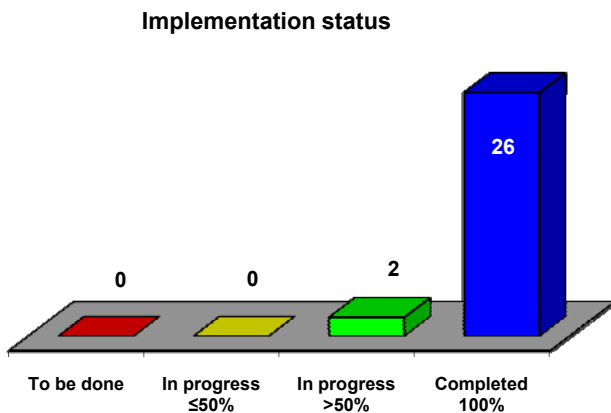
Nature of recommendations

We reported in October 2007 that the CSA had developed good project and risk management frameworks but did not make proper use of them in day-to-day management. We also observed that cost/benefit performance problems, missed deadlines and cost overruns were endemic in the projects conducted by the Agency. Our findings concerned the decision-making process, obtaining financial authority, information integrity, the Project Approval and Management Framework (PAMF), project planning, changes in project scope, cost estimates, technology maturity, project follow-up, risk management and performance evaluation.



Implementation status

Some aspects of the action plan were still pending at the beginning of the year, including the development of a strategic and implementation plan, the setting of priorities to reduce the number of current projects, and the review of the project approval procedure. The Long-Term Space Plan (LTSP) and its implementation plan have been developed but are still awaiting approval. Under the circumstances, the internal audit deems that management has met two of the recommendations pending, by proposing action that it could take. What happens next depends on external stakeholders. (This refers to LTSP approval.) Action remains to be taken on two recommendations: to review the project approval procedure and to prioritize projects. These items are part of the CSA governance processes that the GPP group is currently reviewing. A new governance framework will be established within the next year.



Audit project: 07/08 01-04

STAFFING ACTIVITIES AND TRANSACTIONS

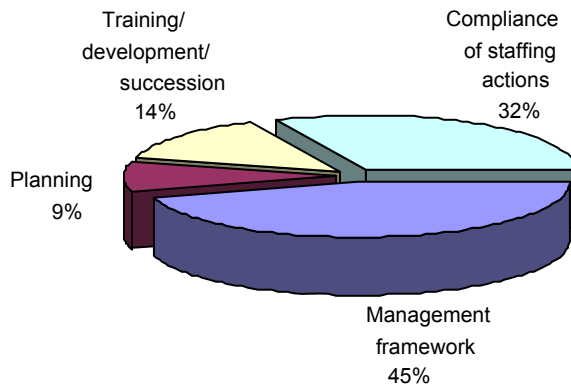
Audit project objectives

The objectives of this audit were to evaluate the extent to which the recommendations of the Public Service Commission (PSC) audit report of May 2006 had been implemented and to determine whether the management framework for staffing activities and transactions were consistent with the new *Public Service Employment Act* and with PSC policies, regulations and orders.

Nature of recommendations

In August 2008, we reported that although there was still some work that needed to be done, our view was that management had responded with due diligence to the recommendations in the PSC report.

We also drew management’s attention to the challenges in store for the CSA with respect to its workload and succession planning. We indicated that measures would be required to manage the workload with a view to filling vacant positions within a reasonable time frame and to cope with the massive departures expected in a number of key groups over the coming years.

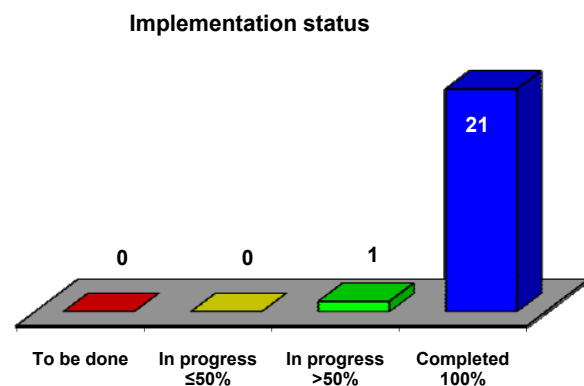


Implementation status

Significant progress has been made in fully implementing the recommendations of this report. The CSA has strategically planned its human resources through integrated human resource planning (IHRP). This document analyzes the CSA’s environment and organizational requirements, and sets priorities for the coming years. Once the Space Plan is approved, this planning must be integrated into a strategic human resources plan. A change in the structure of operational and functional

staffing has thus led to additional resources. These resources will play a coaching and monitoring role in all staffing files.

