Audit of Performance Measurement and Reporting Frameworks

Office of Audit and Ethics

Recommended by the Departmental Audit Committee for approval by the President on November 14, 2011

Approved by the President on

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Executive Summary

Background

The Canadian Nuclear Safety Commission (CNSC) performance measurement and reporting frameworks were introduced in 2007-2008 in response to the Treasury Board’s Policy on Management, Resources and Results Structure (MRRS). The objective of this policy is to ensure that the government and Parliament receive integrated financial and non-financial program performance information they can use to support improved allocation and reallocation decisions in individual departments and across the government.

The CNSC performance measurement and reporting frameworks consists of a series of 38 performance indicators as presented in Appendix E. These indicators support performance measurement at the CNSC strategic outcome level, the CNSC program activity level (e.g. Licensing and Certification), and the CNSC program sub-activity level, as defined in the organization’s program activity architecture (PAA); and also as required by the MRRS Policy.

Objectives and scope

The objectives of the audit were to provide reasonable assurance that:

- the CNSC’s performance measurement and reporting frameworks are adequate and support the effective management of corporate resources in the achievement of the mandate
- effective systems exist for collecting, validating and using performance information
- performance information is appropriately presented and reported

As such, the audit included an assessment of the internal and external performance measurement frameworks and associated processes and systems that support external reporting and senior management decision making.

The audit focused on the performance measurement and reporting frameworks in place during 2009-2010 and performance information generated for this period.
Approach

The audit approach consisted of a review of relevant CNSC and Treasury Board Secretariat policies and documentation, and interviews with CNSC employees involved in generating performance measurement information, as well as with a cross-section of the CNSC’s program managers and senior executives.

Audit findings

The audit found that the CNSC’s performance measurement and reporting frameworks are adequate to support annual departmental accountability or external reporting requirements. The CNSC has selected a subset of performance indicators for its formal reporting in the Departmental Performance Report (DPR) which is approved by management and the Minister of Natural Resources annually for tabling in Parliament. The audit found that the CNSC has appropriate presentation and reporting of the subset of performance indicators contained in the CNSC’s accountability reporting. Furthermore, interviewees and the review of the documentation revealed that the performance information collected (e.g. quantitative and qualitative) were adequate and in conformance with the external reporting requirements.

Beyond the performance information reported in the departmental accountability reports, the audit found that the CNSC could enhance its processes for collecting, validating and using the remaining performance information by expanding the detailed definitions of the performance indicators and by improving the process documentation.

The audit also found that the existing frameworks and resulting performance information are routinely presented to CNSC management as part of quarterly financial and performance reporting, but that the performance information is not optimally used to support the monitoring and management of corporate resources.

Conclusion

As a result of these findings, the audit concludes that

- the current performance measurement and reporting frameworks adhere to central agency MRRS policy requirements as it relates to departmental accountability reporting; and

- the current CNSC performance measurement and reporting frameworks could be reviewed to more effectively support management decision-making processes and the management of corporate resources.
The audit further concludes that opportunities for improvement can be addressed in the following ways:

- communicating the CNSC’s performance measurement and reporting frameworks to management and staff;

- continuing to monitor the application of the performance measurement and reporting frameworks across the organization;

- initiating a comprehensive review of the performance measurement frameworks and performance indicators to ensure that resulting performance information adequately supports decision-making process and program management needs; and

- strengthening the process for collecting, consolidating, validating and reporting CNSC’s performance information.
1. Introduction

1.1. Background

The audit of Performance Measurement and Reporting was approved by the Audit Committee as part of the Canadian Nuclear Safety Commission’s (CNSC) Risk-Based Audit Plan for 2010-2011 to 2012-2013.

Performance measurement is defined as a process of developing measurable indicators that can be systematically tracked to assess progress made in achieving predetermined goals. Reporting is the process used to give account of the activities undertaken during a specific time period, use of available resources and achievement of set goals and objectives.

Performance measurement is central to good management and helps fulfill accountability requirements. Management and external stakeholders require performance information to determine the extent to which expected results have been achieved.

The Treasury Board issued the Policy on Management, Resources and Results Structure (MRRS) in 2005 to set the overall frameworks for planning and performance reporting for federal departments and agencies. The objective of this policy is to ensure that the government and Parliament receive integrated financial and non-financial program performance information they can use to support improved allocation and reallocation decisions in individual departments and across the government.

In response to the MRRS policy, the CNSC performance measurement framework was introduced in 2007-2008. Appendix E presents the framework as it existed in 2009-2010, the period of focus for this audit.

1.2. Objectives and scope

The objectives of the audit were to provide reasonable assurance that:

- the CNSC’s performance measurement and reporting frameworks are adequate and support the effective management of corporate resources in the achievement of the mandate;

- effective systems exist for collecting, validating and using performance information; and

- performance information is appropriately presented and reported.
As such, the audit included an assessment of the internal and external performance measurement frameworks and associated processes and systems that support external reporting and senior management decision making.

The audit focused on the performance measurement and reporting frameworks in place during 2009-2010 and performance information generated for this period.

1.3. Analysis of risks

During the audit planning phase, a risk analysis was conducted to identify, evaluate and prioritize the risks associated with the performance measurement and reporting frameworks. The analysis was based upon an examination of key planning documents and reports (e.g., the organization’s program activity architecture (PAA) and MRRS) and the conducting of selected interviews with CNSC management. In addition, Treasury Board policy and guidance documents related to the management of performance and reporting were reviewed. The audit objectives were developed based on this analysis.

