

Indian and Northern Affairs Canada

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Audit and Evaluation Sector

**Audit of the Food Mail Program
Project 07/58
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Executive Summary

Background

To make nutritious, perishable food and other eligible goods accessible and more affordable in isolated communities, the Government of Canada operates the Food Mail Program. The mandate of the Food Mail program, also known as the Northern Air Stage Program, is to reduce the cost of nutritious perishable food and other essential items, thereby improving nutrition and health in isolated communities. INAC provides funding to Canada Post Corporation (CPC) to cover a portion of the cost of transporting nutritious, perishable foods and other eligible goods by air to isolated communities. INAC's primary responsibility is to provide policy advice to Canada Post with regards to the application of funding and to provide oversight to the program design related to issues such as eligible and non-eligible products, entry points and postal rates.

Program funding amounted to \$27.6 million in 2003-2004; however, due to rising volumes and fuel costs, total program costs have increased to \$47.8 million in 2007-2008. Of this amount, payments to Canada Post (Vote 15) will amount to approximately \$47.6M, the remaining \$0.2M for O&M and Salaries. Funded staff levels for the program include the Manager and an SI 5. An SI3 position exists but is not funded on a permanent basis.

A-base funding for payments to Canada Post (Vote 15) was capped by Cabinet at \$27.6M in 2002-2003; as a result, INAC must seek incremental funding through Supplementary Estimates every year to avoid raising postage rates. In March 2006, Cabinet approved additional funding to avoid postage rate increases; at that time, the Minister of Indian Affairs and Northern Development was tasked to return to Cabinet with options as to how the government can continue to assist in the provision of reasonably priced nutritious food to isolated communities. To fulfill this commitment, a project team including senior departmental executives has been constituted to develop options and engage other departments in preparation for the review.

In the overall context of this review, Program Management requested that an audit of the managerial controls of the program be undertaken.

Objective

The objectives of the audit were to provide reasonable assurance to senior management on the overall adequacy and effectiveness of the management controls supporting the operations of the Food Mail Program and, in particular, that:

- Governance structures are in place and are sufficient to provide effective strategic direction and support achievement of program objectives
- Program objectives and expected results are clearly stated and performance against objectives is measured, evaluated and reported

- Annual planning and budgeting is designed to achieve alignment with Program objectives
- Program resources and activities are aligned with departmental priorities, policies and risks and
- Program activities and controls ensure compliance with applicable legislation, policies and procedures and agreements.

During the period November 2007 to April 2008, the audit examined key components of the management control framework including oversight and governance, strategic and operational planning, communication, risk management, program design, human resources planning, monitoring, performance measurement, compliance and reporting. The audit also examined and tested key controls related to the Interdepartmental Letter of Agreement with Health Canada and the Agreement between INAC and Canada Post for the purpose of providing northern air stage parcel service.

The program delivery responsibilities of Canada Post were not included in the scope of the audit.

The audit was conducted in accordance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Audit and Treasury Board's Policy on Internal Audit.

Conclusions

Internal Audit found that there are areas of strength and good management practice within the program. Despite limited resources, the program has undertaken regular price surveys which are key to ensuring that savings achieved through the program by retailers are passed on to the consumer, has reviewed and introduced Winnipeg as a new entry point, and has made a number of changes to the list of goods eligible for subsidies.

Overall, however, the audit found that the Food Mail program requires a strengthened management control framework to ensure fulfilment of its responsibilities and achievement of its objectives. Areas requiring improvement include governance of the program, policy development and program design, planning, performance measurement and active monitoring.

More specifically, the audit found that the program has lacked consistent and ongoing direction including senior management involvement and strategic and operational planning. The audit noted that issues related to the design of the program such as the rationale for the extent of subsidies, the list of eligible goods and the agreement with Canada Post, have not undergone a significant review in many years. Also of note was the fact that the expected results and performance indicators for the program have not been clearly defined and that there is no overall strategy for monitoring results.