The last pending recommendation for this project concerns service agreements. These agreements are in place for staffing, classification and pay processes. However, a way must be developed to measure implementation time.



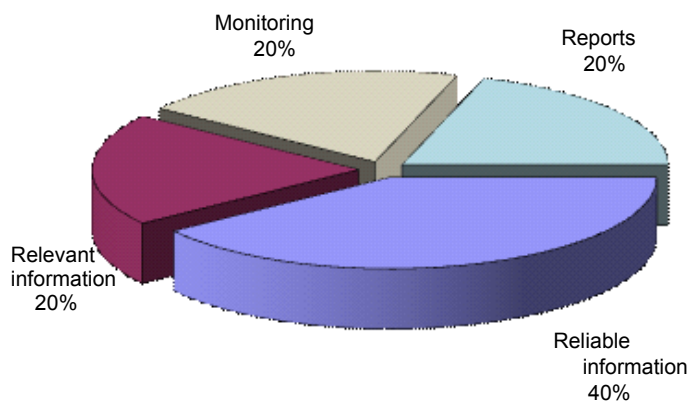
Audit project: OCG-01

CONTRACTING AND MONITORING INFORMATION SYSTEMS

Audit project objective

This audit was carried out in 2009 by the Office of the Comptroller General (OCG) as part of its Horizontal Audit Plan. The audit objective was to provide reasonable assurances that:

- Management receives relevant and reliable contracting information in support of informed decision making, risk management and disclosure, and
- Effective governance structures are in place to review contracting trends and risks and take the necessary measures.



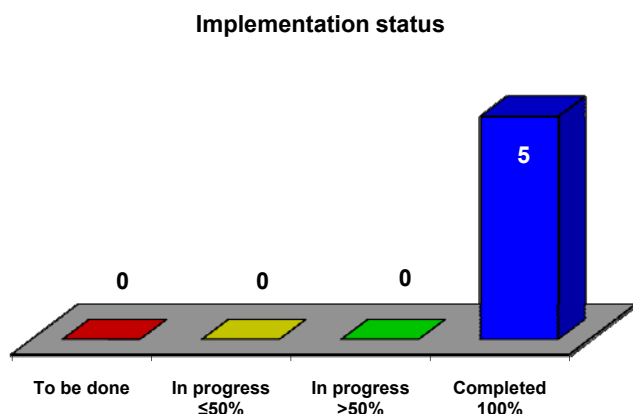
Nature of recommendations

In May 2009, the OCG’s audit report recommended that a variety of measures be taken to ensure that the CSA has reliable information, implements operational monitoring mechanisms and defines reporting requirements.

Implementation status

In view of the activities implemented, we deem that management has followed up on all of the recommendations that the OCG has made.

- Management has amended the user guide, describing stakeholders’ roles and responsibilities, and specifying that the technical specialist on procurement is accountable for contracting.
- Management has introduced quarterly sampling through the contract audit document to ensure that contracting activities comply with contracting policies and regulations.



- Management has identified a series of improvements to the contract quality control system, following a 2010–2011 contracting and procurement management audit.
- Management has developed contracting activity reports, submitted annually to the Chief Financial Officer and the Treasury Board Secretariat.
- Management has increased monitoring of procurement risks and contracting compliance requirements.



Audit project: 08/09 01-01

SAMPLING PLAN DESIGN AND OPERATION

Audit project objective

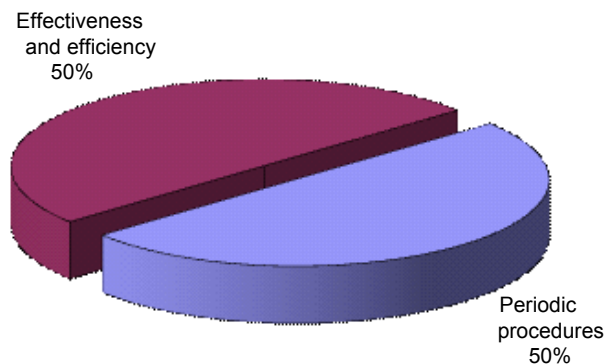
The audit objective was to assess the design and operation of the monitoring system developed to identify high-risk operations for review and validation.

