

June 2012



Report of the Auditor General of Canada to the Board of Internal Economy of the House of Commons

Administration of the House of Commons of Canada



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Auditor General of Canada
Vérificateur général du Canada

To the Honourable Speaker of the House of Commons:

I have the honour to transmit herewith this June 2012 report on the House of Commons Administration.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Ferguson'.

Michael Ferguson, FCA

OTTAWA, June 2012

Administration of the House of Commons of Canada

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Administration of the House of Commons of Canada

Main Points

What we examined

The House of Commons Administration has more than 1,800 employees whose mandate is to support all Members of the House of Commons by providing them with the services, infrastructure, and advice they need to carry out their parliamentary functions. We examined the services the Administration provides in the areas of financial management, human resources, information technology systems, security, and strategic and operational planning and reporting.

The Clerk of the House of Commons is the senior permanent officer of the House of Commons and is responsible for the management of the House of Commons Administration. The Clerk reports on the Administration to the Board of Internal Economy of the House of Commons. The Board has equal numbers of government and opposition representatives drawn from all recognized parties in the House, and is chaired by the Speaker. It is the governing body of the House Administration. The *Parliament of Canada Act* gives it the legal authority to act on all financial and administrative matters respecting the House, its premises, its services, its staff, and its Members.

This audit focused on whether the House Administration carries out the by-laws, policies, and directives set out by the Board of Internal Economy along with the policies that apply solely to the Administration. It looked at how well the Administration has carried out selected functions and whether it has appropriate systems and procedures in place to ensure that its objectives are met.

We last audited the House of Commons Administration in 1991. Audit work for this report covered the 2010–11 fiscal year and was substantially completed on 15 February 2012. More details on the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report.

Why it's important

The House of Commons is the keystone of Canadian democracy and is funded with public money. Canadians expect their public institutions to be well managed and accountable for the safeguarding of public assets and the use of public funds. This makes it important that the expenditures of the House and its Administration withstand public scrutiny and that appropriate policies and practices are in place to ensure fairness, consistency, and transparency. Transparency and accountability help to support the House's credibility and its reputation.

What we found

- The House of Commons Administration has the necessary policies in place to deliver services and advice to support Members of Parliament. It has appropriate policies and control systems in place to oversee expenditures and ensure that they conform with the by-laws, policies, and directives of the Board of Internal Economy. For the transactions tested, the results indicate that the House of Commons Administration adequately processed transactions but can improve the consistency of its documentation processes. We found no instances of significant non-compliance with the rules set out in the by-laws, policies, and directives of the Board, or with the Administration policies. However, the Administration has not systematically assessed risks faced by the Administration nor overall by the House of Commons, nor evaluated what mitigating actions are required or not required in addressing those risks.
- There are weaknesses in the Administration's contracting practices. It spent approximately \$60 million on procurement in the 2010–11 fiscal year. However, 41 of the 59 procurements tested did not meet all of the Administration's own policy and procedures. This result points to a widespread lack of compliance with the set of procedures that are designed to support fairness and transparency, achieve best value, and manage risks. These weaknesses resulted in errors ranging from missing documents to more serious issues such as awarding a contract to a bidder that clearly did not meet one of the mandatory requirements.
- The Administration has developed a corporate human resource management framework focused on its needs, service delivery, and talent management. This framework is supported by appropriate policies for its permanent employees, as well as guidelines and practices for staffing and recruitment, classification, and learning and development, and these are followed. Likewise, Information Services has in place policies and practices to ensure that the information technology needs of Members and the Administration are well served.

- Security Services responds to security risks and balances public access with the need to provide a safe and secure environment for Members, staff, and visitors. Coordination and communications between House of Commons Security Services and the Senate Protective Services and the Royal Canadian Mounted Police have improved in recent years. This is due, in large part, to the development of a Master Security Plan by the three forces that allows operations to be coordinated through a jointly staffed office.

The Administration has responded. The Administration agrees with all of our recommendations. Its detailed responses follow the recommendations throughout the report.

Introduction

1. Parliament is the cornerstone of our constitutional government and democratic practices. Parliamentarians' discussions and decisions affect our everyday lives. In their proceedings they debate, adopt legislation, and hold the government to account. Parliament's main functions are set out in the *Constitution Act, 1867* and the *Parliament of Canada Act*. Many other functions and practices are founded on unwritten constitutional principles that are based on the Westminster parliamentary system and, historically, principles of the House of Commons in the United Kingdom.
2. Canada's House of Commons is the federal assembly of individuals elected to represent citizens across the country and participate in the legislative process on their behalf. It consists of 308 Members of Parliament, or Members. Its financial and administrative affairs are governed through its Board of Internal Economy. The Board oversees the House of Commons Administration, which supports the functioning of the House.

The roles of a Member of Parliament

3. Members of Parliament represent electoral districts, or constituencies, which vary greatly in population and geographic size. For example, the constituency of Papineau covers only 9 square kilometres; the largest, Nunavut, has an area of 2,093,190 square kilometres. Nunavut also has the fewest electors (eligible voters) at 17,089, compared to 136,755 electors for Oak Ridges–Markham.
4. Members of Parliament participate in activities such as Question Period, debates, committee work, and caucus meetings. At the same time, they must respond to their constituents' needs and questions. When citizens seek action from a government department, need a passport, or are job hunting, they often turn to their Member of Parliament. Members deal with constituents' concerns in Ottawa as well as through their constituency office. Most Members spend considerable time travelling to and from Ottawa when the House of Commons is in session.
5. To fulfill these roles, each Member is allocated a basic annual budget. For the 2009–10 and 2010–11 fiscal years, the budget started at \$284,700. This amount increases according to the number of electors in the Member's constituency and the constituency's geographic area. A further supplement is allowed for Members representing constituencies listed in Schedule 3 of the *Canada Elections Act*,

Members' travel points—The House of Commons uses a point system to ensure that all Members have equivalent access to travel resources, regardless of their constituency's distance from Ottawa. The Board of Internal Economy approves the allocation of 64 points per fiscal year to each Member for regular trips between Ottawa and the Member's constituency. A limited number of points may be used for travel elsewhere in Canada and to Washington, D.C.

One point is deducted for each return trip taken by Members or their authorized travellers. Authorized travellers include the Member's eligible employees, parliamentary interns, the Member's dependants and one designated traveller, who could be the Member's spouse.

where travel conditions are difficult. Members spend against their budget to pay for expenses that include their office and staff, living expenses in Ottawa, their constituency offices, travel within the region of their constituency, and hospitality. In addition to the budget allocated to each Member, the House of Commons pays directly for certain Member expenses. These include airfare or other transportation costs to and from Ottawa in accordance with a system of **travel points**, as well as certain expenses for informatics, telecommunications, printing, office supplies, and constituency office furniture (Exhibit 1). Whether an expense is paid from the Member's office budget or by the House of Commons, each Member must submit claims to the Administration for review before it issues reimbursements.

6. The amount spent by Members from their office budgets was about \$97 million in the 2010–11 fiscal year. In addition, the House of Commons directly paid about \$36 million to reimburse Members' claims. These amounts do not include Members' sessional allowances (pay) and benefits. According to the 2011 Public Accounts, the total expenditures of the House of Commons, including the Administration and Members' pay and benefits, amounted to about \$424 million.

7. Members may also participate in parliamentary committees and in Canadian and international parliamentary associations. Expenses for these activities are charged to the appropriate committee or parliamentary association budgets. Members may also use their travel points to support their work in Canada or for trips to Washington, D.C.

Administration governance, structure, and services

8. **Board of Internal Economy.** As the governing body of the House of Commons and under the *Parliament of Canada Act*, the Board has legal authority to act on all financial and administrative matters respecting the House, its premises, services, staff, and Members. It also has authority to make by-laws concerning Members' use of the funds, goods, services, and premises made available to them.

