



Audit of the Integrated Improvement Initiatives (I3P) Programme

Office of Audit and Ethics

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Executive Summary

Background

In 2006, the Canadian Nuclear Safety Commission (CNSC) embarked on a number of improvement initiatives to provide the organization with the means to deliver more effectively on its regulatory mandate by modernizing and integrating its business processes. The Integrated Improvement Initiatives Programme (I3P) was an umbrella project management office providing oversight and coordination for three improvement initiatives:

- Integrated Planning and Performance Management (IPPM) Project;
- Licensing Project; and,
- Compliance Project.

A fourth initiative, the Integrated Systems Project, was designed to provide technology solutions for the other projects.

I3P was a significant change initiative for the CNSC requiring a material commitment of resources and having a far-reaching impact on the functioning of the CNSC. A key area of focus for the programme was on the development of licensing and compliance process maps consistent across all service lines. The programme was successful in completing the development and approval of these rationalized processes.

While I3P is no longer functioning as a separate programme, components of I3P have been integrated into a new major change initiative called the Harmonized Plan (HP) with the standardized licensing and compliance process maps continuing to be a key building block for HP priorities.

Objective

The objective of the project was to conduct an audit, under the Treasury Board of Canada's Policy on Internal Audit, to provide assurance to the President and Senior Management of the CNSC on the adequacy and effectiveness of the framework of governance and management controls for I3P.

The audit examined the governance structure and project management framework for the I3P, including the functioning of oversight bodies, the Program Management Office (PMO) and the individual projects under the I3P umbrella (i.e., Licensing, Compliance, Integrated Planning and Performance Management, and Integrated Systems).

The audit was performed in accordance with Internal Auditing Standards for the Government of Canada established by the Comptroller General of Canada. The audit approach included inquiries with I3P stakeholders (refer to Appendix A for details), as well as examination of relevant documentation.

Conclusion

Through the audit process, strengths were noted with regards to the framework for the governance and management of I3P. These strengths include:

- An oversight body was established for the Programme and met regularly to discuss I3P governance and Programme management related risks and issues;
- A high level Programme plan linking to project plans was developed and the scope of the programme was formally approved by the I3P Steering Committee; and,
- A strong team of cross-functional Subject Matter Experts (SME's) was established resulting in effective consultation and analysis across service lines
- "Lessons learned " were reviewed and addressed on an ongoing basis; and,
- Appropriate financial controls were in place for the Programme.

The audit of the I3P Programme determined that the framework for the governance and management controls for I3P had moderate issues requiring management attention:

- Governance: a governance structure was in place; however, roles and responsibilities were not clearly understood, and the decision making process was not streamlined;
- Project Management: no I3P-wide Programme management policies, procedures and standards were formally developed, and each of the underlying I3P projects followed their own project management processes.

More specifically, during our review of I3P we identified the following issues:

- I3P goals and benefits were not well understood and supported;
- I3P did not operate as a true Programme, and underlying projects did not have common goals or project management processes; and,
- The I3P decision making process was not streamlined as roles and responsibilities were not clear and there were many layers involved in the decision making process.

Management Response to the Audit

Agree. We will take the recommendations into consideration for future significant improvement initiatives at CNSC.

Actions have been taken to apply lessons learned from the I3P Programme in the implementation of the Harmonized Plan for Improvement Initiatives. Detailed lists of management actions taken are provided under each audit recommendation in the report.

Introduction

In 2006, the CNSC embarked on a number of improvement initiatives to provide the organization with the means to deliver more effectively on its regulatory mandate by modernizing and integrating its business processes. The Integrated Improvement Initiatives Programme (I3P) was an umbrella project management office providing oversight and coordination for three improvement initiatives:

- Integrated Planning and Performance Management (IPPM) Project;
- Licensing Project; and,
- Compliance Project.

A fourth initiative, the Integrated Systems Project, was designed to provide technology solutions for the other projects.

I3P was a significant change initiative for the CNSC requiring a material commitment of resources and having a far-reaching impact on the functioning of the CNSC. A key area of focus for the programme was on the development of licensing and compliance process maps consistent across all service lines. The programme was successful in completing the development and approval of these rationalized processes.