Recommendations

The audit report provides the following recommendations intended to address the audit findings:

1. A formal structured body with specific roles and responsibilities should be created to provide oversight to the Food Mail Program.

2a) A review of the Food Mail policy context should be conducted to address issues such as objectives and outcomes, links to other nutrition, food security and health programs and, jurisdictional questions.

2b) As part of the review process, and on an ongoing basis, a formal communication process with key stakeholders and partners of the Food Mail program should be established to support sharing of information and strategic and operational planning.

2c) Management should prioritize and review key components of the program design including:

- Rationale for determining postage rates and the extent of subsidies;
- Eligibility list including outcomes from the Pilot Projects, and
- Food Mail entry points.

3) Program management should institute an ongoing process encompassing strategic, operational and human resources planning and should seek to ensure that the program has sufficient resources, both human and financial, to meet annual program objectives and commitments.

4a) Management should consider preparing a Results-based Management Accountability Framework (RMAF) for the Food Mail program to assist in developing a program profile and logic model, articulating expected results and designing a performance measurement strategy. Planned results at various stages should be identified and should be realistic and measurable. Performance indicators and targets should also be identified.

4b) Results of price surveys should be published in a timely manner and the means of communicating results should be reviewed to ensure that it is appropriate to the audience.

5) A formal risk profile and assessment of the Food Mail program should be completed by management.

6) The CPC Agreement, including the rate established for Direct Costs charged under the agreement, should be reviewed and assessed by senior management and Legal Services on a regular basis to ensure that it reflects the services expected of CPC. Program management should ensure that audits are undertaken as required and that audit recommendations are implemented in a timely fashion.

7) Food Mail program documents and records should be reviewed for possible destruction or entered into the records management system.

Section 1 – Background & Context

Background

Food security and nutrition are major issues in isolated, northern communities. Northern populations are growing rapidly and the need for nutritious food is steadily increasing.

To make nutritious, perishable food and other eligible goods accessible and more affordable in isolated communities, the Government of Canada operates the Food Mail Program. The program, also known as the Northern Air Stage Program, is administered by Indian and Northern Affairs Canada (INAC). INAC provides funding to cover a portion of the cost of transporting nutritious, perishable foods and other eligible goods to isolated communities by air to Canada Post Corporation (CPC) which delivers the program. The funding helps keep the cost of food down and requires that transportation of these products be done in optimum conditions to improve the quality of the food reaching remote communities.

The program provides a lower postage rate for nutritious perishable foods. These foods, such as vegetables, fruit, bread, meat and milk, can be shipped as food mail for \$0.80 per kilogram plus \$0.75 per parcel. There has been no increase in this rate since July 1993. Non-perishable food and some essential non-food items can also be shipped under this program at higher postage rates. Foods of little nutritional value such as pop and chips are not funded.

All isolated northern communities that do not have year-round access by surface transportation are eligible, except those where surface transportation is not available only for brief periods during freeze-up and break up. About 140 communities - roughly 100,000 people - are eligible. Most of these are Aboriginal communities located in the three territories and in Labrador and northern portions of Quebec, Ontario, Manitoba, Saskatchewan and Alberta.

Program funding amounted to \$27.6 million in 2003-2004. However, due to rising volumes and fuel costs, total program costs have increased to \$47.8 million in 2007-2008.

Roles and Responsibilities

The mandate of the Food Mail program is to reduce the cost of nutritious perishable food and other essential items, thereby improving nutrition and health in isolated communities. The mandate was reviewed and approved by INAC and Cabinet in 1996 and has remained unchanged since then.

INAC's primary responsibility with regards to the Food Mail program is to provide policy advice to Canada Post with regards to the application of funding and to provide oversight to the program design related to issues such as eligible and non-eligible products, entry points and postal rates.

Canada Post is responsible for delivering the program. CPC negotiates contracts with air carriers to provide shipments of eligible food from approved entry points to northern destinations, verifies the shipments in terms of eligibility, weight and qualities, collects the correct amount of postage revenue for each parcel or shipment and charges INAC for the difference between the cost of shipping and postage revenues received.