Provided below is a summary of the key risks identified during the planning phase.

<table>
<thead>
<tr>
<th>Audit objectives</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The CNSC’s performance measurement and reporting frameworks are adequate and support the effective management of corporate resources in the achievement of the mandate.</td>
<td>• Inadequate performance measurement framework</td>
</tr>
<tr>
<td></td>
<td>• Inadequate reporting framework</td>
</tr>
<tr>
<td>• Effective systems exist for collecting, validating and using performance information.</td>
<td>• Ineffective indicators or measures</td>
</tr>
<tr>
<td></td>
<td>• Inconsistent supporting systems and processes</td>
</tr>
<tr>
<td>• Performance information is appropriately presented and reported.</td>
<td>• Lack of compliance with prescribed performance measurement and accountability reporting policies and guidance</td>
</tr>
<tr>
<td></td>
<td>• Lack of reliability in reported performance information</td>
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<td></td>
<td>• Ineffective and insufficient support of management decision making</td>
</tr>
</tbody>
</table>
1.4. Audit criteria

The audit focused on the following three criteria which are presented in detail in Appendix B:

1. The CNSC’s performance measurement and reporting frameworks are adequate and support the effective management of corporate resources in the achievement of the mandate.

2. Effective systems exist for collecting, validating and using performance information.

3. Performance information is appropriately presented and reported.

1.5. Approach and methodology

The audit approach consisted of a review of relevant CNSC and Treasury Board policies and documentation, interviews with various CNSC employees involved in generating performance information, and with a cross-section of CNSC program managers and senior executives.

It also included testing of a sample of reported performance indicators for 2009-2010. This testing involved reviewing supporting process documentation and tracing the information reported externally (e.g., the RPP) back to supporting data sources.

The audit was conducted within the established parameters of the Treasury Board Policy on Internal Audit as well as the Auditing Standards for the Government of Canada.

1.6. Statement of assurance

Sufficient and appropriate audit procedures have been conducted and evidence has been gathered to support the accuracy of the findings and conclusions in this report and to provide an audit level of assurance. The findings and conclusions are based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed on with management. The findings and conclusions apply only to the entity examined and the scope and time period covered by the audit.
2. Observations and Recommendations

Audit Criteria:

2.1. The CNSC’s performance measurement and reporting frameworks are adequate and support the effective management of corporate resources in the achievement of the mandate

In analyzing the adequacy of the performance measurement and reporting frameworks, the audit compared the attributes of the CNSC performance measurement frameworks to guidance issued by the Treasury Board including 1) A Guide to Developing Performance Measurement Strategies and 2) Policy on Management, Resources and Results Structures (MRRS). The audit criteria and sub-criteria (presented in Appendix B) were primarily derived from these policy/guidance documents.

Adequacy of performance measurement framework

The Policy on Management, Resources and Results Structures (MRRS) and related departmental guidance was introduced by Treasury Board Secretariat in 2005 in order to support the development of a common government-wide approach to the identification of programs and to the collection, management, and reporting of financial and non-financial information relative to those programs.

The MRRS policy requires the development of a departmental performance measurement framework (PMF) which sets out the expected results and the performance measures to be reported for programs identified in the program activity architecture (PAA). The PMF is intended to communicate the overarching framework through which a department will collect and track performance information about the intended results of the department and its programs. The PMF should be designed to effectively support both day-to-day program monitoring and delivery, and the eventual evaluation of the programs.

In relation to the above audit criteria, the audit found that for 2009-2010, the CNSC has developed performance measurement and reporting frameworks where senior management accountabilities for individual performance indicators are clearly identified for each program based on the PAA. Each performance indicator has been linked to a data source, and the frequency of data collection has been identified.

The audit also found that the performance information presented at the strategic outcome level corresponds to the CNSC’s objective of ensuring “safe and secure nuclear installations and processes for peaceful purposes, and public confidence in the nuclear regulatory regime effectiveness”. This supports the Government of Canada strategic outcome which is to foster a “safe and secure Canada” (whole-of-government framework).
The performance information resulting from the PMF is associated with CNSC plans and priorities in that each performance indicator is linked to either a strategic outcome, a related expected result or a related output as presented in the RPP and DPR. The PMF also provides a summary view of financial resources allocated to each program activity. Appendix A further illustrates how the PMF satisfies the audit criteria and related TBS guidance.

The audit noted that a Management Accountability Framework assessment was conducted by Treasury Board in 2009. This assessment acknowledged improvements in the quality of the CNSC’s performance reporting: “the organization’s reports to Parliament demonstrate clearly communicated performance expectations in the RPP (Report on Plans and Priorities) that are tracked and reported on in the DPR (Departmental Performance Report).”

CNSC performance measurement and reporting frameworks

According to the Treasury Board guidance that has been referenced as a basis for the audit criteria and sub-criteria, the purpose of performance measurement and reporting frameworks are to support program managers in:

- continuously monitoring and assessing the results of programs as well as the efficiency of their management;
- making informed decisions and taking appropriate, timely action with respect to programs;
- providing effective and relevant departmental reporting on programs; and
- ensuring that the information gathered will effectively support an evaluation.