9. The Board consists of equal numbers of government and opposition representatives drawn from all recognized parties in the House of Commons, and is chaired by the Speaker. The Clerk of the House acts as secretary.

Exhibit 1 Members' allowable expenses are paid from their office budgets or directly by the House of Commons

Expense category	Description	Paid from Member's office budget	Paid by House
Office staff	<ul style="list-style-type: none"> Members may hire regular, short-term, or on-call employees with maximum annual salaries established by the Board. 	✓	
Travel	Transportation for a Member, a designated traveller, or dependants: <ul style="list-style-type: none"> regular travel between constituency and Ottawa, and special trips, including travel within Canada and limited trips to Washington, D.C. (maximum of 64 travel points, including 25 points for special trips). Accommodation in the National Capital Region: <ul style="list-style-type: none"> Members may rent and claim living expenses for a secondary residence, or own a secondary residence and claim accommodation rates. They may also be reimbursed for stays in hotels or private accommodations. 		✓ ✓
Constituency office	<ul style="list-style-type: none"> Office lease, including insurance and utilities Furniture and equipment Computers and peripherals from the Constituency Office Furniture and Equipment Improvement Fund 	✓ ✓ ✓	✓ ✓
Hospitality	<ul style="list-style-type: none"> Up to 3% of Member's office budget for items related to parliamentary functions, apart from partisan activities. Includes meals and/or beverages, tickets to events, and token items or gifts. 	✓	
Advertising	<ul style="list-style-type: none"> Up to 10% of Member's office budget. Must support a specific purpose and follow content rules. 	✓	
Printing	<ul style="list-style-type: none"> Printing and photocopying of items to be sent to constituents (within limits) Postage Stationery, copies of reports 	✓ ✓ ✓	✓ ✓ ✓
Informatics and telecommunications	<ul style="list-style-type: none"> Telecommunications Computers 	✓ ✓	✓ ✓
Materials and supplies	<ul style="list-style-type: none"> As necessary for operation of Ottawa and constituency offices 	✓	✓
Training	<ul style="list-style-type: none"> For Members and employees: media relations, presentations, computer software For Members and spouses: official language lessons 	✓	✓ ✓

Note: The Individual Member's Expenditures report subdivides expenditures into those paid from Members' budgets and resources provided by the House. Expenditures must comply with conditions and restrictions set out by the Board of Internal Economy. For certain categories, the House of Commons pays directly for a standard level of equipment or services and Members pay for any additional equipment or services from their office budgets.

Source: House of Commons, Individual Member's Expenditures report for the Fiscal Year 2009–10

Rules for Members' budgets—The Board of Internal Economy has established rules for Members of Parliament, including limits on allowances and allowable expenses, which are listed in the Members' Allowances and Services manual. According to the *Parliament of Canada Act* and the by-laws, the Board has exclusive authority to determine whether an amount claimed by a Member is allowable. The Administration supports the role of Members by applying certain of these rules. It has also established policies that govern its own administrative practices.

10. The Board of Internal Economy sets **rules for Members' budgets**, including allowances for each expense category.

Non-allowable expenses include

- activities related to private interests or for the benefit of a Member's immediate family or another third party;
- activities related to the administration, organization, and internal communications of a political party;
- activities related to re-election or election of any candidate;
- business of any federal government department or organization; and
- donations or contributions, whether direct or indirect, to individuals or organizations.

11. If a Member seeks clarification of a rule or wishes to dispute a decision of the Administration, the Member is encouraged to discuss the issue with their party whip or their representative on the Board of Internal Economy. The Board's decision on any issue brought before it is final. Depending on the nature of the issue, the decision may set a precedent for dealing with similar matters in the future.

12. **House Administration.** Along with duties as chief procedural advisor to the Speaker, the House, and its committees, the Clerk is the chief executive officer of the House Administration. The Clerk chairs the Clerk's Management Group and reports to the Board. The Administration consists of more than 1,800 employees. They provide services, infrastructure, and advice to help Members carry out their parliamentary functions. The Administration is accountable to the Board.

13. Administration employees are appointed under the *Parliamentary Employment and Staff Relations Act*. They offer confidential advice and assistance in administrative, procedural, and legal matters, regardless of a Member's party affiliation. The Administration has six service areas: Procedural Services; the Office of the Law Clerk and Parliamentary Counsel; Information Services; Parliamentary Precinct Services; Finance Services; and Human Resources, Corporate Planning and Communications Services (Exhibit 2). Our audit focused primarily on the last four service areas.

Exhibit 2 The Administration of the House of Commons is divided into service areas

Procedural Services supplies non-partisan procedural and administrative advice to the House of Commons and its committees. It also provides support to parliamentary associations and exchanges by organizing, along with the Senate, the participation of Parliament and parliamentarians in international, inter-parliamentary, and protocol-related activities. It also produces and maintains the official agenda and proceedings of the House and its committees, and it organizes participation in international parliamentary associations.

The Office of the Law Clerk and Parliamentary Counsel provides confidential legal advice on constitutional and parliamentary law issues, on Members' legal rights and immunities, and on legal powers of the House and its committees. It also assists Members in the drafting of private Members' bills and amendments to Government bills and publishes all bills considered by the House of Commons during the legislative process.

Information Services supplies information management and information technology (including hardware, software, and network facilities) to Members in Ottawa and their constituency offices and caucuses, as well as the House Administration and the Library of Parliament. It also provides network services to the Senate of Canada, and it provides printing and publication services for the House of Commons and its Members.

Parliamentary Precinct Services looks after the interior of buildings under the jurisdiction of the House of Commons. It is responsible for security services; food services for restaurants, cafeterias, and catered events; parking and shuttle buses; messengers; maintenance and building services; and the Parliamentary Press Gallery.

Finance Services develops policy and provides advice and services related to accounting, financial planning, materiel management, and contracting. Policies for Members are set out in the Members' Allowances and Services manual. Finance Services maintains books and reports on all accounts and benefits of Members, committees, and the Administration.

Human Resources, Corporate Planning and Communications Services supplies all human resource management services to the Administration, as well as pay and benefits to Members and their staff. It also provides workplace health and safety, official language training, corporate strategic planning, and communications services.

Increasing demands for transparency and accountability

14. Recent years have seen increasing demands for political and government representatives to be held accountable for their use of public funds. Being transparent by providing meaningful information supports this accountability. The demands have been voiced by the media following reports that public funds had been misused in various ways.

15. Members of Parliament hold positions of trust and have considerable responsibilities to fulfill on behalf of their constituents and Canadians in general. With responsibility comes accountability. Members are individually accountable to their constituents for their actions.

16. Services provided by the Administration support Members in their parliamentary functions by assisting the Speaker in the Chamber as well as providing each Member with the administrative, technical, procedural, and legal support they need to carry out their parliamentary duties.

Focus of the audit

17. On 14 June 2010, the Board of Internal Economy invited the Auditor General of Canada to conduct a performance audit of the House of Commons Administration. The last audit focusing on the House Administration was reported in November 1991. We have performed other audits that touched on the Administration over the years, from 1980 to our 2010 Spring Report, Chapter 3—Rehabilitating the Parliament Buildings.

18. The current audit examined whether the House Administration has appropriate procedures in place to carry out the by-laws, policies, and directives of the Board of Internal Economy in the areas of financial management, human resources, information services, security, and strategic planning of the Administration. We looked at how the Administration applies these by-laws, policies, and directives, and whether it has appropriate systems and procedures in place to ensure compliance with the rules they set out.