Oversight for the Food Mail program within INAC is provided by the DG, Devolution and Territorial Relations, Northern Affairs Organization. Since December 2006 there has been significant turnover in the DG position; the incumbent is the fourth person to occupy the position since that time.

Budget and Staffing

Total funding for the program has increased from \$27.6M in 2002-2003 to \$47.8M in 2007-2008 primarily due to the increase in the volume of goods shipped, the increased cost of shipping and the fact that the postage rate charged for shipping has remained unchanged during the period.

Payments to Canada Post (Vote 15) will amount to approximately \$47.6M in 2007-2008. Funding for these payments was capped by Cabinet at \$27.6M in 2002-2003 and as a result, INAC must seek incremental funding through Supplementary Estimates every year to avoid raising postage rates. Supplementary funding requests amounted to \$13.3M in 2006-2007 and \$20.0M in 2007-2008.

A-base funding for program administration has remained unchanged for a number of years and amounted to \$240k in 2007-2008 of which \$65k is for O&M and \$175k for salaries. Funded staff levels for the program include the Manager (ES7) and an SI 5. An SI3 position exists but is not funded on a permanent basis. The SI5 position is currently vacant as the incumbent is on assignment until August 2008 and the SI3 position is staffed on a half-time basis. The O&M budget is used primarily to pay for price surveys in eligible communities.

Fundamental Review of the Food Mail Program

In March 2006, Cabinet approved additional funding to avoid postage rate increases and tasked the Minister of Indian Affairs and Northern Development to return to Cabinet with options as to how the government could continue to assist in the provision of reasonably priced nutritious food to isolated communities. To fulfill this commitment, a project team, including senior departmental executives, has been constituted to develop options and engage other departments in preparation for the review. In the overall context of the review, Program Management requested that an audit of the managerial controls of the program be undertaken. In addition, a summative evaluation of the program is scheduled to be completed in 2009.

Audit Objectives and Scope

The objectives of the audit were to provide reasonable assurance to senior management on the overall adequacy and effectiveness of the management controls supporting the operations of the Food Mail Program and in particular that:

- Governance structures are in place and are sufficient to provide effective strategic direction and support achievement of program objectives
- Program objectives and expected results are clearly stated and performance against objectives is measured, evaluated and reported
- Annual planning and budgeting is designed to achieve alignment with Program objectives
- Program resources and activities are aligned with departmental priorities, policies and risks and
- Program activities and controls ensure compliance with applicable legislation, policies and procedures and agreements.

The audit examined key components of the management control framework including oversight and governance, strategic and operational planning, communication, risk management, program design, human resources planning, monitoring, performance measurement, compliance and reporting. The audit also examined and tested key controls related to the Interdepartmental Letter of Agreement with Health Canada and the Agreement between INAC and Canada Post for the purpose of providing northern air stage parcel service. The program delivery responsibilities of Canada Post were not included in the scope of the audit.

The audit was conducted from November 2007 until January 2008 in the National Capital Region.

Audit Criteria

To assess the controls supporting program operations, audit criteria were designed based on the Criteria of Control (CoCo) framework of the Canadian Institute of Chartered Accountants. CoCo is a framework of 20 control criteria that can be used as a basis for assessing organizational, managerial and operational controls.

CoCo is founded on the premise that an organization performs activities guided by an understanding of its purpose (the objectives to be achieved) and supported by capabilities (information, resources, supplies, and skills). The organization must be committed to consistently and repeatedly performing the identified tasks well. A committed organization monitors its performance and the environment to learn how to improve.

Audit Approach and Methodology

The audit was conducted in accordance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Audit and Treasury Board's Policy on Internal Audit.

The Planning Phase for the audit included a series of interviews with program management and staff, an examination of relevant program documentation including policies, procedures and reports used for decision making and reviews of operational agreements and previous audits. Risks to the achievement of the Food Mail program were also identified and validated with program management.