The interviewees - senior management (VP’s) and senior managers (Director Generals and Directors) indicated that the current performance indicators do not meet their operational requirements and do not optimally support their internal management decision making. The performance information is being used mainly to fulfill the CNSC’s obligations for external accountability reporting (i.e., RPP, DPR, and Annual Report). The audit also found that the resulting performance information is routinely presented to CNSC management as part of quarterly financial and performance reporting but that the performance information is only partially used to support the effective monitoring and management of corporate resources.

As the performance reporting is focused on Treasury Board reporting, less focus is placed on providing performance measurement information to support program management in monitoring and assessing the results of programs. As a result, the audit did not find evidence that the CNSC’s PMF effectively integrates internal management reporting processes and accountabilities with the reporting of performance information, beyond the reporting of strategic outcomes and program activity levels. This observation
was confirmed through interviews with program management and senior management representatives, who indicated that the performance information currently generated through the PMF is not used to support the CNSC management decision-making processes (e.g., resource allocation decisions).

**CNSC performance measurement and reporting processes**

At the time of the audit, the CNSC performance measurement and reporting frameworks consists of a series of 38 performance indicators (Appendix E) organized at the following levels:

- the CNSC strategic outcome level (“safe and secure nuclear installations and processes for peaceful purposes, and public confidence in the nuclear regulatory regime effectiveness”);
- the CNSC program activity level (i.e., Regulatory Framework, Licensing and Certification, Compliance, Internal Services); and
- the CNSC program sub-activity level (e.g., verification activity as part of the CNSC Compliance program).

In support of the PMF, the Corporate Planning Division of the CNSC coordinates the collection of performance information that is presented in the CNSC’s public reports (e.g., DPR). This performance information primarily consists of those performance indicators at the strategic outcome and program activity levels.

In addition to the previous observations, the audit team noted that performance information is consistently collected, consolidated and reported fully for 12 performance indicators included in the PMF (Appendix E). These 12 indicators correspond to the strategic outcome and program activity levels of the PMF and include those indicators that are used for formal accountability reporting. However, the audit did not find evidence that performance information was consistently collected, consolidated and reported on for the remaining 26 performance indicators, which primarily correspond to a supporting sub-activity level of the PMF.

The interviewees - senior management (VP’s) and - senior managers (Director Generals and Directors) questioned whether the PMF included an appropriate balance in the use of:

- direct performance indicators (i.e., those indicators that measure the CNSC’s own activities) versus indirect performance indicators (i.e., those indicators that measure the performance of other stakeholders (e.g., licensees)) to assess the performance of the CNSC as the regulator; and
• performance indicators that provided insight into the quantity of work performed by the CNSC, versus the effectiveness and efficiency considerations related to that work.

The Corporate Planning Division annually seeks feedback from the CNSC Director General community on any changes required to the 12 performance indicators included in the RPP and DPR. The interviewees indicated that there is a need for a more engaging and comprehensive review process for the PMF to support its evolution from a tool that supports central agency accountability reporting requirements to one that fully supports program management monitoring and decision-making processes.

2.1.1 Conclusion

The CNSC’s performance measurement and reporting frameworks are adequate to support annual departmental accountability or external reporting requirements; however, the frameworks are not used extensively by CNSC management to support the effective monitoring and management of corporate resources in the achievement of the CNSC’s mandate.

2.1.2 Recommendations

Recommendation # 1:

The Vice-President of the Regulatory Affairs Branch should

• communicate the CNSC’s performance measurement and reporting frameworks, including their purposes and implementation/use and provide information sessions, as required, on their use to management and staff

• continue to monitor the application of the performance measurement and reporting frameworks across the organization.

Management Response and Action Plan

As part of the full implementation of the TBS MRRS policy, the CNSC developed a performance measurement framework (PMF), with indicators for all levels of the Program Activity Architecture (PAA). These indicators are published in the Report on Plans and Priorities (RPP) each year and reported on in the Departmental Performance Report (DPR). Both reports are posted on our intra and external Web sites and are communicated to all employees via a message from CNSC’s President. The PMF fulfills a Treasury Board requirement but is more importantly used as a management tool during quarterly performance reviews to monitor performance and measure results.

The Strategic Planning Directorate (SPD) agrees that the current frameworks could be further integrated and communicated across the organization. In addition, the PMF will
be published on BORIS and communicated by Management. Information sessions will also be provided, as required, on the PMF use to management and staff.

The Quarterly Performance Reports for the Management Committee also include progress made against performance and against priorities presented in the RPP. In addition, the PMF is used regularly to support organizational decision-making, and has resulted in the solicitation of additional performance-related information on the part of the organization’s Management Committee, such as the addition of information around inspection types and frequencies, as evidenced in our Quarterly Performance Reports.

SPD will continue to monitor the application of the performance measurement and reporting frameworks across the organization and continue to improve the process and strengthen the framework.

Completion date: March 31, 2012
Lead: Corporate Planning Division
Champion: VP Regulatory Affairs Branch

Recommendation # 2:

The Vice-President, Regulatory Affairs, in consultation with CNSC’s Management Committee should initiate a comprehensive review of the PMF to ensure that the resulting performance indicators and performance information adequately support decision-making process and program management needs.

Management Response and Action Plan

The CNSC reviews its PAA and the supporting PMF each year to ensure that they adequately reflect the work of the organization and captures the organization’s performance. In the spring of 2011, the CNSC updated its PMF for fiscal year 2012-2013 through the TBS MRRS amendment process.