19. We did not audit the Board of Internal Economy or Members of Parliament and the work performed by Members' employees or consultants in their Ottawa or constituency offices. Nor did we audit the procurement of professional services contracts awarded by individual Members. However, as part of our audit we tested individual financial, procurement, and human resource transactions processed by the Administration to determine whether they complied with policies and procedures. The samples we tested included transactions submitted by Members and the Administration and processed during the 2010–11 fiscal year.

20. More details about the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report.

Observations and Recommendations

21. Our audit work of the House of Commons Administration was focused on the following administrative functions: financial management; human resources; information technology systems; security; and strategic and operational planning, including corporate planning and reporting.

Financial management

22. Canadians expect their government to be well managed and accountable for the way in which it safeguards public assets and uses public funds. Neither the House of Commons nor its Administration is a federal government entity; hence, neither is subject to policies of the Treasury Board. However, the House of Commons and its Administration are funded by taxpayers. In view of this fact, it is important to have appropriate policies and practices that ensure fairness, consistency, and transparency in the expenditure of public funds. For the 2010–11 fiscal year, the Administration processed about 85,000 financial transactions. We examined whether the House Administration has appropriate policies and control systems in place to govern the proper expenditure of funds.

Procedures are in place for processing expense claims

23. The Board of Internal Economy sets the rules for determining which expenses may be claimed against a Member's office budget, as well as the related budgets for each Member. Members of Parliament are required to use the resources provided to them only for the purpose of performing their parliamentary functions, as set out in the by-laws and the Members' Allowances and Services manual. Members are personally responsible for paying any expenditure that is not within the Board directives.

24. The budgets set by the Board of Internal Economy constitute the primary control over the expenditure of funds for Members. The budgets are broken down by category in the by-laws and the Members' Allowances and Services manual. The Administration tracks expenses against budgets.

25. An additional control over each Member's expenditures is the requirement that the Member sign any claim submitted for reimbursement, or any salary payment to the Member's staff. The Member may delegate signing authority to another person only for certain types of expenditures. The Members' signatures reinforce their personal responsibility for any expenses to be reimbursed.

26. In addition, the Administration is responsible for having systems of control to ensure that all expenses, whether administrative or of Members, are properly documented and accurately processed. Along with the requirement that expenses must relate to the performance of the Members' parliamentary functions, the claims must be supported by appropriate documentation, reviewed by Administration staff, and signed by a person with delegated authority. Similarly, expenses of the House Administration must be related to the activities of the Administration, be adequately supported by documentation, and be properly approved by a person with the delegated authority.

27. We found that the Administration has appropriate policies and control systems in place that are designed to govern the proper expenditure of funds, in accordance with the by-laws, policies, and directives of the Board of Internal Economy. The Administration relies on the budget limit and Members' signatures as primary controls, but supplements these controls through other procedures. For example, it has implemented controls to see that certain rules outlined in the Members' Allowances and Services manual have been applied. The controls include that the Administration verifies the accuracy and use of the 64 travel points, checks that Members' employees are paid within salary limits, and provides a monthly report to Members on the status of their allocation of points.

28. While the by-laws, policies, and directives set by the Board of Internal Economy are the basis for the controls established, the Administration does not obtain evidence that every rule has been followed. The partisan political context in which Members carry out their parliamentary functions includes the expectation of privacy and confidentiality for their activities. The Administration requires receipts for certain items, such as rent and hotels, and relies on the Member's signature to confirm the eligibility of other items on the claim for reimbursement. Members attest that the expenses claimed have been incurred for purposes pursuant to the *Parliament of Canada Act* and by-laws approved by the Board of Internal Economy.

The Administration has properly applied its controls in managing expenses

29. We tested a sample of individual transactions, that is, invoices and claims by Members of Parliament and staff of the House Administration. We examined whether the Administration had controls in place and applied them consistently for expenses in the categories of travel, hospitality, secondary residences, constituency offices, information technology, overtime and salary, and other expenses not included in the previous categories, as required by

the by-laws and the Members' Allowances and Services manual. We examined whether the sample transactions were properly authorized, supported, reviewed, recorded, and for the intended purposes.

30. We found that the House of Commons Administration adequately processed transactions. We found no instances of significant non-compliance with by-laws, policies, and directives of the Board of Internal Economy and Administration policies (Exhibit 3).

Exhibit 3 There was adequate documentation to demonstrate compliance

Documentation demonstrates that the transaction was ...	Overall compliance (%)
authorized: timely approval by individual with financial signing authority	93.4%
supported: the amount of the expenditure evidenced by receipts or invoices	94.7%
reviewed: by the House Administration before payment	98.1%
recorded: properly coded and entered into the financial system	95.5%
for intended purposes: related to parliamentary function and in accordance with the by-laws, policies, and directives of the Board of Internal Economy	98.5%

31. While the overall rate of compliance was satisfactory, there is room for improvement. Within the sample, we found that about 7 percent of items tested did not contain sufficient documentation or information to demonstrate proper authorization and about 5 percent did not demonstrate sufficient support for the transaction. All expense claims should have adequate supporting documentation. Lack of documentation or information leads to uncertainty about whether the by-laws, policies, and directives of the Board of Internal Economy have been followed. In our opinion, it also exposes the Administration and Members to a greater risk of error with respect to compliance with the Board's rules.

The Administration has a procurement policy, but its guidance and processes need improvement

32. The House Administration spent about \$60 million for the 2010–11 fiscal year on goods and services for Members and the Administration's programs. The procurement activity varied from office supply purchases of less than \$10 to contracts valued at millions of dollars for information technology hardware and software. The Materiel and Contract Management Directorate (the Directorate)

is responsible for ensuring that the procurement process is respected, is consistently followed by the Administration, and can withstand public scrutiny.

33. We examined whether the Administration has appropriate policies and control systems in place to manage the procurement of goods and services. We found that the Administration's Procurement Policy is designed to provide a reasonable procurement framework that supports fairness and transparency, strives to achieve best value, and seeks to manage risk. The policy outlines the responsibilities and accountabilities of Administration officials. It emphasizes the preference for a competitive approach for individual procurements, and defines who has authority for procurement.

34. However, the manual intended to provide detailed guidance on how to carry out procurement is unclear: its guidance for managers is contradictory or insufficient and has contributed to inconsistent procurement practices. For example, the manual provides some guidance on communication with vendors during and after competitive procurements, but there is minimal guidance on when communication should or should not occur during the evaluation of bids submitted by vendors. We observed four files where the Directorate contacted vendors seeking clarification of their submitted bids after the bid closing date.

35. Recommendation. The House of Commons Administration should ensure that its procurement manual is reviewed and revised so that all prospective bidders are treated consistently.

The Administration's response. Agreed. The manager's procurement manual was recently developed for use by managers in the House as phase 1 of a multi-phase/multi-year project. It is acknowledged that this manual needs to be updated and reviewed as was initially intended. This work will be completed by 31 March 2013.

Most procurements of goods and services were not in compliance with the Administration's policies and processes

36. To examine whether the Administration complied with its policies and processes for procuring goods and services, we tested contracts, purchase orders, and standing offers. We found that 41 of 59 procurements by the Administration which we examined were not in compliance with its own policy and processes. The deficiencies we found included, for example, contracts that were not signed or were signed retroactively, and files that were missing documentation such as a statement of work or the rationale for not choosing a competitive

process. This result points to a widespread lack of compliance. In our opinion, these deficiencies were due to a lack of guidance, inconsistent application of controls, and high turnover in senior positions.