Drawing on the results of interviews, documentation reviews and assessment of risks, an audit program was developed to determine whether the Food Mail management controls satisfied the audit criteria. In determining the level and type of audit work required for each audit criterion, AES considered controls identified in the planning phase, associated risk levels including the potential impact that a control breakdown could have on the achievement of the program's objectives, and the inherent likelihood that the related control activities were not effective.

In completing tests of general management controls, AES employed interviews, review of program and other documentation, observation and testing and analysis. Interviews with program management were conducted with a view to gathering testimonial evidence that could later be used to validate assessments of those managerial controls for which documentary evidence was not available or for which assessments were more judgmental.

Section 2 - Findings and Recommendations

General Management Controls of the Food Mail Program

The management control framework for the Food Mail program needs to be strengthened in several areas before it can be seen as ensuring that the program is being implemented efficiently and effectively in a manner consistent with its approved mandate and roles and responsibilities. The existence of, and compliance with, a strong management control framework, will assist in ensuring that program objectives are achieved and related risks are reduced.

Governance

An oversight body is an important element of a management control framework to ensure that program management's directions, plans and actions are appropriate and responsible. The oversight body should consist of the DG and ADM at a minimum and consideration should be given to including key partners, stakeholders and beneficiaries. Program oversight is currently provided by the DG, Devolution and Territorial Relations and the ADM, Northern Affairs. However, there has been significant turnover in the DG and ADM positions for a number of years and, as a result, the audit noted that the Food Mail program lacked an ongoing and consistent body to provide oversight, perform governance roles related to setting strategic objectives and priorities, and to represent the program within the department and to other partners and stakeholders.

Recommendation #1

A formal structured body with specific roles and responsibilities should be created to provide oversight to the Food Mail Program.

Management Response

Agree. Northern Affairs Organisation (NAO) under the recommendation of Devolution and Territorial Relations (DTR) Branch will implement a robust oversight mechanism.

Policy Development and Program Design

Monitoring of policy options and program design should occur on a regular and timely basis. Without a clear policy context and a formal structured review of policy and program design and options, management lacks a significant tool to assist in determining objectives, priorities and operational activities. The last major review of the Food Mail program occurred in the 1994-1996 period at which time consultations on the structure, focus and funding of the program occurred. An Evaluation of the Food Mail program has not occurred in the last five years.

The audit noted that there are a number of policy issues related to the program that have not been resolved including the fact that there is no explicit policy context for the program, a lack of clarity as to whether the program is a core federal responsibility and whether the program would best be delivered by the federal or provincial, territorial and regional governments.

Key components of the program design have not undergone a significant review in recent years. The postage rates charged to shippers were set in 1993-1994 and the rationale for those rates has never been documented. The list of goods eligible for rate reductions has also not been reviewed on a comprehensive basis since 1996. Pilot projects were initiated by the program between 2001 and 2003 to assess the results of providing a lower rate for shipping perishable fruits, vegetables and dairy products, however, the impact on nutrient intakes has not yet been assessed, the overview report on the pilot projects has not been published to date, and the three pilot communities continue to receive a lower rate for shipping priority perishables than do other communities using the Food Mail program.

The process to review and approve changes to the eligibility list should also be considered. Currently, the Manager consults with Health Canada and other stakeholders on proposed changes and then makes recommendations to the ADM, Northern Affairs for final approval. However, program management have indicated that additional support from Health Canada and other nutritional experts to make these decisions would be considered beneficial.

The audit also noted that there is no ongoing formal process to communicate with stakeholders, northern communities or aboriginal organizations to seek input and feedback on program objectives or effectiveness. Meetings do occur with communities but they are infrequent and are only intended to discuss specific issues. According to the Program Manager, the cause is a lack of resources to organize and hold such meetings.

If approved by Cabinet, it is likely that the fundamental review of the Food Mail program will address a number of these issues.

Recommendation #2

A review of the Food Mail policy context should be conducted to address issues such as objectives and outcomes, links to other nutrition, food security and health programs and, jurisdictional questions.