While I3P is no longer functioning as a separate programme, components of I3P have been integrated into a new major change initiative called the Harmonized Plan (HP) with the standardized licensing and compliance process maps continuing to be a key building block for HP priorities

Focus of the Audit

Objective

The objective of the project was to conduct an audit, under the Treasury Board of Canada's Policy on Internal Audit, to provide assurance to the President and Senior Management of the CNSC on the adequacy and effectiveness of the framework of governance and management controls for the I3P.

Scope

The audit examined the governance structure and project management framework for I3P, including the functioning of oversight bodies, the Program Management Office (PMO) and the individual projects under the I3P umbrella (i.e., Licensing, Compliance, Integrated Planning and Performance Management, and Integrated Systems).

Two improvement initiatives (the Management System and Leadership Development) are outside the umbrella of I3P and were not included in the scope of the audit. The following 14 audit issues were covered by the audit.

Governance

- Has an effective oversight body been established for the program with clearly defined and communicated mandate, authority, responsibilities and accountabilities?
- Have strategic directions and objectives for the program been clearly defined and communicated?
- Have integrated roles, responsibilities and accountabilities for the elements of the program -oversight bodies, project management office, project teams - been defined and communicated?
- Has the organization dedicated sufficient resources for the program and individual projects to achieve planned objectives?
- Has an effective communications strategy been developed and implemented to communicate the objectives and progress of the program?

Project Management

- Has an adequate, effective project management system been established for the program?
- Have project plans been developed and documented?
- Have scopes for individual projects and the program been clearly defined and controlled?
- Have program and project activities and durations been identified, estimated, sequenced and scheduled?
- Have individual project costs been estimated, budgeted and controlled effectively?
- Are appropriate financial controls in place?
- Has an adequate approach for performance monitoring and quality assurance been established?
- Have human resources requirements of the PMO and individual projects been identified and addressed?
- Has an adequate, effective risk management approach been established and integrated into the program and projects?

Detailed findings for the 14 audit issues can be found in Appendix B.

The Examination phase of the audit involved collecting, testing and analyzing evidence in accordance with professional audit standards to form the basis for conclusions and recommendations. All work was performed in accordance with Internal Auditing Standards for the Government of Canada established by the Comptroller General of Canada. The Government has adopted the Standards of the Institute of Internal Auditors (IIA) contained in the IIA Professional Practices Framework.

The audit approach included:

- Inquiries with I3P stakeholders, including Steering Committee Members and Programme Management (refer to Appendix A for details); and,
- Examination of relevant documentation, including I3P Steering Committee minutes, financial reports and various other documents related to governance and project management, in order to obtain evidence on the performance of key control activities.

Findings, Recommendations and Management Responses

The following three moderate findings have been identified through the audit process.

Finding 1: I3P goals and benefits not well understood and supported

We noted that senior management support for I3P was not always evident to all program participants or to CNSC staff in general. The perception among some stakeholder groups of a lack of senior management support for I3P resulted in delays of commitments of resources required to meet I3P goals on a timely basis. While each of the I3P projects had a Project Sponsor, sponsorship of I3P was less clear. The layers in the I3P governance structure obscured program sponsorship – i.e., Quality Council, Steering Committee co-chairs, PMO under Corporate Services direction, etc. A number of interviewees noted that the goals of the Programme were not clearly communicated and understood, which made senior management support more difficult to obtain.

We noted that although a communication plan for I3P was developed and formally approved, only a few components of it were actually put in practice over the life of the Programme. While some communication activities were well received by staff (e.g. the I3P Open House), these activities were not carried out consistently enough throughout the lifecycle of I3P.

Impact

Obtaining senior management support is a key success factor for broad change initiatives such as I3P. Inconsistent communications and a lack of visible senior management support throughout the lifecycle of the Programme contributed to a number of delays for I3P including:

- Delays in obtaining support from various stakeholders at the beginning of I3P;
- Delays in I3P activities caused by competing priorities taking over; and,
- Delays in decision making.

Recommendation

We recommend that for future significant improvement initiatives:

- The programme has a clear and inspirational goal, which aligns with the organization's strategic goals.

- The programme has a clear sponsor at a senior level within the organisation to champion the programme, help garner organizational buy-in, and facilitate decision making.
- Communications be carried out consistently throughout the lifecycle of the programme to ensure goals continue to be understood and that buy-in is maintained.
- Executive dashboards be leveraged as an efficient means to communicate with senior management.