37. In one example, a vendor's proposal for a contract valued at \$600,000 included a condition that qualified the vendor's ability to meet one of the mandatory technical requirements in the Administration's request for proposals. The procurement manual requires that bids not meeting the mandatory technical or performance requirements not be included in the evaluation process. Instead of setting aside the bid or cancelling the process and retendering the requirement, the Directorate retained and evaluated the bid, and the vendor was awarded the contract.

38. The Directorate has introduced a conflict of interest form for its complex procurements, which both decision makers and evaluators are required to sign before drafting solicitation documents. This is a good practice and an important one: it supports transparency and protects the Administration from risk. However, we found that in five of the seven procurements requiring the form, it was either missing from the file or had been signed after a significant milestone.

39. In addition, we noted that in establishing four non-competitive contracts, the service areas concerned did not follow Procurement Policy requirements and entered into agreements without involving the Directorate. Instead, the Directorate merely completed the paperwork to facilitate payments to the vendors. The Directorate is responsible for ensuring that the Administration's procurement process is consistently applied and can withstand public scrutiny. It should have played a more significant role in the procurement actions.

40. Recommendation. The House of Commons Administration should ensure that it complies with its Procurement Policy and processes and that all of its procurement files contain proper documentation and authorization of the related procurement action.

The Administration's response. Agreed. Additional guidance will be developed and staff will be trained to ensure that policy and processes are clearly communicated. In addition, a procurement control framework will be developed to ensure procurement actions follow established policy and processes, and that these are evidenced in the respective files. This work will be completed by 31 March 2013 with training to commence in 2013–14.

Human resource management

41. To build a complement of qualified staff, the Administration faces the task of careful planning, staffing, and development of the resources needed for its work. In 2008, the Clerk's Management Group approved a corporate human resource management framework focusing on its needs, clients' requirements, and employees' potential. We sought to determine the extent to which the Administration has adopted and properly implemented systems and practices for human resource planning, staffing and recruitment, and learning and development.

The Administration has implemented elements of good planning

42. Human resource planning is the process by which an organization forecasts its human resource needs, with the aim of ensuring that it has the necessary quantity and quality of people available at a given time to achieve its objectives. Human resource planning is at a conceptual stage within the Administration and has not been integrated with business planning. The House Administration has proposed to implement an integrated human resource planning process in 2012.

43. We found that elements of good planning are in place. The Administration conducts annual workforce planning; this involves identifying staffing and classification needs for each service area and determining timelines for staffing and classifying positions.

44. Also, a formal corporate-wide succession planning process has been developed and is awaiting approval from the Clerk's Management Group. In the absence of formal succession planning, the Administration has identified its critical positions and undertaken demographic analyses. The Administration has also approved a succession planning process for Clerk's Management Group members.

45. However, three of the positions reporting to the Clerk are Governor in Council appointments, made by the Governor General on the advice of the government. While this has been the case for many years, it creates certain challenges; for example, it makes succession planning for these positions more difficult. The positions are those of the Deputy Clerk, the Sergeant-at-Arms, and the Law Clerk and Parliamentary Counsel. One similar position, the Clerk Assistant, reporting to the Deputy Clerk, is vacant.

Staffing policies are in place but do not cover term employees

46. The House Administration's Staffing Policy specifies that systems and policies for staffing and recruitment are to facilitate the recruitment and retention of an appropriate number of qualified people. The policy also states that the Administration should promote the use of fair and transparent processes to hire competent employees, and should conduct staffing actions in accordance with the *Parliamentary Employment and Staff Relations Act* and the *Parliament of Canada Act* and its by-laws.

47. We found that the Administration is in the process of improving its staffing practices. For example, it has identified the need for formal recruitment strategies for positions that are difficult to staff as well as the need for formal monitoring practices to ensure that positions approved for staffing are filled. The Administration informed us that it is currently developing a strategic plan to improve its recruitment practices.

48. In addition, we found that the Administration has defined roles and responsibilities for staffing and recruitment, and has put in place appropriate staffing and recruitment policies and guidelines for its permanent employees. We also found that the staffing actions we reviewed complied with the Administration's Staffing Policy and supporting guidelines.

49. We also found that the Administration's policy does not cover the hiring and use of term employees, and that related guidelines are outdated and not applied. The House relies heavily on the use of term employees, given the nature of its business. In the 2010–11 fiscal year, the Administration hired 377 term employees compared to 163 permanent employees. Without a policy for term employees, it is difficult for the Administration to know whether its practices are fair, transparent, and consistent.

50. **Recommendation.** The House of Commons Administration should develop a policy to govern the hiring and use of term employees.

The Administration's response. Agreed. A policy to govern the hiring and use of term employees will be developed in 2013–14.

Classification policies and practices are appropriate

51. Classification of positions is the basis for sound wage and salary administration, as well as for the development of organizational structures and work relationships. Under its Classification Policy, the Administration is committed to maintaining a fair and transparent

classification system, enabling it to compensate its employees in a sound and equitable way. We found that the Administration has implemented an appropriate classification policy, and has defined roles and responsibilities for classification.

52. We tested 67 of 160 classification and reclassification actions and found that they complied with the Administration's Classification Policy. For the two classification grievances received in the 2010–11 fiscal year, we found that the Administration dealt with them in compliance with the policy and the *Parliamentary Employment and Staff Relations Act*.

The Administration has adopted learning and development practices

53. The aim of learning and development is to enhance employees' capability, and thereby improve organizational efficiency and effectiveness. Learning and development activities include the training required for a competent and skilled staff to carry out operations, as well as developmental training to support career advancement.

54. We found that the Administration has adopted a Learning and Development Policy and practices, and has defined roles and responsibilities for learning and development. The Administration introduced a structured performance management program in 2011. It plans to use the program to more systematically identify learning and development needs at an Administration-wide level.

Information technology systems

55. In its service delivery role, the House Administration has devoted considerable resources to information systems, including information technology and information management. In the 2010–11 fiscal year, it spent \$28 million for information systems projects and services. We examined whether the Administration has adopted and properly implemented policies and control systems so that its information technology systems are dependable and secure and designed to recover from failure.

Information technology policies and controls are in place to ensure that systems are dependable and secure

56. With information technology systems increasingly interconnected, it is important to maintain secure information technology systems environments for individual Members and their caucuses, the Library of Parliament, and the Senate of Canada. Interconnected systems create new opportunities for cooperation but may also pose new risks to information assets. Cyber attacks can

significantly damage an organization by impairing information assets and disrupting operations.

57. House Administration policies identify the importance of having controls in place to ensure that information systems are secure, available, and usable when needed, and that they support operational requirements. We found that Information Services has appropriate policies and practices to identify the Administration's and Members' information technology needs. During the period of the audit, systems were not compromised by cyber attacks and were available when needed. When an accidental system failure occurred in December 2010, disruption and data loss were minimized; recovery plans were implemented and worked smoothly.

58. Information technology systems supply the level of operational support needed by Members and the Administration. Information Services has established agreements with internal and external partners. An example is the agreement establishing a joint informatics network for the House of Commons and the Senate.

59. We found that Information Services has developed a good regime for managing information systems projects. Proposed new projects are evaluated through a priority-setting exercise and not all projects are approved. Projects having an impact on services to Members receive higher priority.

60. We reviewed two projects, one completed and one in the planning stage. We found that the projects were managed adequately from an information technology perspective, but we also found opportunities for improvements to project management practices.

61. Specifically, we found that users did not define their requirements properly in the planning phase for one of the projects. Consequently, adjustments had to be made to the project scope and cost, and the time needed for completion.

62. In addition, we found that the Administration did not define measures for tracking the extent to which the projects would help meet their information systems objectives. Without these measures, it is not possible to determine whether a project has met its intended level of success when implemented.