Nature of recommendations

In October 2008, we reported that management had implemented a sampling plan that allowed the identification of high-risk operations for audit purposes.

We also made recommendations to management aimed at improving the effectiveness and cost-effectiveness of the design and operation of the sampling plan in order to make better use of resources.

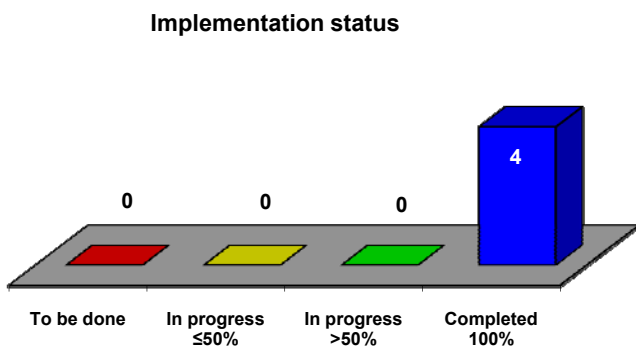
We recommended that, every year, the sampling plan be revised, the level of risk of operations categories be reviewed, periodic reports on identified errors be produced and a corrective and follow-up mechanism be implemented for staff of the various sectors.



Implementation status

In view of the activities implemented, we deem that management has finalized implementation of the action plan to meet the recommendations made in the audit report. Management has produced quarterly Central Accounting Verification System (CAVS) reports on error rates. This has made it possible to analyze the types and total number of errors, to evaluate the quality of the sampling plan, and to ensure the establishment of remedial and follow-up mechanisms for the staff of the sectors concerned. These reports are used to support the review or non-review of sampling parameters, including the level of risk of each type of operation. They are also used to ensure the effectiveness and cost-effectiveness of the system that is in place.

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Audit project: 08/09 01-02

BUSINESS CONTINUITY PLANNING

Audit project objective

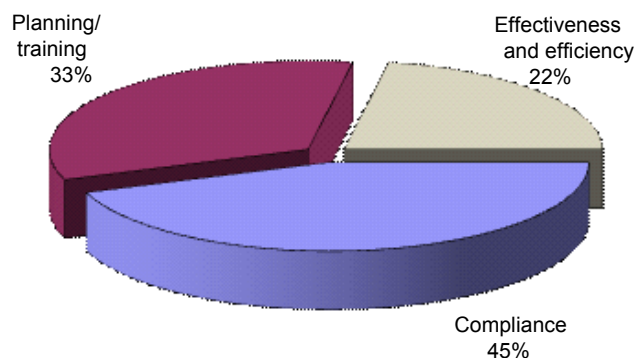
The objective of this audit was to evaluate the compliance of the Business Continuity Planning (BCP) Program, whose purpose is to maintain essential operations in the event of a disaster at the Canadian Space Agency.

Nature of recommendations

In January 2009, we reported that management had implemented a governance framework and plans in keeping with the Policy on Government Security and Operational Security Standard on Business Continuity Planning.

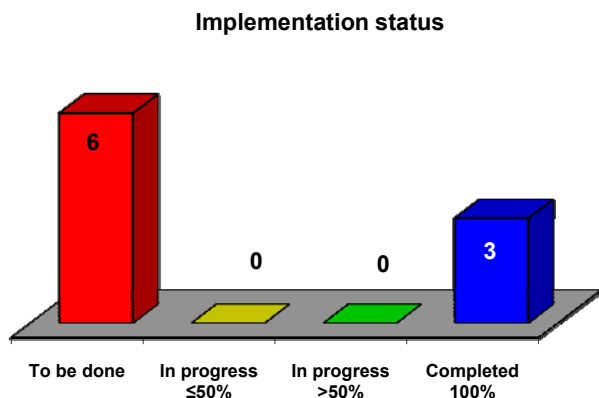
However, we recommended that the implementation of the CSA’s BCP Program be completed.

We recommended that the corporate policy be finalized, replacements for the corporate coordination cell be designated, training sessions be organized and business continuity plans related to essential services be finalized.