Management Response to Finding 1

Agree. We will take the recommendations into consideration for future significant improvement initiatives at CNSC.

Within the Harmonized Plan for Improvement Initiatives, the following actions have been taken to address the issues identified:

- Within the CNSC's strategic pillar "Commitment to ongoing improvement initiatives", the implementation of the Harmonized Plan is listed as a priority;
- The objective of the Harmonized Plan is clearly articulated within the plan and was launched by the CNSC President at a leadership forum in November 2008 to the entire management cadre of the CNSC and subsequently to all CNSC staff;
- The senior level sponsor for the Harmonized Plan as outlined in the governance structure is the Executive Vice-President, Regulatory Operations Branch and Chief Regulatory Operations Officer who is a member of the CNSC Management Committee;
- The implementation of the improvement initiatives is supported by an overall communications strategy as well as communication strategies (open houses, Synergy articles, Managers' Forum, management meetings) for each completed initiative as it is rolled out for use;
- The HP dashboard is provided to Operations Management Committee on a bi-weekly basis and to the Harmonized Plan Steering Committee and Management Committee on a monthly basis to ensure that an appropriate level of communications with senior management is undertaken. During these updates, direction is sought from, and provided by senior management to the HP team.

Finding 2: I3P did not operate as a true Programme

A programme typically consists of multiple projects with common goals and objectives that, when properly structured, allows an organization to accomplish an effective use of resources to meet strategic goals. This most often results in reduced costs, and an efficient use of resources to accomplish specific business objectives.

We noted, however, that there were few common goals and objectives between I3P projects, other than all projects being improvement initiatives. This issue was amplified

by the postponement of the common technological platform for projects (i.e. the ISP project).

We also noted that the I3P Programme Management Office (PMO) was implemented after the individual projects had been initiated, and that the PMO was, for the most part, providing an integrated status reporting process for the projects to the I3P Steering Committee, and managing I3P communications; however, the project management processes and organizational structures for the projects were not amended to account for the role of the PMO. In addition, we noted that no I3P-wide Programme management policies, procedures and standards were formally developed, and each of the underlying I3P projects followed their own project management processes. Specifically, the Integrated Planning and Performance Management (IPPM) Project; the Licensing and Compliance Projects (L + C); and the Integrated Systems Project (ISP) were run separately while reporting on progress happened at both project and I3P Steering Committee levels.

Impact:

Lack of clear common goals and objectives between projects makes it difficult to realize benefits of creating an umbrella structure to oversee projects.

In addition, the I3P Charter states that the Programme Director has overall responsibility for the day-to-day management of the Programme, but the organizational structures of the underlying projects were not amended to allow the PMO and Programme Director to fully implement their intended roles and responsibilities, leading to confusion on the role of the PMO and the decision making process. Consequently, the benefits of setting up a PMO were not fully realized, and project management processes were not standardized across the underlying I3P projects.

Recommendation

We recommend that for future significant improvement initiatives, clear common goals between underlying projects be identified before implementing a programme structure. If such clear common goals cannot be readily established, it may be preferable to formally limit the role of the PMO as a center of expertise providing centralized reporting, and providing tools, guidance and standards to project teams.

If the organization wishes to implement a true Programme structure, consideration should be given to formally changing the organization structure and decision making process to fully empower the Programme Management Office to manage all aspects of the Programme.

Management Response to Finding 2

Agree. We will take the recommendations into consideration for future significant improvement initiatives at CNSC.

Within the Harmonized Plan for Improvement Initiatives, the following actions have been taken to address the issues identified:

- The governance structure of the Harmonized Plan has been established to clearly identify the roles, responsibilities, accountabilities and reporting structure of the Harmonized Plan program management – including the HP Steering Committee with organization-wide representation at the DG level;
- A common goal, to fully align CNSC improvement initiatives within the CNSC's Management System, has been established for the Harmonized Plan;
- To ensure alignment of individual initiatives with the common goal, each initiative is scoped to clearly understand: the nature of the improvement, the identified deliverable, the expected short / medium / long-term impacts, the overall approach including time table and resources, assumptions and risks are prioritized using a common set of criteria;
- Dedicated resources have been assigned to the Harmonized Plan within the Directorate of Regulatory Improvement and Major Projects Management; these dedicated resources are complemented with additional resources (subject matter experts) from various part of the CNSC to execute the initiatives.
- The lack of standardization in project management practices across the CNSC is being addressed directly through a Harmonized Plan initiative. Currently under development is a graded (risk-informed) approach suitable for application across projects / initiatives / assignments of varying magnitude and complexity. The approach and supporting guidance material will be piloted through initiatives within the HP and as opportunities arise, across the Operations branches.