SPD does agree with the above recommendation and will address it during the full PMF review for 2013-2014. A full review of the performance and reporting frameworks will allow management to review each indicator to ensure that they are relevant, well defined, that there are systems in place to gather information and that they support decision-making. In addition, the CNSC will be undertaking an evaluation of the performance measurement program later in Fiscal 2011-2012. Once this evaluation has been finalized SPD will undertake a full review of the PMF based on the findings of the evaluation and this current audit. The objective is to ensure that the system provides relevant and useful performance information to aid management in decision-making.

Completion date: November 30, 2012
Lead: Corporate Planning Division  
Champion: VP Regulatory Affairs Branch

Audit Criteria:

2.2. Effective systems exist for collecting, validating and using performance information

Performance indicator definition

In developing the CNSC PMF, the Corporate Planning Division has adopted the TBS recommended format. In reviewing the CNSC’s performance measurement and reporting frameworks for 2009-2010, the audit found that data sources have been defined at a high level for all 38 performance indicators. The frequency of data collection has been defined for all 38 performance indicators; however, a baseline data set has not been presented for the performance indicators.

The audit also found that contact names have been documented for 34 (89 percent) of the 38 performance indicators; however, based on interviews with identified contacts, there is a lack of clarity in the roles/responsibilities and expectations of those responsible for data collection to ensure appropriate process compliance. The audit further found that the data management systems used to support performance indicator reporting are not consistently defined for the PMF performance indicators.

In addition to these observations, the audit noted that detailed definitions have not been consistently documented for CNSC performance indicators. Given the complexity, broad scope, and multiple directorates involved in generating performance information for some of the CNSC’s performance indicators (e.g., the directorates of Nuclear Cycle and Facilities Regulation, Nuclear Substance Regulation, Power Reactor Regulation and Security and Safeguards all provide input to the CNSC’s Compliance activity performance indicators), the audit team expected that detailed definitions, including the purpose of the indicator, the method for calculating the indicator and the method to use to gather the information, would be available as a means of ensuring clarity of understanding of the performance indicator. Without clearly defined performance indicators there is an increased risk that the right information to inform management decision-making is not being collected.

This observation was also highlighted in the 2009 Treasury Board Management Accountability Framework Assessment indicating that “many performance indicators are not clear and cannot be used for data collection to provide reliable insight into program effectiveness”.

Performance reporting process definition and governance

Based on the analysis of the CNSC PMF, interviews conducted with CNSC resources involved in the collection, consolidation and reporting of performance information, and reviews of available process documentation, the audit team observed that the processes, at the detail level, for collection, consolidation, validation and reporting of performance information have not consistently been articulated or documented beyond the high-level definition of the CNSC PMF that has been developed by the Corporate Planning Division.

The audit also found that, for the CNSC’s more complex performance indicators, the lack of appropriate process documentation increases the risk of loss of quality control in situations such as staff turnover. Complexity is illustrated by those performance indicators that involve consolidation of information from multiple data sources and multiple directorates or divisions. For example, there is a large number of licences and certificates issued as per service standards, the reporting of which requires collection and consolidation of information from varied data sources (e.g., manual- and system-generated records) and across multiple CNSC operating units (i.e., divisions and directorates).

Interviews with various CNSC employees involved in the presentation and the generation of performance measurement information showed it was not clear to them, who holds responsibility for further defining and documenting the processes supporting the collection, consolidation, validation and reporting of CNSC PMF performance information.

2.2.1 Conclusion

The audit found that data sources and the frequency of data collection have been defined for all 38 performance indicators. In addition, we found that the CNSC has not yet implemented comprehensive, consistent and effective systems and processes for collecting, validating and using all performance information in the PMF. Further clarification of the performance measures definitions and strengthening of the processes are required in order to make the performance indicators more useful.

2.2.2 Recommendation

Recommendation # 3

The Vice-President of the Regulatory Affairs Branch should:

- initiate a review of the CNSC’s performance indicator definitions and documentation; and
- strengthen the process for collecting, consolidating, validating and reporting CNSC performance information.
Management Response and Action Plan

SPD does agree with the above recommendation and will address it during the full PMF review as outlined in the Management response for Recommendation # 2. SPD will ensure that key requirements highlighted above are addressed.

Completion date: March 31, 2013
Lead: Corporate Planning Division
Champion: VP Regulatory Affairs Branch

Audit Criteria:

2.3. Performance information for external reporting is appropriately presented and reported

Departmental performance reporting

The CNSC is required to report publicly in its annual Report on Plans and Priorities (RPP) and Departmental Performance Report (DPR) on the performance indicators associated with the CNSC’s strategic outcomes and program activities. For the 2009-2010 fiscal year, the CNSC MRRS Performance Framework was composed of 38 indicators with only 12 indicators, those at the Strategic Outcome and Program Activity level, being reported in the DPR.

At the beginning of each fiscal year, the CNSC presents its performance indicators in the RPP. During the year, for formal reporting purposes, data is collected for those indicators. As well, for plans and commitments made in the RPP, data is collected quarterly and presented to the Extended Management Committee (EMC) in a Quarterly Performance Report.

The collection of quarterly performance information involves an email call for information that is sent to the Directors General (DGs). The Corporate Planning Division works with a network of contacts (e.g., program contacts, planners, directors) across the CNSC to pull together the performance information. The input is reviewed and approved by DGs and presented to the EMC.

The quarterly performance information is tracked throughout the year and presented in the CNSC’s DPR and Annual Report.