Implementation status

During the year, management followed up on three of nine activities planned for March 31, 2011. Given the analyses complexity regarding the repercussions of interruptions and the corporate business continuity plan, management established a progressive plan to be applied through to April 2013. This plan will finalize the implementation of the activities involved in following up on proposed recommendations. Note that the implementation of Influenza A (H1N1) prevention activities dominated 2009–2010. Management also introduced a business continuity planning directive, approved by the Executive Committee, and shared it with representatives in each sector. Moreover, alternates were designated for members of the departmental coordination unit to ensure the continuity of the three CSA operations deemed essential in the event of a disaster.



Audit project: 08/09 01-03

VALUES AND ETHICS MANAGEMENT FRAMEWORK

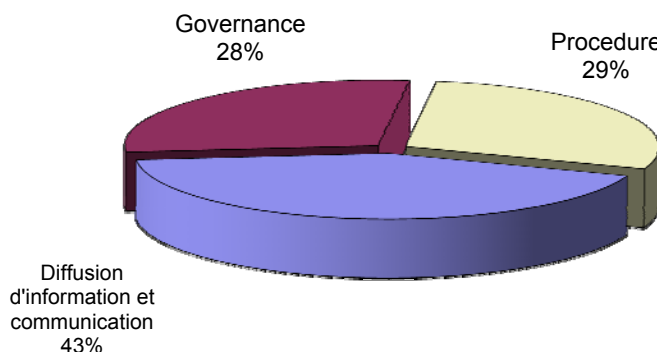
Audit project objective

The audit evaluated how well the President of the CSA integrated control activities to highlight the importance of values and ethics in achieving organizational objectives.

Nature of recommendations

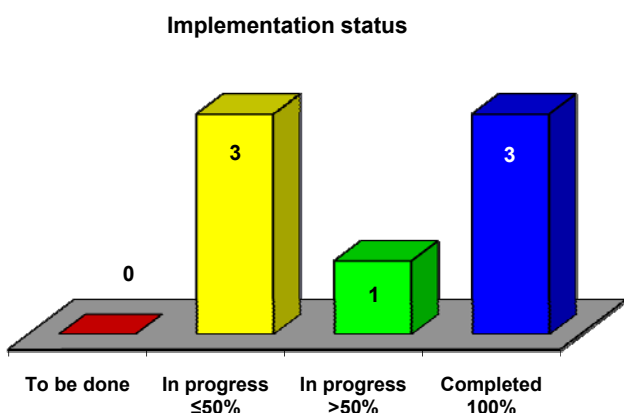
In March 2010, we reported that management had generally implemented activities to promote values and ethics at the CSA.

However, we also focused management’s attention on recommendations designed to improve governance, procedure, dissemination of information and communication on values and ethics.



Implementation status

During the year, management monitored three of seven activities whose deadline was March 31, 2011. Management appointed responsible officers and also began to hold regular meetings of the steering committee to ensure that the CSA’s values and ethics program activities were implemented as planned. Employees were also informed, through the intranet, about the CSA’s procedure for the disclosure of wrongdoing. Management is continuing its efforts to complete the other activities by September 30, 2011. However, a new code of conduct for the public service is awaiting approval by Cabinet and Parliament. The content of the Agency’s code of conduct will be adapted to the new code that is approved.



The four pending activities involve:

- the values and ethics dissemination plan;
- the CSA’s increased promotion of values and ethics;
- evaluation of the possibility of periodically requiring employees to certify compliance with the Values and Ethics Code for the Public Service, and all managers to file a duly completed confidential report; and
- implementation of a formal procedure for handling confidential reports.



Audit project: 08/09 01-04

CORPORATE RISK MANAGEMENT FRAMEWORK

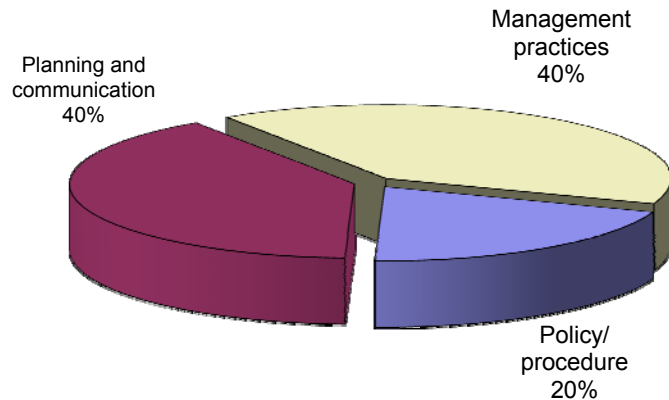
Audit project objective

The audit involved evaluating how well management established a corporate risk management framework to ensure the consideration of risks arising from its operations.