Security**Security operations are in place to provide authorized access and a safe environment**

63. Security for the House of Commons operates within a number of constraints. The House is a public institution, and certain buildings under its jurisdiction are usually open to the public for visits. Citizens may request access to meet with their Member of Parliament, or to observe Parliament or its committees when the House is in session. It is necessary to balance the desired level of access with sufficient security to ensure that risks are mitigated.

64. The House of Commons Security Services reports to the Sergeant-at-Arms within Parliamentary Precinct Services. The 320 uniformed members of Security Services are responsible for ensuring a safe, secure, and inviting environment for everyone who enters buildings that are under the House of Commons' jurisdiction. These include the central and west sections of the Centre Block, the Confederation and Justice buildings, other offices in Ottawa's downtown core, and off-site mail reception and food preparation areas.

65. Responsibility for the security of the Parliamentary Precinct is shared. The House of Commons Security Services is responsible for buildings under the jurisdiction of the House. The Senate Protective Service is responsible for the east portion of the Centre Block and the East Block. The Royal Canadian Mounted Police (RCMP) is responsible for the grounds, as well as the security of the Prime Minister and visiting dignitaries, when outside the buildings. The areas under the jurisdiction of the three security forces extend across a number of city blocks (Exhibit 4). The streets, including Wellington Street, are the responsibility of the Ottawa Police Service.

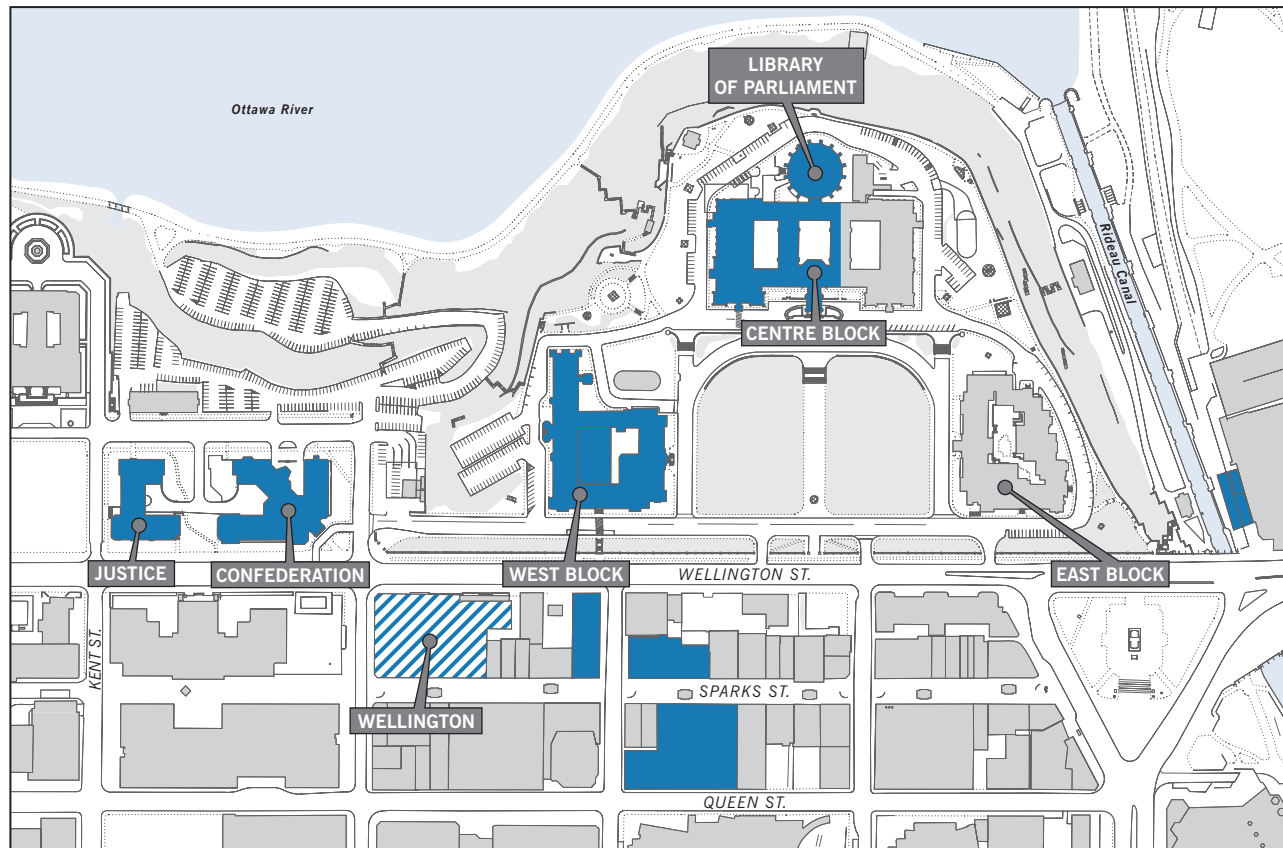
66. We examined whether the Administration has in place appropriate policies and controls that are designed to ensure a safe and secure environment for Members, staff, and visitors, as set out in the Security Services Strategy 2010–13. We also examined whether the Administration has identified key risks, implemented suitable mitigation strategies, and appropriately communicated and coordinated its activities with its security partners.

67. We found that the House of Commons Security Services has implemented controls based on accepted security practices, and has adjusted its actions according to intelligence received. For example, it has implemented standard operating procedures and provided appropriate training. It has done this while working within the constraints imposed by physical and historical considerations and maintaining unimpeded access for Members.

68. We also found that, along with its partners and government departments, the Administration has developed and tested continuity plans for the House of Commons and its Administration. The plans include identifying alternative sites if a significant incident makes the House of Commons or other essential areas unsuitable for use.

69. Many of the planned improvements and upgrades of security systems within the Precinct are linked with renovations called for under the government's Long Term Vision and Plan for the Parliamentary Precinct. We are encouraged to find that security considerations are well integrated into decisions on planned renovations.

Exhibit 4 The Parliamentary Precinct occupies a substantial part of Ottawa's downtown core



The Parliamentary Precinct consists of all Crown-owned buildings occupied by the House of Commons, the Senate, and the Library of Parliament. Current and planned jurisdiction areas of the House of Commons Parliamentary Precinct Services are highlighted on the map. Jurisdiction for the Wellington Building is planned to be shared with the Senate Protective Service.

Source: Public Works and Government Services Canada

Coordination and communications are in place but could benefit from further improvements

70. In recent years, the House of Commons Security Services has worked on the coordination and communications of its operations, with the Senate Protective Service and the RCMP. Together, the forces have developed a Master Security Plan, and they coordinate operations through a jointly staffed Master Security Planning Office. Since the introduction of the plan, coordination and communications have improved at the operational level, including the sharing of daily intelligence briefings and the implementation of an Incident Command System for the Parliamentary Precinct.

71. In December 2009, security forces worked together to deal with an incident in which demonstrators scaled the exterior of the West Block. Subsequent analysis revealed that the House of Commons Security Services' mandate covered the area inside buildings under its jurisdiction and the RCMP's mandate covered the grounds, but no organization had a clear mandate for the roofs of the buildings.

72. The Parliamentary Precinct security partners have recently agreed on operational procedures for joint responses to future intrusions that occur within each other's jurisdiction. However, the jurisdictional issue has not been resolved. Although the security partners have agreed that the partner nearest to an incident would respond, there is no security force that has accepted primary responsibility for the roofs of buildings in the Precinct.

73. The security partners have developed their coordination and communications through the Master Security Plan. A next step could be to unify the security forces for Parliament Hill under a single point of command, making it possible to respond to situations more efficiently and effectively. If further analysis of the implications and cost support the concept of a unified force, there is an opportunity to provide a consistent capacity and response across the Precinct.