Finding 3: Decision making process not streamlined

We noted that there were many layers involved in the decision making process for I3P, including the project teams, the Programme Director, the I3P Steering Committee, and ultimately the Quality Council. Numerous interviewees confirmed that the process was not clear in terms of all of the parties' roles and responsibilities in the decision making process.

While the roles of the Quality Council and the Steering Committee were delineated in the Programme Charter, in practice, there was uncertainty surrounding that delineation. In addition, the Steering Committee was co-chaired by Corporate Services and Operations. According to some interviewees, this helped in obtaining support from both groups, but also contributed to a less efficient decision making process.

Finally, we noted that the I3P Programme Director did not effectively have the decision making power envisaged in the Programme Charter.

Impact

A decision making process that is not clear and streamlined can lead to delays, can dilute accountabilities for decisions, and otherwise make the Programme more difficult to manage.

Recommendation

We recommend that for future significant improvement initiatives, the decision making structure be clearly defined and known by all stakeholders, including formalizing the types of decisions that can be made by all layers in the decision making process. Unneeded layers should be removed.

Management response to Finding 3

Agree. We will take the recommendations into consideration for future significant improvement initiatives at CNSC.

Within the Harmonized Plan for Improvement Initiatives, the following actions have been taken to address the issues identified:

- The Harmonized Plan, which was issued by the President of the CNSC, has a clearly articulated decision-making structure that outlines the roles for: Management Committee, the Executive Authority, the Program Authority, the Harmonized Planning Steering Committee, DG Champions, Project / Initiative Managers, and Subject Matter Experts. The role of OMC as an advisory body to HP is also spelled out.
- For the Harmonized Plan, the Program Authority chairs the Harmonized Plan Steering Committee; there is no co-chair.

Conclusion

Through the audit process, strengths were noted with regards to the framework for the governance and management of I3P. These strengths include:

- An oversight body was established for the Programme and met regularly to discuss I3P governance and Programme management related risks and issues;
- A high level Programme plan linking to project plans was developed and the scope of the programme was formally approved by the I3P Steering Committee; and,
- A strong team of cross-functional Subject Matter Experts (SME's) was established resulting in effective consultation and analysis across all service lines;
- "Lessons learned" were reviewed and addressed on an ongoing basis; and
- Appropriate financial controls were in place for the Programme.

These strengths contributed to the I3P's success in completing the development of standard licensing and compliance processes applicable to all service lines. Implementation of these common processes continues under various Harmonized Plan initiatives,

The audit of the I3P Programme determined that the framework for the governance and management controls for I3P had moderate issues requiring management attention:

- Governance: a governance structure was in place, however, roles and responsibilities were not clearly understood, and the decision making process was not streamlined;
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Appendix A: List of Interviewees

| Name | Position |
|------------------|--|
| Stephen Woodland | Director, Integrated Systems |
| Debbie Janisse | I3P Programme Officer |
| Hugh Robertson | Director-General, Information Management and Technology |
| Barclay Howden | Director-General, Regulatory Improvement and Major Projects Management |
| Marc Leblanc | Commission Secretary |
| Ian Grant | Director-General, DPRR, BPO Licensing |
| Ramzi Jammal | Executive Vice-President and Chief Regulatory Officer |
| Gordon White | Vice-President and Chief Financial Officer |
| Jason Cameron | Director-General, Strategic Planning |
| Michael Albert | Director, Corporate Planning Division |
| Roy Edwards | Quality and Performance Management Officer |
| Terry Jamieson | Vice-President, Technical Support |
| Ken Periera | Executive Vice-President (retired) |
| Jeff Sandeman | Physics Specialist, DNSR |
| Suzanne Ferlatte | Contract and Budget Administrator |
| Daniel Simard | Contracting Officer |
| Paul Morin | Contracting Officer |