Nature of recommendations

In September 2009, we reported that, in general, management has put a CSA corporate risk management framework in place, reflecting the elements of the TBS Integrated Risk Management Framework (IRMF).

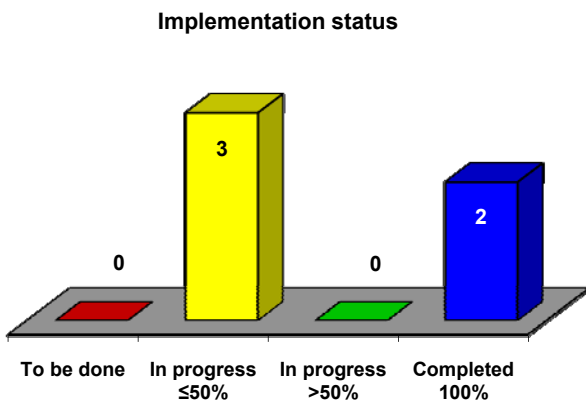
However, some recommendations were made to improve management, planning and communication practices, as well as policies and procedures.



Implementation status

During the year, management followed up on two of five activities planned as at March 31, 2011. Management appointed a risk management champion and assigned responsibility for the risk management function to the incumbent of the position of Director, Governance, Planning and Performance. Management continues its efforts to complete the other activities as at June 30, 2011.

The three outstanding activities involve (1) finalizing the new integrated risk management policy and related procedures; (2) providing the clarifications needed to clearly distinguish the corporate IRMF from the project management framework; and (3) presenting information on the corporate IRMF in its own section of the intranet.



Audit project: 09/10 01-01

PROACTIVE DISCLOSURE PROCESS

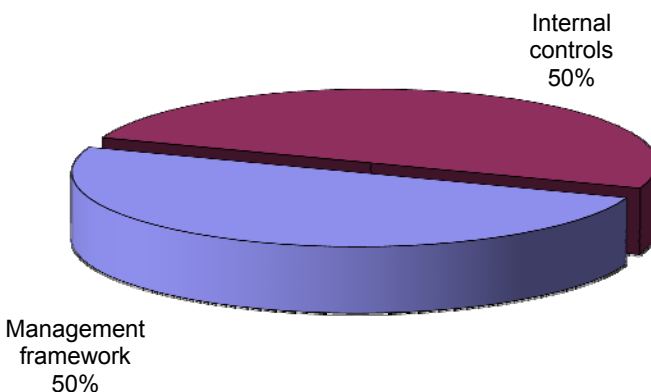
Audit project objective

The objective of the audit project was to determine whether the existing management framework allows the Canadian Space Agency to meet government requirements for proactive disclosure of financial and human resources information.

Nature of recommendations

In June 2010, we reported our finding that management had established a management framework, allowing it to meet requirements concerning proactive disclosure.

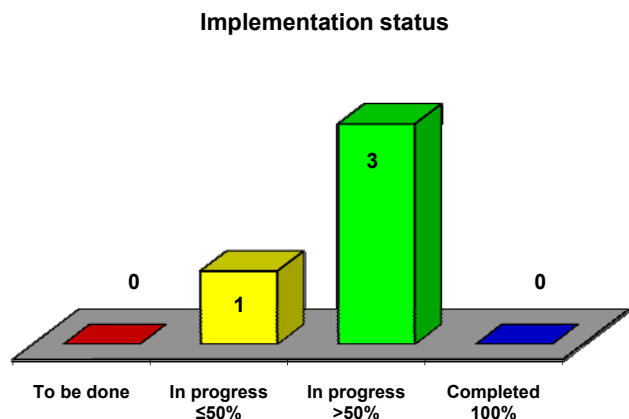
We drew management’s attention to some observations and recommendations that were mainly designed to make some elements of its management framework more effective.



Among other things, management needed to pay particular attention to documenting duties, roles and responsibilities related to publishing grants and contributions over \$25,000. For each item disclosed, moreover, we recommended including a procedure to audit data following quarterly publication to identify discrepancies. Finally, we recommended reviewing procedures for disclosing contracts to ensure publication of all contracts over \$10,000.