In reviewing the 2009-2010 DPR, the audit team noted that detailed performance results (including targeted and actual performance results and explanatory commentary) were provided for nine (9) out of 12 mandatory performance indicators. The other 3 performance indicators are discussed at the commentary level.
The analysis of the documentation supporting the compliance inspection information reported in the DPR indicates the existence of adequate linkages and support of performance information reported in the accountability reports. This analysis confirmed that documentation exists in regard to the performance information reported in the accountability reports.

The audit also found that the notes accompanying the performance indicators reported in the DPR clearly explained the context in which the information was reported and any limitations in the data reported.

2.3.1 Conclusion

The audit concludes that supporting information gathered for the purpose of the external reporting requirements is sufficient, adequate and appropriately presented and reported on in the DPR and the annual report.

3. Overall Conclusion

The objectives of this audit addressed the adequacy of the CNSC’s performance measurement and reporting frameworks in supporting effective management of corporate resources, the adequacy of supporting systems and processes, and the appropriateness of performance result presentation and reporting.

The audit identified that the current performance measurement and reporting frameworks adhere to central agency MRRS policy requirements in relation to departmental accountability reporting. The audit also found that the CNSC has implemented appropriate presentation and reporting of performance information as it relates to external departmental accountability reporting requirements (i.e., the DPR and RPP). As noted in the last Management Accountability Report of 2009-2010, “Departmental reports to Parliament are credible, reliable, balanced, MRRS-based and are of high quality.

The audit concludes, however, that the current CNSC PMF could more effectively support management decision-making processes and the management of corporate resources. The audit also concludes that opportunities for improvement can be addressed in the following ways:

- clarifying the intent of the CNSC PMF and developing a robust PMF that meets operational needs beyond addressing central agency accountability reporting requirements;

- reviewing the performance measurement framework and performance indicators to ensure that resulting performance reporting supports program management monitoring and internal assessment of program results by:
o including an appropriate balance between direct performance indicators versus indirect performance indicators; and

o developing performance measures that provide insight into the quantity of work performed by the CNSC;

• clearly defining and documenting the performance indicators included in the PMF and the supporting processes and accountabilities for collecting, consolidating, validating and reporting performance information.
Appendix A - Illustration of MRRS Requirements Related to the Program Activity Architecture and Performance Measurement Framework

The CNSC has defined a program activity architecture (PAA) and performance measurement framework (PMF) in response to MRRS policy requirements. A summary of key elements of the CNSC’s PMF is presented below.

<table>
<thead>
<tr>
<th>PAA component requirement</th>
<th>CNSC example</th>
</tr>
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<tbody>
<tr>
<td>• Defined program areas (activities), including program descriptions have been documented.</td>
<td>• Licensing and Certification Program activity</td>
</tr>
<tr>
<td>• Defined sub-activities, including sub-activity descriptions have been documented.</td>
<td>• Licensing and Certification Decisions sub-activity as part of the Licensing and Certification activity</td>
</tr>
<tr>
<td>• For each activity, the PMF includes at least one performance indicator related to the &quot;expected result&quot; of the activity.</td>
<td>• Program activity: Licensing and Certification</td>
</tr>
<tr>
<td></td>
<td>• Expected result: Individuals and organizations that operate safely and conform to safeguards and non-proliferation requirements.</td>
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<tr>
<td></td>
<td>• Performance indicator: Number of licences (and certificates) issued as per service standards</td>
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<tr>
<td></td>
<td>• Sub-activity: Assess Applications</td>
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<tr>
<td></td>
<td>• Expected result: A timely, fair, risk-informed, transparent and consistent process for reviewing and assessing licensing applications</td>
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<tr>
<td></td>
<td>• &quot;Expected result&quot; performance indicator: Percentage of applicants who meet the regulatory requirements associated with the proposed activity</td>
</tr>
<tr>
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<td>• “Output” performance indicator: Number of applications received and assessed</td>
</tr>
<tr>
<td>• For each sub-activity, the PMF includes at least one performance indicator related to the &quot;expected result&quot; of the sub-activity and a least one performance indicator related to the &quot;output&quot; generated by the sub-activity.</td>
<td></td>
</tr>
<tr>
<td>• Defined responsibilities/ accountabilities have been defined for each program activity, sub-activity and performance indicator.</td>
<td>The Management Vice-President, Operations Branch is identified as responsible for the Licensing and Certification program activity, sub-activities and supporting performance indicators</td>
</tr>
<tr>
<td>• Estimated resource spending is presented for each program activity.</td>
<td>Planned and actual spending is presented in the Departmental Performance Report for each of the four CNSC program activities (Regulatory Framework, Licensing and Certification, Compliance, Internal Services)</td>
</tr>
</tbody>
</table>
Appendix B - Detailed Audit Criteria

1. The CNSC’s performance measurement and reporting frameworks are adequate and support the effective management of corporate resources in the achievement of the mandate

   a. Performance measurement framework

   An adequate and effective performance measurement framework is one that incorporates and applies a formal, organized structure that addresses the following:

   - clearly defined roles, responsibilities and accountabilities for performance measurement and reporting
   - well-documented data and expectations for performance information which are clearly communicated across the CNSC
   - monitoring and quality assurance procedures for performance information which enable assessment of the CNSC’s service delivery
   - integrated internal management reporting processes and accountabilities with reporting of performance information

   b. Performance reporting framework

   An adequate and effective reporting framework is one that incorporates and applies the Principles for Effective Reporting to Parliament by providing the following:

   - focus on the benefits for Canadians
   - credible, concise, reliable, and balanced information
   - performance associated with plans, priorities and expected results
   - resources linked to results
   - integrated internal management reporting processes and accountabilities with reporting of performance information
2. Effective systems exist for collecting, validating and using performance information

The purpose of such systems is to determine the reliability of data for performance information, including adequate documentation of data sources, collection methods, standards and procedures and clear management trails of data calculations. Such systems also ensure that controls established over data collection and processing for the accuracy, completeness and reliability of performance information include input, validation and monitoring controls.