Management Response

Agree. This will be done in conjunction with the Food Mail Program review.

Recommendation #3

As part of the review process, and on an ongoing basis, a formal communication process with key stakeholders and partners of the Food Mail program should be established to support sharing of information and strategic and operational planning.

Management Response

Partially Agree. DTR already has a formal mechanism to engage with key stakeholders. However, we agree that we can improve the robustness of our formal communication process, notably by engaging with CPC at a high level (ADM to vice-President of CPC Operations).

Recommendation #4

Management should prioritize and review key components of the program design including:

- Rationale for determining postage rates and the extent of subsidies;
- Eligibility list including outcomes from the Pilot Projects, and
- Food Mail entry points.

Management Response

Agree. This will be done in conjunction with the Food Mail Program review.

Strategic and Operational Planning

Strategic, operational and human resource plans are expected to be in place to ensure that goals and objectives are articulated and communicated, and that sufficient resources, both financial and human, are available to meet those objectives. While the program manager prepares an annual operational plan, the audit noted that there are no strategic goals or objectives for the program and that there has not been a strategic, operational or human resource planning exercise with senior management for many years.

It was also noted during the audit that the program does not have sufficient budgeted A-base resources to allow the program to meet its objectives and operational plans. A-base funding is not sufficient to cover the cost of annual payments to Canada Post and, as a result, a TB submission must be prepared every year for supplementary funding. The program's budgeted O&M is also insufficient to meet program management's anticipated annual plans. Budget requests for O&M were \$128k in 05/06, \$246k in 06/07 and \$128k in 07/08; however, only \$65k was allocated in the budget in each of those years. There is also no permanent funding for the SI3 position.

Recommendation # 5

Program management should institute an ongoing process encompassing strategic, operational and human resources planning and should seek to ensure that the program has sufficient resources, both human and financial, to meet annual program objectives and commitments.

Management Response

Agree. We will first review the Program, and then implement a strategic and annual operating plan process. Subject to the review of the Program and the identification of a sustainable way

forward, we need to build a more robust Food Mail team. If the status quo model is maintained, we will seek modifications to the A-base according to the government's decision.

Performance Measurement

Expected results, performance indicators and a performance measurement strategy are expected to be in place and should be used to monitor performance towards the achievement of specific goals, take appropriate corrective action when needed, and to serve as a foundation for future evaluations of program impact.

The audit noted that while program management has taken some steps to identify expected results and performance indicators, they were not consistently stated over the last three years, and the performance measures often did not adequately reflect the program's expected results. In 07/08, the expected result was "reduced cost and increased consumption", whereas the performance indicator was "cost and quality of nutritious foods". While the cost aspect has been adequately addressed, the consumption aspect has not. It was also noted that targets have not been set for any of the performance indicators used by the program.

While results are measured in a number of different ways (price, quality, volumes and nutrition levels), there is no overall performance measurement strategy in place for the Food Mail program. Price surveys are conducted on a fairly frequent basis; however, the frequency and extent of surveys are guided by the availability of funds and staff and not an overall surveying strategy. Quality and nutrition surveys have been performed in the past for the Pilot Projects; however, there is no plan to conduct additional surveys due to lack of funds.

There were also issues related to the timeliness of reporting of survey results. Price surveys are performed and published to ensure that savings achieved through the program by retailers are fully passed on to consumers. According to the Manager, the average time between conducting a Price Survey and publication on the website is four to five months. In addition, the results of Price Surveys conducted in 2007 have not yet been published pending release of details related to the Revised Northern Food Basket. The results of Household surveys conducted in 2004-2005 have never been published. The only Quality survey results to be published to date were for surveys conducted in Labrador in 2001.

Due to their importance, the method of communicating the results of price surveys should also be reviewed. The primary method of communicating results is publication on the INAC website; however, results are not communicated directly to the communities and many people in northern communities do not have internet access.