74. **Recommendation.** The House of Commons Administration, in consultation with its security partners, should examine the costs of providing the same capacity for response across the Parliamentary Precinct, and the possibility of moving toward a unified security force for the Parliamentary Precinct.

The Administration's response. Agreed. The House of Commons Administration is currently examining the feasibility and costs of unifying the security forces for the Parliamentary Precinct. The results of the study will be presented to the Board of Internal Economy.

The Administration lacks its own security policy

75. The Administration uses the Master Security Plan as its policy document for security. The plan sets objectives and calls for a number of projects. However, it does not clearly assign responsibilities or accountabilities within the Administration, or state how these apply to specific locations. It also does not define requirements for reporting that would allow the Administration to determine whether its and Members' objectives have been met. In our opinion, the plan has shortcomings as a policy document for the Administration.

76. The Administration has developed security strategies for individual buildings and has reviewed the staffing of its security posts. However, without a framework specifically for the House of Commons and its Administration, it is difficult to determine whether these other plans will meet the Administration's overall security objective. Instead, the only measure of their adequacy or completeness is the history of past security violations. No violent intrusions have resulted in serious injury or death.

77. As part of our examination of risk mitigation practices, we noted that the House of Commons Security Services planned to make a facility capable of receiving classified data from a number of government intelligence sources, which it would then be able to analyze. It planned to do this despite having stated that it has excellent relations with its intelligence partners. This would be a significant project because the Administration currently does not have facilities for receiving or storing this type of information, nor trained staff for analyzing it. The House subsequently informed us that it does not intend to construct such a facility at present but may do so in the future. In our opinion, a security policy focused specifically on the House Administration would be useful in determining whether such a facility would help to meet its security objectives, and how this facility would compare with other Administration priorities.

78. Recommendation. The House of Commons Administration should develop an overall security policy along with appropriate policy objectives and performance measures.

The Administration's response. Agreed. The House of Commons Administration will develop an overall security policy along with appropriate policy objectives and performance measures. It is anticipated that these will be in place by 2015.

Strategic and operational planning

79. Strategic planning is a management tool that an organization uses to formalize its mandate, determine its vision, define its long-term objectives, and measure progress toward its goals. The Board of Internal Economy is responsible for approving the recommendations of the Clerk's Management Group on the Administration's strategic directions, priorities, expected outcomes, and planning and measurement documents. The Board approved elements of a planning and measurement framework in 2005 that the Administration implemented. The Administration began to implement an expanded framework in 2009.

The Administration is developing strategic planning

80. In September 2010, the Clerk's Management Group approved a service area plan framework that defined planning, measuring, and reporting requirements for all service areas. Standardized planning at the service area level was to begin in the 2011–12 fiscal year. It was not practical for us to audit the framework since it has only recently been implemented. We examined whether the House Administration has clearly defined strategic directions.

81. Each service area has its own planning documents, including both strategic and operational plans. For example, service area heads and managers consult with procurement officers in the Materiel and Contract Management Directorate and financial advisers in Policy and Financial Planning to identify their procurement needs for goods and services in support of their business and investment plans—including the Five-Year Integrated Investment Plan, which has already been implemented. Each service area uses its procurement forecast to develop an annual service procurement plan.

82. Financial implications of new initiatives are properly considered within the planning process. However, financial information is not combined with information about ongoing priorities; the result is that there is no overall integrated picture of financial priorities. The Administration has recognized this deficiency and intends to develop a plan in the coming year to resolve it.

The Administration has not developed a systematic approach to risk management

83. Risk management seeks to assess, treat, and communicate risk at an appropriate level, according to an organization's risk profile and objectives. With effective risk management practices, the organization can manage undesirable consequences systematically, enhance decision making, and increase its capacity to achieve its strategic

objectives. Effective risk management is also characterized by well-developed, clear policies and established controls. By identifying, measuring, mitigating, monitoring, and reporting risks, the organization can keep them within acceptable levels. We examined whether the House Administration focused on risk management so as to identify and mitigate risks to its operations and the institution.

84. We found that despite preliminary efforts, the Administration has not developed a formal, systematic approach for identifying risks. At the operational level, each service area has developed its own assessment method, making it difficult to compare relative risk in different areas. For example, Information Services has developed tools that it uses to identify and manage risk for both operations and projects. In contrast, Finance Services has developed risk criteria only for its projects. Finance has not developed an overarching risk framework for its internal controls and processes.

85. Beyond identifying and managing risks at the operational level, the Administration also needs to consider the risks that could prevent it from meeting its objectives or could harm the reputation of the House of Commons. It would then have a basis for choosing the extent to which it intends to enforce rules and which risks it is willing to accept without additional controls. With this sound base, both the Administration staff and those responsible for governance of the Administration would be in a better position to provide the risk mitigation necessary to support the achievement of the Board's objectives.

86. Notwithstanding these observations, we found that on occasion the Administration has undertaken to look at organization-wide risks and clarify the processes it uses to monitor the by-laws, policies, and directives of the Board of Internal Economy. For example, before the start of our audit, the media reported that some Members may have submitted claims for accommodation rental expenses when they were paying rent to a family member. Until then, the Administration had not regularly reviewed the ownership of property rented by a Member. After the media reports, the Administration performed a thorough review of its files to make sure that each rental expense claim was justified. It reported its findings to the Board. Subsequently, the Administration implemented an additional control of conducting title searches for rented properties.

87. Recommendation. The House of Commons Administration should develop an inventory of key risks to the House of Commons and its Administration. The Administration should then analyze and

prioritize these risks, determine what rules and mitigating actions are required, and inform the Board of Internal Economy.

The Administration's response. Agreed. A framework for the management of risk will be developed and implemented in 2012.

Internal audit can contribute to improving risk management

88. The internal audit function has been part of the House Administration for more than 14 years. It is designed to provide assurance to the Administration and the Board that controls are in place, rules followed, and risks mitigated. We expected that the Administration would use its internal audit function to provide independent assurance on the adequacy of risk management and controls. During our audit, we found that the Administration's Internal Audit and Review Directorate had conducted or overseen business process control assessments, internal audits, and management reviews in areas such as pay and benefits, telecommunications, and acquisition cards. Internal Audit and Review currently submits its plans and reports its findings to the Board through the Clerk's Management Group.

89. We found that Internal Audit and Review is taking steps to make needed improvements in certain areas. It recently drafted an audit charter and an audit plan. However, until this plan is approved and implemented, planning for internal audits is informal. In addition, the plan is not based on a systematic risk assessment, so Internal Audit and Review does not know whether it is applying its resources to the areas most in need of review.

90. Legislatures in other jurisdictions have taken the step of creating an audit committee, including external membership. An audit committee would provide oversight of the work of internal audit, the Administration's assessment and management of risk, and its system of internal controls. In our opinion, a committee would provide the Board with a broader perspective along with in-depth advice and recommendations on the adequacy and functioning of its risk management practices, including scrutiny of the Administration's performance.

91. Recommendation. The House of Commons Administration should complete and implement a formal risk-based internal audit plan and, through its internal audits, provide assurance to the Administration and the Board of Internal Economy that risks are mitigated.

The Administration's response. Agreed. A risk-based internal audit plan will be completed and implemented in 2012.

Performance indicators and reporting are not fully developed

92. The House of Commons publishes an annual report to Canadians, containing a section in which the Clerk presents the results of the House Administration. While not a performance report, this is a public document that presents information on the work of the Administration and provides high-level comments on progress against its strategic objectives. We reviewed the Report to Canadians 2010, covering the 2009–10 fiscal year. This was the most recent version available at the time of our audit.