3. Performance information is appropriately presented and reported

The purpose of this criterion is to determine if an adequate management trail is in place to support performance information, and that there are adequate linkages and alignment of performance information reported in the accountability reports. It is also to ensure there is fair presentation of performance information, including the accompanying notes clearly explaining the context and any limitations in the data reported.
Appendix C - Overview of Audit Recommendations and Management Action Plans (MAP)

1. Recommendation: The Vice-President of the Regulatory Affairs Branch should
   - communicate the CNSC’s performance measurement and reporting frameworks, including their purposes and implementation/use and provide information sessions, as required, on their use to management and staff
   - continue to monitor the application of the performance measurement and reporting frameworks across the organization.

<table>
<thead>
<tr>
<th>Unit responsible</th>
<th>Management response</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead: Corporate Planning Division Champion: VP Regulatory Affairs Branch</td>
<td>As part of the full implementation of the TBS MRRS policy, the CNSC developed a performance measurement framework (PMF), with indicators for all levels of the Program Activity Architecture (PAA). These indicators are published in the Report on Plans and Priorities (RPP) each year and reported on in the Departmental Performance Report (DPR). Both reports are posted on our intra and external Web sites and are communicated to all employees via a message from CNSC’s President. The PMF fulfills a Treasury Board requirement but is more importantly used as a management tool during quarterly performance reviews to monitor performance and measure results. The Strategic Planning Directorate (SPD) agrees</td>
<td>Completion date: December 31, 2012</td>
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that the current frameworks could be further integrated and communicated across the organization; as such it will lead a complete review of the performance measurement and reporting framework by the Management Committee during fiscal year 2012-2013.

In addition, the PMF will be published on BORIS and communicated by Management. Information sessions will also be provided, as required, on the PMF use to management and staff.

### 2. Recommendation

<table>
<thead>
<tr>
<th>Unit responsible</th>
<th>Management response</th>
<th>Timeline</th>
</tr>
</thead>
</table>
| **Lead:** Corporate Planning Division  
**Champion:** VP Regulatory Affairs Branch | The CNSC’s PMF defines expected results, indicators, outputs, targets, data sources and frequencies of data collection. The expected results, indicators and targets are published in the RPP and are monitored via the Quarterly Performance Reports for the Management Committee, and then finally published in the DPR at year-end. The Quarterly Performance Reports for the Management Committee also include progress made against performance and against | Completion date: November 30, 2010 |

The Vice-President, Regulatory Affairs, in consultation with CNSC’s Management Committee should initiate a comprehensive review of the PMF to ensure that the resulting performance indicators and performance information adequately support program management needs.
priorities presented in the RPP. In addition, the PMF is used regularly to support organizational decision-making, and has resulted in the solicitation of additional performance-related information on the part of the organization’s Management Committee, such as the addition of information around inspection types and frequencies, as evidenced in our Quarterly Performance Reports.

SPD will continue to monitor the application of the performance measurement and reporting frameworks across the organization and continue to improve the process and strengthen the framework.

3. Recommendation: The Vice-President of the Regulatory Affairs branch should:
   - initiate a review of the CNSC’s performance indicator definitions and documentation
   - initiate a comprehensive process for collecting, consolidating, validating and reporting CNSC performance information.

<table>
<thead>
<tr>
<th>Unit responsible</th>
<th>Management response</th>
<th>Timeline</th>
</tr>
</thead>
</table>
| **Lead:** Corporate Planning Division  
  **Champion:** VP Regulatory Affairs Branch | The CNSC reviews its PAA and the supporting PMF each year to ensure that they adequately reflect the work of the organization and captures the organization’s performance. In the spring of 2011, the CNSC updated its PMF for fiscal year 2012-2013 through the TBS MRRS amendment process. | **Completion date:**  
  **March 31 2013** |
| SPD does agree with the above recommendation and will address it during the full PMF review. A full review of the performance and reporting frameworks will allow management to review each indicator to ensure that they are relevant and provide the necessary information to support decision-making. In addition, the CNSC will be undertaking an evaluation of the performance measurement program later in Fiscal 2011-2012. The objective is to ensure that the system provides relevant and useful performance information to aid management in decision-making. |
Appendix D - Glossary of Terms

**Activity:** An operation or work process that is internal to an organization and uses inputs to produce outputs (e.g. training, research, construction, negotiation, investigation).

*Departmental Performance Reports* (DPRs) are individual department and agency accounts of results achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall.

**Indicator:** A qualitative or quantitative means of measuring an output or outcome with the intention of gauging the performance of a program.

**Performance:** The extent to which economy, efficiency and effectiveness are achieved by a policy or program.

*Policy on Management, Resources and Results Structures* (*MRRS*) supports the development of a common government-wide approach to the identification of programs and to the collection, management, and reporting of financial and non-financial information relative to those programs.

**Program:** A group of related activities that are designed and managed to meet a specific public need and are often treated as a budgetary unit.