Recommendation #6

Management should consider preparing a Results-based Management Accountability Framework (RMAF) for the Food Mail program to assist in developing a program profile and logic model, articulating expected results and designing a performance measurement strategy. Planned results at various stages should be identified and should be realistic and measurable. Performance indicators and targets should also be identified.

Management Response

Agree. We will commence a RMAF during the review and plan to get sign-off during an appropriate Treasury Board submission.

Recommendation #7

Results of price surveys should be published in a timely manner and the means of communicating results should be reviewed to ensure that it is appropriate to the audience.

Management Response

Agree. Management has developed a HR plan to reinforce the program's capabilities to ensure we are able to publish in a more timely fashion.

Risk Management

A formal risk assessment and related risk management actions are important elements of an organization's management control framework. Strong risk management helps to facilitate achievement of an organization's objectives by providing a structured approach to identifying potentially negative events before they arise and to assist with annual planning and priority setting.

The audit noted that on an informal basis, the Manager sometimes considers risks to the achievement of the Food Mail program objectives when planning activities. However, a formal documented risk profile and assessment has not been undertaken for the Food Mail program

Recommendation #8

A formal risk profile and assessment of the Food Mail program should be completed by management.

Management Response

Agree. We will first complete the review and then address capacity to meet this requirement.

Active Monitoring

To ensure that programs and activities are well managed, and that suitable management practices and controls are in place and working, management must actively monitor practices and controls, and take early and effective remedial action in areas where significant deficiencies are encountered or improvements are needed.

Agreement with Canada Post

It was noted during the audit that a comprehensive review of the Agreement between INAC and CPC to ensure that it is appropriate, reflective of the current services provided by CPC, or achieving intended outcomes, has not been performed in recent years. It was also noted there has been very little involvement by senior program management in managing the relationship with Canada Post.

The current Agreement was written in 1996. Since that time there have been minor modifications to the Agreement to accommodate program changes such as new entry points, changes to eligible items and the pilot projects. However, the Agreement does not address a number of issues which are vital to the success of the program such as:

- Food quality standards
- Service standards and performance information and
- Termination costs.

As a result, INAC has no legal mechanism to ensure that CPC follows standards related to food quality or delivery service standards, and issues such as a possible discontinuance of service are not addressed.

The Agreement allows Canada Post to charge INAC for direct costs related to the provision, administration and management of the service, such charges to be approved in advance by INAC. The current negotiated rate of 3.4% of Air Transportation cost was set in 1999 and amounted to \$1.7M in 2006/2007. However, senior management has not reviewed and approved the expenditure and a thorough review of the reasonableness of the amounts charged has not occurred in recent years.

The Agreement provides INAC the right to audit CPC's costs, revenues and customer compliance procedures. The last audit performed by INAC was in 1994 at which time substantial weaknesses in CPC's systems were noted. An audit has not been performed since that time and as a result, INAC has limited assurance as to the validity of CPC costs and revenues or the extent to which CPC's customer compliance procedures are functioning as intended.

At the request of program management, the Audit and Evaluation Sector has engaged an independent contractor to perform a Preliminary Assessment for an audit of CPC's costs, revenues and customer compliance procedures.

Follow Up on Previous Audits

It was noted during the audit that program management had not adequately implemented recommendations made during previous audits.

The 1994 audit of CPC's Cost, Revenues and Compliance procedures made a number of recommendations which are no longer relevant due to changes in program operations. However, no other audit has been performed to date, and one of the recommendations which is still relevant (negotiate the ability to access CPC Internal Audit reports related to Action Plans on the Northern Air Stage Service) was never implemented.

An OAG report in 2002 recommended that INAC undertake a review of the major Food Mail entry points. A follow up report in 2006 indicated that INAC had not undertaken the full review but had reviewed one of the entry points (Churchill). To date, the full review has not been completed by the department.

Recommendation #9

The CPC Agreement, including the rate established for Direct Costs charged under the agreement, should be reviewed and assessed by senior management and Legal Services on a regular basis to ensure that it reflects the services expected of CPC. Program management should ensure that audits are undertaken as required and that audit recommendations are implemented in a timely fashion.