93. The report describes areas under the responsibility of the Administration in a positive manner—for example, the Administration's ability to provide new tools to support House of Commons procedure. However, each of the areas described is an initiative of the Administration. The report does not link strategic objectives to measures of performance or to results for the Administration's ongoing operations, all of which would enable readers to better understand the Administration's performance.

94. The Administration prepares annual financial statements, which are audited by an independent accounting firm. Further, in accordance with the by-laws of the Board of Internal Economy, the Speaker of the House of Commons tables the Individual Member's Expenditures report on behalf of the Board. The report presents the expenditures for the previous fiscal year for Members of the House of Commons. In recent years, the report has increased the number of expense categories. Transparency could be further increased by including budget information and Members' use of travel points in the report.

95. Most of the areas we audited had not fully developed performance indicators or service standards that would allow them to measure and conclude on their performance. This again is a work in progress. At a corporate level, the Clerk's Management Group now receives a semi-annual status report that summarizes results for 26 performance measures. In our opinion, about half of the measures tend to be operational rather than strategic; they reflect day-to-day operations but do not help with assessing whether services have been delivered well—for instance, the extent to which the services provided by the Administration meet Members' needs.

96. In another example, Human Resources has not developed service standards for staffing. It does not formally collect and analyze data for a complete set of performance indicators, such as overall staff turnover, time to staff, and recruitment and retention rates. Without a complete set of performance information, it is difficult to formally determine and monitor whether staffing systems and practices are effective and efficient, and whether they are meeting the needs of the organization.

97. In addition, the Administration does not systematically obtain evidence of its performance in delivering services to Members. The Board receives Members' comments and requests for changes to the by-laws, policies, and directives of the Board of Internal Economy or exemptions from them. The Administration has surveyed Members on specific areas, such as information technology and food services, but has not systematically surveyed Members to identify areas in which it is doing well and areas where improvements could be made to its operations.

98. Recommendation. The House of Commons Administration should refine its performance indicators to measure its success toward reaching its strategic outcomes, and should include this information in its annual reporting.

The Administration's response. Agreed. Performance measures for both corporate and Service Area level plans will continue to be refined and improved as part of an annual cycle to ensure they measure the level of success in achieving strategic outcomes. As the planning frameworks mature, the House Administration will enhance the performance measures that are currently included in the Report to Canadians, keeping in mind the report's dual role: providing the public with an annual update on Members' parliamentary activities and summarizing the Administration's accomplishments and commitments in support of Members and the institution.

Conclusion

99. The House of Commons Administration has the necessary policies in place to deliver services and advice to support Members of Parliament and operations of the House of Commons in the areas of financial management and information technology services, and is developing its strategic and operational planning framework. This also applies to human resource management, with one exception: the Administration lacks a policy covering term employees. The House of

Commons would benefit from a security policy that addresses its own specific objectives.

100. The Administration has appropriate control systems to oversee expenditures and ensure that they comply with the by-laws, policies, and directives of the Board of Internal Economy. For the transactions tested, the rate of compliance indicates that the House of Commons Administration adequately processed transactions but can improve the consistency of its documentation procedures. We found no instances of significant non-compliance with the by-laws, policies, and directives of the Board of Internal Economy, nor with the Administration policies. However, the Administration has not systematically assessed risks to the House of Commons, nor has it evaluated what mitigating actions are required or not required to address those risks. The Administration has begun to implement a strategic and operational planning framework, but it needs to improve its performance reporting measures to properly assess its performance.

101. There are weaknesses in the Administration's contracting practices. The Procurement Policy is designed to provide direction while supporting a fair and transparent process. However, 41 of the 59 items we tested failed to meet at least one of the elements in the applicable directives and policy. This result indicates a widespread lack of compliance with the designed set of procedures. The weaknesses resulted in errors ranging from missing documents to the awarding of a contract to a bidder that did not meet one of the mandatory technical requirements.

102. The Administration has developed a corporate human resource management framework that focuses on its needs, service delivery, and talent management. Supporting the framework are appropriate policies for permanent employees, staffing and recruitment, classification, and learning and development. Likewise, Information Services has in place practices to ensure that the information technology needs of Members and the Administration are well served.

103. Security Services responds to security risks and balances public access with the need to provide a safe and secure environment for Members, staff, and visitors. Coordination and communications are in place between the House of Commons Security Services, the Senate Protective Service, and the RCMP, largely because these security partners have developed and implemented a Master Security Plan that allows operations to be coordinated through a jointly staffed office. A unified force could possibly lead to further improvements.

About the Audit

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set by The Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

Objective

The objective of the audit was to determine whether the House of Commons Administration has management policies and control systems to support Members and the operations of the House of Commons in the areas of strategic and operational planning, financial management, human resource management, information technology systems, and security. We define management policies and control systems as those that are appropriately designed and operating effectively to support Members and to assist the organization in meeting its objectives in compliance with applicable legislation and by-laws.

Scope and approach

Our audit focused on actions of the Administration of the House of Commons in five areas: strategic and operational planning, financial management, human resource management, information technology systems, and security.

We tested individual financial, procurement, and human resource transactions processed by the Administration to determine whether they complied with policies and procedures. The samples we tested included transactions submitted by Members and the Administration that were processed during the 2010–11 fiscal year.

Sample and corresponding population sizes

The sampled population consisted of actions and transactions active at any point from 1 April 2010 to 31 March 2011.

Monetary unit sampling (MUS) was used to select financial management transactions for testing. MUS selects a randomized representative sample, where the probability of selecting a transaction is proportional to the dollar amount of that transaction. We also ensured that the selected items reflected a balanced representation of Administration and Members' transactions and that Members' transactions reflected party affiliation.

The selection process ensured that each of the following categories was represented: travel, hospitality, secondary residences, constituency office rentals, information technology, other expenses not included in the preceding categories, salaries, and overtime.

The sample size was sufficient to conclude on the sampled population with a margin of error within 5 percent, 19 times out of 20.

Financial management samples

Category	Number of transactions in sample
Travel	35
Hospitality	34
Secondary residences	59
Constituency office rentals	14
Information technology	18
Other expenses not included in the preceding categories	40
Salary	24
Overtime	40
Total	264

Simple random sampling was used to select samples of procurement transactions (contracts) and service area purchase orders. We selected 59 procurement transactions ranging from just over \$1,000 to \$11 million.

Simple random sampling was also used to select samples of human resource management actions/transactions. For staffing, we selected a representative sample of 46 of the 133 actions/transactions with competition, all of those without competition, and all terminations/demotions/suspensions. For classification, we selected a representative sample of 57 of the 150 actions/transactions for new positions, all 10 of the reclassifications, and all grievances.

Sample sizes for procurement and human resources were sufficient to conclude on the sampled population with a margin of error within 10 percent, 18 times out of 20.

Two additional projects were selected judgmentally (one completed and one in progress, which were related to the subject matter under audit) for the examination of information technology services. These were

- the Procurement and Contract Management Solution Project, and
- the Integrated System Security Upgrade Project.