Implementation status

Management has taken steps to include a procedure to audit data following quarterly publication when publishing travel expenses, grants and contributions over \$25,000, and reclassifications. Some recommendations still require management action. They involve documenting duties to be performed, and roles and responsibilities in disclosing grants and contributions over \$25,000. Contracts over \$10,000, published in previous quarters, will also be validated the next time data is published (for the fourth quarter of 2010–2011). All activities in the action plan are expected to be completed within the next year.



Audit project: BCG-02

ORGANIZATIONAL RISK PROFILE (ORP)

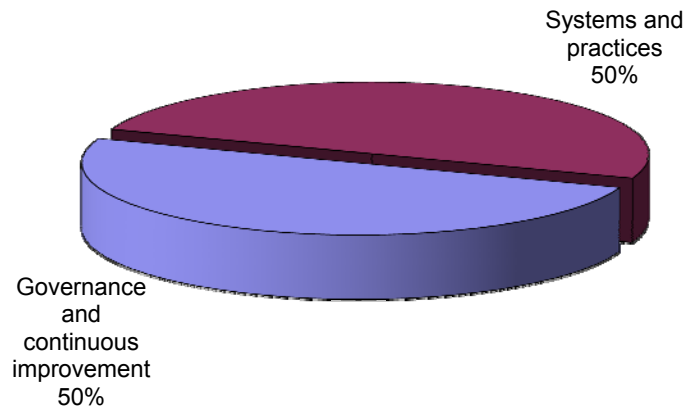
Audit project objective

The Office of the Comptroller General conducted this audit in 2009 as part of its horizontal audit plan. The audit objective was to determine whether organizational risk management systems and practices, especially those associated with ORPs, are in place to confirm the existence of risk identification and mitigation strategies in the activities of large departments and agencies (LDAs).

Nature of recommendations

In September 2009, the audit report tabled by the OCG recommended various measures to improve governance and continuous improvement, as well as systems and practices surrounding the ORPs of LDAs.

- Management should assign risk management roles and responsibilities to senior managers.
- Management should review its systems and procedures annually to ensure that ORPs always consider relevant risks.
- Management should make sure that the risk identification process includes management and corporate risks, and also identifies external risks.
- Management should define, document and disseminate a shared concept and application of risk tolerance.

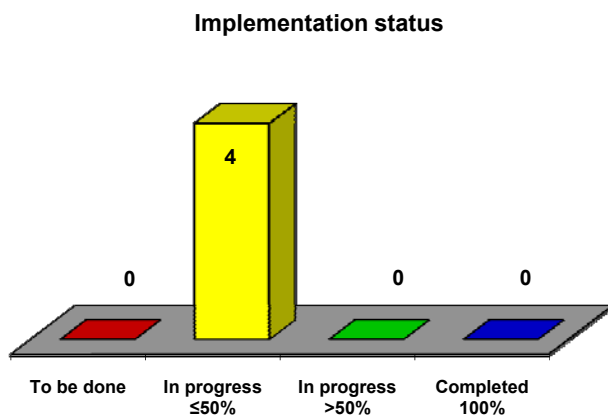


Implementation status

During the year, management launched its effort in response to the OCG’s recommendations.

Management continues annual reviews to define the corporate risk profile. Management is now finalizing the document defining related procedures so they are disseminated in a timely manner.

Management plans to finalize the integrated risk management framework, the new organizational risk management procedures and the new risk and opportunity profile by late September 2011.



Audit project: 09/10 01-03

INFORMATION TECHNOLOGY DEPENDENCE

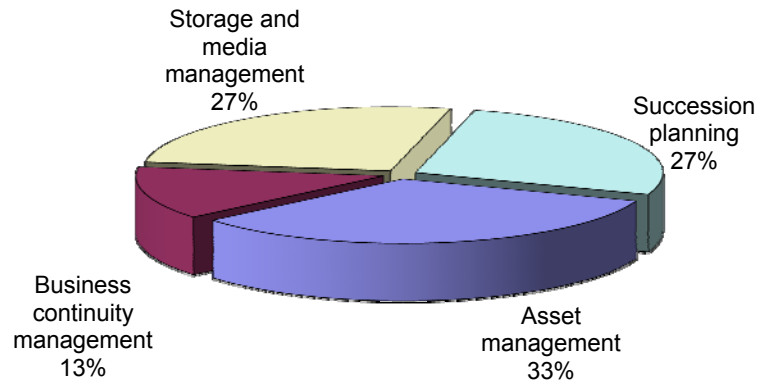
Audit project objective

The audit objective was to evaluate the adequacy and effectiveness of mechanisms in place to control processes and procedures designed to reduce the risk of dependence on information technology (IT) in the CSA's Information Management and Information Technology (IM/IT) sector.