**Program activity architecture** (PAA) - Is an inventory of all the program activities undertaken by a department. The program activities are depicted in their logical relationship to each other and to the strategic outcome(s) to which they contribute. The program activity architecture is the initial document for the establishment of a Management, Resources and Results Structure.

*Reports on Plans and Priorities* (RPPs) are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail over a three-year period on an organization’s main priorities by strategic outcome(s), program activity(ies) and planned/expected results, including links to related resource requirements. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs.

**Strategic outcome:** A long-term and enduring benefit to Canadians that stems from a department's mandate, vision and efforts. It represents the difference a department wants to make for Canadians and should be a clear, measurable outcome that is within the department's sphere of influence.
Appendix E - CNSC 2009-2010 MRRS Performance Measurement Framework

Listed below are the performance indicators that composed the CNSC’s MRRS performance Measurement Framework for the year 2009-2010

<table>
<thead>
<tr>
<th>MRRS level</th>
<th>MRRS ID</th>
<th>Program name</th>
<th>Responsibility position</th>
<th>Type selection</th>
<th>Strategic outcome / expected result / output</th>
<th>Performance indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 SO 1</td>
<td>1</td>
<td>NA</td>
<td>President</td>
<td>Strategic outcome - mandatory</td>
<td>Safe and secure nuclear installations and processes for peaceful purposes, and public confidence in the nuclear regulatory regime effectiveness</td>
<td>Compliance rating of licensees (for each program)</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td>President</td>
<td></td>
<td>Number of radiation exposures over the allowable limits</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td>President</td>
<td></td>
<td>Positive International Atomic Energy Agency (IAEA) safeguard conclusion</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td>VP, Regulatory Affairs Branch</td>
<td></td>
<td>Increased stakeholder confidence in the CNSC's ability to regulate</td>
<td></td>
</tr>
<tr>
<td>5 PA 1.1</td>
<td>1.1</td>
<td>Regulatory framework</td>
<td>VP, Regulatory Affairs Branch</td>
<td>Expected result – mandatory</td>
<td>A clear and practical regulatory framework</td>
<td>Satisfaction levels of licensees across key performance areas</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td>Legal Services Unit, General Counsel/Manager</td>
<td></td>
<td>Number of legal challenges to the regulatory framework</td>
<td></td>
</tr>
<tr>
<td>7 SA 1.1.1</td>
<td></td>
<td>Administer the Nuclear Safety and Control Act (NSCA)</td>
<td>VP, Regulatory Affairs Branch</td>
<td>Expected result</td>
<td>An NSCA, without gaps, that establishes a clear mandate, governance, authorities and controls for the CNSC</td>
<td>Percentage of proposed changes accepted</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td>Legal Services Unit, General Counsel/Manager</td>
<td>Output</td>
<td>Proposed changes made to the NSCA</td>
<td>Number of proposed changes to the NSCA</td>
</tr>
<tr>
<td>9 SA 1.1.2</td>
<td></td>
<td>Regulatory document development</td>
<td>DG, Regulatory Policy</td>
<td>Expected result</td>
<td>A clear, transparent and risk-informed set of documents that define requirements and provide direction or guidance in meeting the requirements of the NSCA and other associated legislation</td>
<td>Percentage of new or modified regulations or regulatory document accepted</td>
</tr>
</tbody>
</table>