Management Response

Agree. We shall modify the Agreement with CPC concurrently with the review of the Program. A review of CPC's Costs, Revenues and Compliance is underway. The results of previous audits will be assessed during the review.

Records Management

To maintain the integrity of the department's information base and ensure effective program delivery, documents and records should be maintained in accordance with departmental policies.

The audit noted that Food Mail documents and records do not currently meet departmental or Government of Canada Records Management requirements. While program staff have created a records classification system for the program which is now being consistently used by staff, many historical documents and records have not been reviewed for destruction or entered in the records management system as of yet.

Recommendation #10

Food Mail program documents and records should be reviewed for possible destruction or entered into the records management system.

Management Response

Agree. This is part of the on-going management priorities.

Action Plan

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>Governance</p> <p>1. A formal structured body with specific roles and responsibilities should be created to provide oversight to the Food Mail Program.</p>	<p><i>Management's Response</i></p> <p><i>Agree. Northern Affairs Organisation (NAO) under the recommendation of Devolution and Territorial Relations (DTR) Branch will implement a robust oversight mechanism.</i></p> <p><u>Actions</u></p> <p>Subject to the review of the Program and the identification of a way forward, DTR is planning to expand the Food Mail management team. A human resource plan has been created to improve the capabilities of the Food Mail program. The new Food Mail Program team will serve to inform existing departmental processes and systems to ensure oversight. We will also make better use of NAO Management Board.</p>	<p>ADM Patrick Borbey</p>	<p>Winter 2009</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>Policy Development and Program Design</p> <p>2. A review of the Food Mail policy context should be conducted to address issues such as objectives and outcomes, links to other nutrition, food security and health programs and, jurisdictional questions.</p>	<p><i>Management's Response</i></p> <p><i>Agree. This will be done in conjunction with the Food Mail Program review.</i></p> <p><i>Actions</i></p> <p>A review and an evaluation of the program are underway. This work will provide comprehensive information on the development of a revised policy context.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Fall 2008</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>Policy Development and Program Design</p> <p>3. As part of the review process, and on an ongoing basis, a formal communication process with key stakeholders and partners of the Food Mail program should be established to support sharing of information and strategic and operational planning.</p>	<p><i>Management's Response</i></p> <p><i>Partially Agree. DTR already has a formal mechanism to engage with key stakeholders. However, we agree that we can improve the robustness of our formal communication process, notably by engaging with CPC at a high level (ADM to vice-President of CPC Operations).</i></p> <p><i>Actions</i></p> <p>An Ad Hoc DG level working group has been set-up to assist in the work of the review. Further, Health Canada and INAC co-chair an interdepartmental food security reference group (FSRG). The latter is used to share information and strategic and operational planning. The DG DTR will ensure a standing item is included in the FSRG agenda.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Fall 2008</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p><i>continued ...</i></p> <p>Policy Development and Program Design</p> <p>4. Management should prioritize and review key components of the program design including:</p> <ul style="list-style-type: none"> • Rationale for determining postage rates and the extent of subsidies; • Eligibility list including outcomes from the Pilot Projects, and • Food Mail entry points. 	<p><i>Management's Response</i></p> <p><i>Agree. This will be done in conjunction with the Food Mail Program review.</i></p> <p><i>Actions</i></p> <p>Pending Staffing of new positions by the fall of 2008, Devolution and Territorial Relations will complete this recommendation using the increasing capacity identified in the HR plan.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Fall 2009</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>Strategic and Operational Planning</p> <p>5. Program management should institute an ongoing process encompassing strategic, operational and human resources planning and should seek to ensure that the program has sufficient resources, both human and financial, to meet annual program objectives and commitments.</p>	<p><i>Management's Response</i></p> <p><i>Agree.</i></p> <p><i>We will first review the Program, and then implement a strategic and annual operating plan process. Subject to the review of the Program and the identification of a sustainable way forward, we need to build a more robust Food Mail team. If the status quo model is maintained, we will seek modifications to the A-base according to the government's decision.