Nature of recommendations

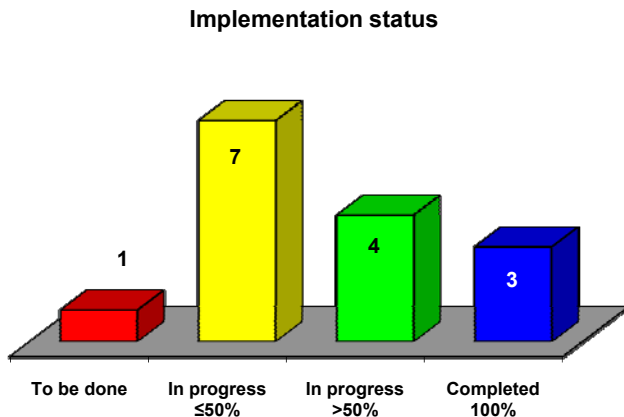
In March 2010, we identified a number of good practices relating to dependence on IT in the IM/IT sector. We also noted that the CSA attached great importance to the IM/IT strategic planning process.

However, some recommendations were made to reduce the risk of dependence on IT.



Implementation status

Management followed up on 3 of the 15 recommendations made in the audit report. Management ensured that employees took the training courses prescribed in their 2010–2011 training plans. Management reviewed the application portfolio to identify obsolete applications. The other recommendations are being implemented. They involve the technological environment, applications and licences, the business continuity plan, staffing and IT succession planning.



Note that some of the target dates prescribed in the initial action plan have been extended. However, management plans to finish implementing the recommendations by March 31, 2012, except for testing the business continuity plan, scheduled for 2014.



Audit project: 09/10 01-04

INFORMATION TECHNOLOGY PLANNING AND DEVELOPMENT RISKS

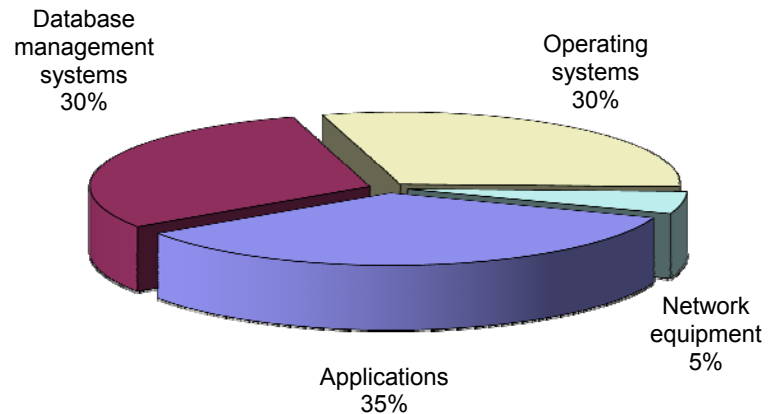
Audit project objective

The objective of the audit was to evaluate how well information technology planning and development processes and procedures made it possible to ensure that IT met user needs.

Nature of recommendations

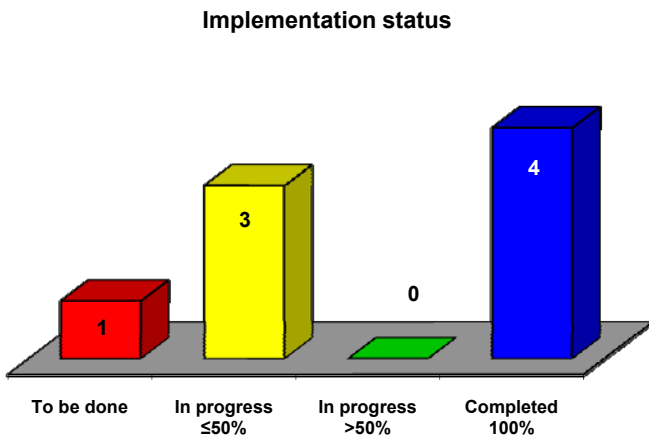
In March 2010, we identified a number of good practices with regard to IT planning and development. We noted that the Agency attached great importance to the Information Management and Information Technology strategic planning process.