1 Key:
SO = Strategic Outcome
SA = Sub-Activity
PA = Program Activity
<table>
<thead>
<tr>
<th>MRRS level</th>
<th>MRRS ID</th>
<th>Program name</th>
<th>Responsibility position</th>
<th>Type selection</th>
<th>Strategic outcome / expected result / output</th>
<th>Performance indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td></td>
<td></td>
<td>VP, Regulatory Affairs Branch</td>
<td>Output</td>
<td>Regulatory documents</td>
<td>Number of regulatory documents initiated/issued</td>
</tr>
<tr>
<td>11 SA</td>
<td>1.1.3</td>
<td>Domestic and international arrangements</td>
<td>DG, Security and Safeguards</td>
<td>Expected result</td>
<td>Collaborative arrangements with national and international organizations that enable harmonized, integrated and efficient oversight of activities and information exchange that lie within the CNSC’s mandate</td>
<td>Number of international and domestic initiatives for strengthening the nuclear non-proliferation regime that are supported by CNSC technical and policy expertise</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td>DG, Security and Safeguards</td>
<td>Expected result</td>
<td>International transfers of nuclear materials and technology are solely for peaceful purposes</td>
<td>Nuclear goods and technology exported from Canada under bilateral nuclear cooperation agreements (NCAs) remain in peaceful use</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch; VP, Regulatory Affairs Branch</td>
<td>Output</td>
<td>International, Federal, Provincial agreements/conventions</td>
<td>Number of international, federal, provincial agreements/conventions signed / in effect</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Output</td>
<td>Bilateral regulatory cooperation MOUs</td>
<td>Number of regulatory cooperation memorandum of understanding (MOUs) signed / in effect</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch; VP, Technical Support</td>
<td>Output</td>
<td>Canada/IAEA safeguards agreements</td>
<td>Number of Canada/IAEA safeguards agreements</td>
</tr>
<tr>
<td>16 SA</td>
<td>1.1.4</td>
<td>Regulatory Research</td>
<td>Expected result</td>
<td>Research activities that produce objective, scientific and technical information that address regulatory gaps and support regulatory decision making and the dissemination of objective information to the public</td>
<td>New scientific and technical information disseminated to the public</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td></td>
<td></td>
<td>VP, Regulatory Affairs Branch</td>
<td>Output</td>
<td>Research reports</td>
<td>Number of research reports completed</td>
</tr>
<tr>
<td>18 SA</td>
<td>1.1.5</td>
<td>Stakeholder engagement</td>
<td>VP, Regulatory Affairs Branch</td>
<td>Expected result</td>
<td>Increased stakeholder understanding of the regulatory program</td>
<td>Increase in stakeholder understanding of the regulatory program</td>
</tr>
<tr>
<td>MRRS level</td>
<td>MRRS ID</td>
<td>Program name</td>
<td>Responsibility position</td>
<td>Type selection</td>
<td>Strategic outcome / expected result / output</td>
<td>Performance indicator</td>
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</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td>VP, Regulatory Affairs Branch</td>
<td>Output – complementary</td>
<td>Community meetings</td>
<td>Number of community meetings held</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td>Secretariat</td>
<td>Output – complementary</td>
<td>Public hearings</td>
<td>Number of public hearings held</td>
</tr>
<tr>
<td>21</td>
<td>PA 1.2</td>
<td>Licensing and Certification</td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Expected result - mandatory</td>
<td>Individuals and organizations that operate safely and conform to safeguards and non-proliferation requirements</td>
<td>Number of licences issued as per service standards</td>
</tr>
<tr>
<td>22</td>
<td>SA 1.2.1</td>
<td>Application Assessment</td>
<td></td>
<td>Expected result</td>
<td>A timely, fair, risk-informed, transparent and consistent process for reviewing and assessing licensing applications</td>
<td>Percentage of applicants that meet the regulatory requirements associated with the proposed activity</td>
</tr>
<tr>
<td>23</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Output</td>
<td>Applications assessed</td>
<td>Number of applications received and assessed</td>
</tr>
<tr>
<td>24</td>
<td>SA 1.2.2</td>
<td>Licensing and Certification Decisions</td>
<td></td>
<td>Expected result</td>
<td>A timely, fair, risk-informed, transparent and consistent process for making licensing and certification decisions</td>
<td>Percentages of licences and certifications that are issued, amended, renewed, suspended, or revoked by the Commission Tribunal</td>
</tr>
<tr>
<td>25</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Output</td>
<td>Licensing decisions</td>
<td>Number of licences issued</td>
</tr>
<tr>
<td>26</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Output</td>
<td>Certification decisions</td>
<td>Number of certificates issued</td>
</tr>
<tr>
<td>27</td>
<td>PA 1.3</td>
<td>Compliance</td>
<td>DG, Security and Safeguards</td>
<td>Expected result - mandatory</td>
<td>A high level of compliance by licensees with the regulatory framework</td>
<td>Degree/level of reconciliation between Canada and other countries of nuclear inventories subject to bilateral NCAs</td>
</tr>
<tr>
<td>28</td>
<td></td>
<td></td>
<td>DG, Nuclear Substance Regulation</td>
<td></td>
<td></td>
<td>Adherence to Sealed Source Tracking requirements</td>
</tr>
<tr>
<td>29</td>
<td></td>
<td></td>
<td>DG, Security and Safeguards</td>
<td></td>
<td></td>
<td>Nuclear material ledger reconciliations between the CNSC and licensees</td>
</tr>
<tr>
<td>MRRS level</td>
<td>MRRS ID</td>
<td>Program name</td>
<td>Responsibility position</td>
<td>Type selection</td>
<td>Strategic outcome / expected result / output</td>
<td>Performance indicator</td>
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</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Expected result</td>
<td>Low frequency of incidents, accidents and precursors</td>
<td>Number of events above zero on the International Nuclear Event Scale (INES)</td>
</tr>
<tr>
<td>31</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Expected result</td>
<td>Verification activities with the appropriate magnitude and frequency to assure compliance with the NSCA, regulations and licences</td>
<td>Frequency and severity rate of accidents</td>
</tr>
<tr>
<td>32</td>
<td>SA 1.3.1</td>
<td>Verification</td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Expected result</td>
<td>Compliance inspections closed as per standard</td>
<td>Output Inspections completed</td>
</tr>
<tr>
<td>33</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Output</td>
<td>Inspections completed as planned</td>
<td>Number of inspections completed as planned</td>
</tr>
<tr>
<td>34</td>
<td>SA 1.3.2</td>
<td>Enforcement</td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Expected result</td>
<td>Deficiencies are corrected in a timely fashion</td>
<td>Output Enforcement activities</td>
</tr>
<tr>
<td>35</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Output</td>
<td>Number of enforcement activities (e.g., requested appearances, revocations, restrictions, orders, prosecutions)</td>
<td>Timeliness of reporting</td>
</tr>
<tr>
<td>36</td>
<td>SA 1.3.3</td>
<td>Reporting</td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Expected result</td>
<td>Effective reporting to all stakeholders on compliance performance to support implementation of corrective actions and improvements in compliance performance</td>
<td>Inspections completed</td>
</tr>
<tr>
<td>37</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Output</td>
<td>Number of inspection reports issued</td>
<td>Compliance notices</td>
</tr>
<tr>
<td>38</td>
<td></td>
<td></td>
<td>Executive VP (EVP), Regulatory Operations Branch</td>
<td>Output</td>
<td>Number of compliance reports issued</td>
<td></td>
</tr>
</tbody>
</table>