Criteria

Criteria	Sources
To determine whether the House of Commons Administration, to achieve its strategic and operational objectives, has sound risk management practices, has clearly defined strategic directions, and has appropriate information to support its decision making and that of the Board, we used the following criteria:	
Potential risks are identified and mitigation strategies in place to provide reasonable assurance that the House Administration will achieve its strategic and operational objectives, appropriately manages its resources, and protects its assets.	<ul style="list-style-type: none"> • <i>Parliament of Canada Act</i> • By-laws set by the Board of Internal Economy
Plans that provide strategic and operational direction are developed in sufficient detail to guide management action and are communicated to administrative staff.	<ul style="list-style-type: none"> • <i>Parliament of Canada Act</i> • By-laws set by the Board of Internal Economy
Systems and practices are in place so that the House Administration has the information to support decision making, measure the achievement of strategic and operational objectives, and initiate corrective action as necessary.	<ul style="list-style-type: none"> • <i>Parliament of Canada Act</i> • By-laws set by the Board of Internal Economy
To determine whether the House of Commons Administration has appropriate policies and control systems in place and properly implemented to govern the proper expenditure of funds, the acquisition of goods and services, and the reporting on financial activities, we used the following criteria:	
Systems and policies are in place and properly implemented by the House Administration to govern the proper expenditure of funds, the acquisition of goods and services in accordance with strategic and operational objectives, applicable legislation and by-laws.	<ul style="list-style-type: none"> • <i>Parliament of Canada Act</i> • By-laws set by the Board of Internal Economy • House of Commons policies <ul style="list-style-type: none"> – Delegation of Financial Signing Authorities Policy – Hospitality Policy – Procurement Policy – Travel Policy – Delegation of Human Resources Management Authorities Policy – Staffing Policy
Systems and policies are in place and properly implemented so that the House Administration reports on its financial activities.	<ul style="list-style-type: none"> • <i>Parliament of Canada Act</i> • By-laws set by the Board of Internal Economy

Criteria	Sources
To determine whether the House of Commons Administration has appropriate policies and control systems in place and properly implemented to govern human resource management, we used the following criteria:	
Systems and policies are in place and properly implemented by the House Administration so that it has the right number of qualified people, in the right place, and at the right time to meet its strategic and operational objectives.	<ul style="list-style-type: none"> • <i>Parliament of Canada Act</i> • House of Commons policies <ul style="list-style-type: none"> – Staffing Policy – Learning and Development Policy • Ultimate HR Manual, Commerce Clearing House and Human Resources Professionals Association
Systems and policies are in place and properly implemented by the House Administration to govern human resource management in accordance with applicable legislation and/or by-laws.	<ul style="list-style-type: none"> • <i>Parliament of Canada Act</i> • <i>Parliamentary Employment and Staff Relations Act</i> • House of Commons policies <ul style="list-style-type: none"> – Delegation of Human Resources Management Authorities Policy – Staffing Policy – Pre-Employment Screening Policy – Classification Policy
To determine whether the House of Commons Administration has appropriate policies and control systems in place and properly implemented to govern information technology and information management systems, we used the following criteria:	
Systems and policies are in place and properly implemented so that information systems are available and usable when required.	<ul style="list-style-type: none"> • House of Commons policies <ul style="list-style-type: none"> – Information Management – Information Access and Security – Account Holder Acceptable Use – Pre-Employment Screening – Information Technology Security • House of Commons Project Initiation Guidelines
Systems and policies are in place and properly implemented so that information systems are designed to prevent unauthorized access, resist attacks, and recover from failures.	<ul style="list-style-type: none"> • House of Commons policies <ul style="list-style-type: none"> – Information Management – Information Access and Security – Account Holder Acceptable Use – Information Technology Security
Systems and policies are in place and properly implemented so that Information Services' activities support the House Administration's strategic and operational requirements, provide quality service, and satisfy operational requirements.	<ul style="list-style-type: none"> • House of Commons policies <ul style="list-style-type: none"> – Information Management – Account Holder Acceptable Use • House of Commons Project Initiation Guidelines • House of Commons IM/IT Blueprint

Criteria	Sources
To determine whether the House of Commons Administration has appropriate policies and control systems in place and properly implemented to control access to assets and areas under the jurisdiction of the House of Commons, and designed to provide a safe and secure environment for Members, staff, and visitors, we used the following criteria:	
Systems and policies are in place and properly implemented so that the House Administration identifies key risks and threats to the safe and secure environment for Members, staff, visitors and assets, and develops and implements appropriate mitigation strategies.	<ul style="list-style-type: none"> • Master Security Plan (House of Commons, Senate of Canada, RCMP) • House of Commons: <ul style="list-style-type: none"> – Emergency Response Plan – Security Services Strategy (2009–2013) – Security Services Directives Manual – Post Orders
Systems and policies are in place and properly implemented so that communication and coordination with appropriate security partners/stakeholders is effective.	<ul style="list-style-type: none"> • Master Security Plan (House of Commons, Senate of Canada, RCMP) • House of Commons: <ul style="list-style-type: none"> – Emergency Response Plan – Security Services Strategy (2009–2013) – Business Continuity Management Program

Management reviewed and accepted the suitability of the criteria used in the audit.

Period covered by the audit

This audit covered the period from April 2010 to March 2011 inclusively. Audit work for this report was substantially completed on 15 February 2012.

Audit team

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Appendix List of recommendations

The following is a list of recommendations found in the report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Financial management	
<p>35. The House of Commons Administration should ensure that its procurement manual is reviewed and revised so that all prospective bidders are treated consistently. (32–34)</p>	<p>Agreed. The manager’s procurement manual was recently developed for use by managers in the House as phase 1 of a multi-phase/multi-year project. It is acknowledged that this manual needs to be updated and reviewed as was initially intended. This work will be completed by 31 March 2013.</p>
<p>40. The House of Commons Administration should ensure that it complies with its Procurement Policy and processes and that all of its procurement files contain proper documentation and authorization of the related procurement action. (36–39)</p>	<p>Agreed. Additional guidance will be developed and staff will be trained to ensure that policy and processes are clearly communicated. In addition, a procurement control framework will be developed to ensure procurement actions follow established policy and processes, and that these are evidenced in the respective files. This work will be completed by 31 March 2013 with training to commence in 2013–14.</p>
Human resource management	
<p>50. The House of Commons Administration should develop a policy to govern the hiring and use of term employees. (46–49)</p>	<p>Agreed. A policy to govern the hiring and use of term employees will be developed in 2013–14.</p>
Security	
<p>74. The House of Commons Administration, in consultation with its security partners, should examine the costs of providing the same capacity for response across the Parliamentary Precinct, and the possibility of moving toward a unified security force for the Parliamentary Precinct. (70–73)</p>	<p>Agreed. The House of Commons Administration is currently examining the feasibility and costs of unifying the security forces for the Parliamentary Precinct. The results of the study will be presented to the Board of Internal Economy.</p>

Recommendation	Response
<p>78. The House of Commons Administration should develop an overall security policy along with appropriate policy objectives and performance measures. (75–77)</p>	<p>Agreed. The House of Commons Administration will develop an overall security policy along with appropriate policy objectives and performance measures. It is anticipated that these will be in place by 2015.</p>
<p>Strategic and operational planning</p>	
<p>87. The House of Commons Administration should develop an inventory of key risks to the House of Commons and its Administration. The Administration should then analyze and prioritize these risks, determine what rules and mitigating actions are required, and inform the Board of Internal Economy. (83–86)</p>	<p>Agreed. A framework for the management of risk will be developed and implemented in 2012.</p>
<p>91. The House of Commons Administration should complete and implement a formal risk-based internal audit plan and, through its internal audits, provide assurance to the Administration and the Board of Internal Economy that risks are mitigated. (88–90)</p>	<p>Agreed. A risk-based internal audit plan will be completed and implemented in 2012.</p>
<p>98. The House of Commons Administration should refine its performance indicators to measure its success toward reaching its strategic outcomes, and should include this information in its annual reporting. (92–97)</p>	<p>Agreed. Performance measures for both corporate and Service Area level plans will continue to be refined and improved as part of an annual cycle to ensure they measure the level of success in achieving strategic outcomes. As the planning frameworks mature, the House Administration will enhance the performance measures that are currently included in the Report to Canadians, keeping in mind the report’s dual role: providing the public with an annual update on Members’ parliamentary activities and summarizing the Administration’s accomplishments and commitments in support of Members and the institution.</p>