However, some recommendations were made to help mitigate risks in IT planning and development.



Implementation status

Management followed up on four of eight recommendations made in the audit report. The following activities were implemented in response to these recommendations:



- Steps were taken to formalize the new change management process.
- Priorities were established in each sector for initiatives to be proposed in the coming year.
- Written confirmation must now be obtained from the owner of an application when systems are modified.
- With regard to developers' access to production environments, management decided not to take action. Management deemed that the risk was minimal. Management noted that the existing process would be reviewed if necessary.

Some of the target dates prescribed in the initial action plan have been extended, but management plans to finish fully implementing the initial action plan by March 31, 2013.



Audit project: 09/10 01-05

SYSTEMS AND DATA SECURITY

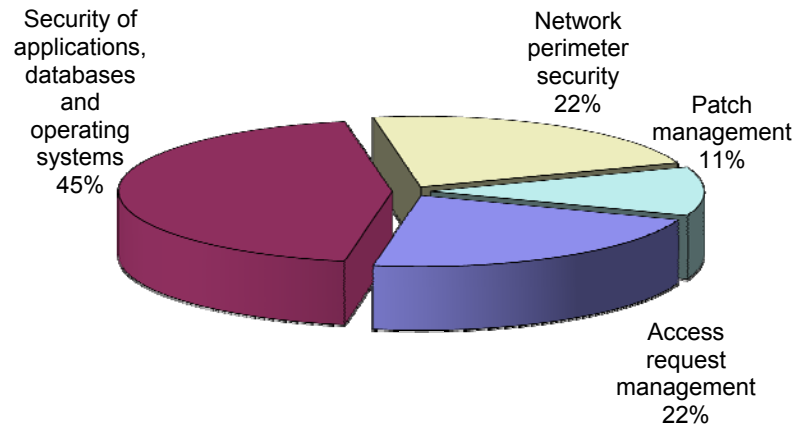
Audit project objective

The audit objective was to evaluate how well processes and procedures for the security of data and systems under the responsibility of Information Management and Information Technology provided adequate protection for the data and systems of the Canadian Space Agency.

Nature of recommendations

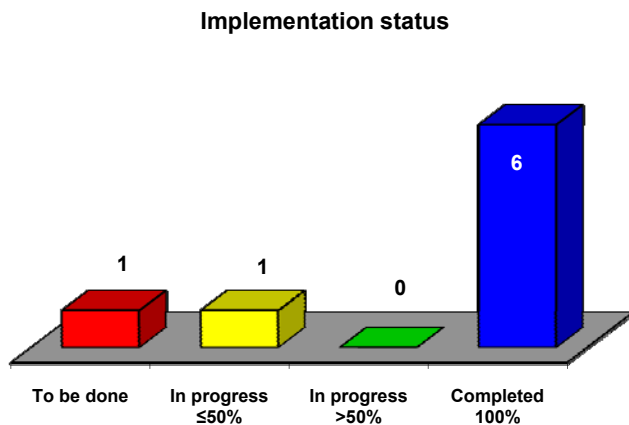
In March 2010, we identified a number of good practices relating to the security of data and systems for which IM/IT is responsible. We noted that the architecture of the network perimeter and the central strategy for antivirus mechanisms were well designed.

However, some recommendations were made to help mitigate risks related to the security of data and systems.



Implementation status

During the year, management followed up on six of eight recommendations made in the audit report. The following measures were implemented in response to these recommendations:



- Management agreed to continue documenting technology configuration standards.
- Complications were resolved in maintenance contracts with certain providers. Missing patches were then applied.
- The Oracle Journals project has been operating since February 28, 2011. This project allows Oracle journals located on various servers to be accessed from one central point.
- With the transition to Windows Vista, users are granted only the privileges they need to perform their duties.

- Temporary initial passwords are used as an option wherever possible.
- Managers realize the need to inform IM/IT of all staff movements and their impact on access.

Some of the target dates prescribed in the initial action plan have been extended, but management plans to fully implement the action plan by March 31, 2012.