</i></p> <p>Actions</p> <p>DTR will ensure that we follow the Management, Resources, Results Structure policy (MRRS), including developing appropriate strategic planning documentation.</p> <p>DTR will use in-house and Treasury Board directives to comply on a yearly basis to prepare and approve annual operational plans and budgets.</p> <p>Management has commenced a HR plan. We will take action to ensure next steps are taken. DTR will also take measures to ensure our strategic planning is aligned with our HR planning.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Winter 2010</p> <p>Concurrent with our Report on Plans and Priorities for the spring of 2010.</p> <p>Spring 2009</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>Performance Measurement</p> <p>6. While not required, management should consider preparing an RMAF for the Food Mail program to assist in preparing a program profile and logic model, articulating expected results and designing a performance measurement strategy. Planned results at various stages should be identified and should be realistic and measurable. Performance indicators and targets should also be identified.</p>	<p><i>Management's Response</i></p> <p><i>Agree. We will commence a RMAF during the review and plan to get sign-off during an appropriate Treasury Board submission.</i></p> <p>Actions</p> <p>DTR will use in-house and Treasury Board directives to comply on a yearly basis to this recommendation. We shall comply with the MRRS which includes a Program and Activity Architecture (PAA) and relevant RMAF.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Fall 2008</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p><i>continued ...</i></p> <p>Performance Measurement</p> <p>7. The results of price surveys should be published in a timely manner and the means of communicating results should be reviewed to ensure that it is appropriate to the audience.</p>	<p><i>Management's Response</i></p> <p><i>Agree. Management has developed a HR plan to reinforce the program's capabilities to ensure we are able to publish in a more timely fashion.</i></p> <p><i>Actions</i></p> <p>Since the revised Northern Food Basket has been launched (in February 2008), we have sent the results to retailers and community leaders in all surveyed communities, and will be able to process the surveys and communicate the results in a more timely fashion. We will review the effectiveness of this approach.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Winter 2010</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>Risk Management</p> <p>8. A formal risk profile and assessment of the Food Mail program should be completed by management.</p>	<p><i>Management's Response</i></p> <p><i>Agree. We will first complete the review and then address capacity to meet this requirement.</i></p> <p><i>Actions</i></p> <p>DTR will use in-house and Treasury Board directives to comply on a yearly basis to this recommendation. An appropriate RBAF will be developed.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Winter 2010</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>Active Monitoring</p> <p>9. The CPC Agreement, including the rate established for Direct Costs charged under the agreement, should be reviewed and assessed by senior management and Legal Services on a regular basis to ensure that it reflects the services expected of CPC. Program management should ensure that audits are undertaken as required and that audit recommendations are implemented in a timely fashion.</p>	<p>Management's Response</p> <p><i>Agree. We shall modify the Agreement with CPC concurrently with the review of the Program. A review of CPC's Costs, Revenues and Compliance is underway. The results of previous audits will be assessed during the review.</i></p> <p>Actions</p> <p>We will review the agreement with CPC after the review. Further, we will commence high level yearly meetings between the ADM Northern Affairs program and the Vice-President operations of CPC. We will revise the Agreement following fall recommendations on a way forward with the Program, if it is not possible to have a revised Agreement for Treasury Board approval by September.</p> <p>A preliminary survey of CPC's Costs, Revenues and Compliance procedures has been completed and options are currently being considered. We will pursue further investigation during the summer 08.</p> <p>DTR plans on reviewing entry points such as Val-d'Or.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Winter 2009</p>

Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>Records Management</p> <p>10. The Program Manager should ensure that Food Mail program documents and records are reviewed for possible destruction or entered into CIDM.</p>	<p><i>Management's Response</i></p> <p><i>Agree. This is part of the on-going management priorities.</i></p> <p><i>Actions</i></p> <p>The present Manager will be assigned this duty as a special project prior to his retirement.</p>	<p>Trevor Bhupsingh, Director General</p>	<p>Fall 2009</p>