

2008



Report of the
**Auditor General
of Canada**
to the House of Commons

DECEMBER

Chapter 7
Economy and Efficiency of Services—
Correctional Service Canada



Office of the Auditor General of Canada

The December 2008 Report of the Auditor General of Canada comprises Matters of Special Importance—2008, Main Points—Chapters 1 to 8, Appendices, and eight chapters. The main table of contents for the Report is found at the end of this publication.

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Ce document est également publié en français.

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Cat. No. FA1-2008/2-7E

ISBN 978-1-100-10974-9

Chapter

7

Economy and Efficiency of Services
Correctional Service Canada

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

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Economy and Efficiency of Services

Correctional Service Canada

Main Points

What we examined

Correctional Service Canada (CSC) is responsible for criminal offenders sentenced by the courts to two years or more in prison. It provides custody and care to 14,500 inmates in 58 federal institutions and 16 community correctional centres. It also supervises offenders after release, through 71 parole offices.

We examined whether CSC management ensures that goods and services for its institutions are procured, managed, and delivered with sufficient attention to economy and efficiency. Specifically, we focused on whether food, clothing, and cleaning products of the desired quality are obtained at the lowest available cost and whether related services are delivered efficiently. We also looked at security services, in particular at whether CSC is efficient in the deployment of correctional officers among institutions, including the use of overtime.

Why it's important

Correctional Service Canada has an obligation to ensure the safety and security of the Canadian public as well as its inmates and staff by preventing inmate escapes as well as violent incidents in its institutions. In addition, it has significant financial responsibilities. It spends about one third of its budget—about \$642 million—on security and food, clothing, and cleaning services. Savings that are achieved through better management of costs can be reinvested in areas that Correctional Service has identified as priorities. At the same time, in its 2007–08 *Report on Plans and Priorities*, CSC said it had exhausted its ability to reallocate existing resources in order to meet its challenges.

What we found

- Correctional Service Canada does not manage its purchasing of food, clothing, and cleaning products in a way to obtain best value at the lowest available cost. Its purchasing processes are behind those of other industries that purchase similar goods in similar volumes. Quantities of food and cleaning products needed for the 58 institutions are not analyzed at the national level; instead, institutions determine the quantities of food and cleaning products they need and carry out much of their own purchasing. This means the Agency is missing opportunities for savings available through higher-volume purchasing. In addition, CSC has not analyzed either

the overall cost of preparing food inside the institutions or whether there are more economical alternatives. While it manages most clothing purchases at the national level, a substantial percentage of purchases are still made locally by institutions.

- Correctional Service Canada is developing a model for a more consistent approach to allocating correctional officers among institutions, by introducing national standards for deployment. The model is based on the estimated minimum number of officers required to maintain a safe and orderly medium security institution. However, this model has not yet been adapted to fit each institution, nor has its potential impact on the need for overtime been assessed.
- Overtime costs have continued to increase in the last six years, significantly exceeding the amount budgeted. At the same time, spending on rehabilitation programs, training, and building maintenance has been less than the budgeted amounts. We were told that some key factors in the use of overtime by officers are unscheduled leave or training, the need to cover duties of vacant or unstaffed positions, the need to escort inmates to hospitals and courts, and the need to keep certain criminal groups away from each other. While we recognize that some overtime is necessary to deliver security services, we found no overall strategy or policy designed to control the use of overtime, and little analysis of the impact of overtime on salary expenses and programs and of whether using overtime is more economical than hiring additional personnel.
- In examining the increased use of overtime, we noted that, in some cases, employees' leave records are not updated consistently to reflect actual leave taken. In the month tested, as many as one third of absences in some institutions were not recorded in the human resources management system. Unrecorded leave allows for the same employee to take additional leave later; overtime is likely to be incurred each time that employee takes unscheduled leave.
- CSC focuses much of its effort on safety and security over economy and efficiency. We found little direction from national headquarters to institutions on how to manage their operations more economically and efficiently. The mandates of senior management committees refer to setting strategic direction and corporate policy and to providing advice, but none of them refers to responsibilities for economy and efficiency, such as establishing expectations, monitoring results, and taking corrective action. None of the performance information currently tracked looks at economy or efficiency of operations. Further, the requirement to manage economically and efficiently is not

included in senior management performance agreements, so there is little incentive for them to do so.

The Agency has responded. The Agency agrees with our recommendations and has committed to implementing corrective action. In some cases, this action has already begun. Its detailed responses follow each recommendation throughout the chapter.

Introduction

7.1 Correctional Service Canada (CSC or the Agency), through its Commissioner, reports to the Minister of Public Safety. CSC is responsible for the custody and care of criminal offenders sentenced by the courts to serve two years or more. The *Corrections and Conditional Release Act* (1992) sets out CSC's mandate, which is to contribute to the maintenance of a just, peaceful, and safe society.

7.2 CSC is also guided in the delivery of its services by a number of acts and regulations, such as the *Canadian Charter of Rights and Freedoms*, the *Canadian Human Rights Act*, the *Criminal Code*, the *Privacy Act*, the *Access to Information Act*, the *Transfer of Offenders Act*, and the *United Nations Standard Minimum Rules for the Treatment of Prisoners*. As with all government departments and agencies, CSC must comply with the *Financial Administration Act* and follow Treasury Board policies and guidelines. Further, CSC has developed its own internal policies and procedures known as Commissioner's Directives.

7.3 CSC has a presence from coast to coast. The Agency provides custody and care to its inmate populations of about 14,000 men and 500 women in 58 institutions and 16 community correctional centres. It also supervises offenders after release, through 71 parole offices.

7.4 In the 2007–08 fiscal year, approximately \$570 million of CSC's budget of \$1.87 billion was spent on guarding prisoners (security services), while costs for food, cleaning, and clothing (institutional services) were almost \$72 million.

7.5 The Agency employed over 15,000 people in the 2007–08 fiscal year. The Agency's headquarters is in Ottawa, where it performs overall planning and policy development, while five regional offices implement CSC activities in institutions, community correctional centres, and parole offices.

7.6 Correctional Service Canada faces a number of challenges. They include a changing and more complex inmate population profile; increases in non-discretionary costs such as salaries, utilities, food, and medical services; and increasing costs to maintain aging buildings and infrastructure.

7.7 In its 2007–08 *Report on Plans and Priorities*, CSC stated that it had exhausted its ability to reallocate resources to meet these current and future challenges. It noted that, during the past few years, it has had to constantly review and adjust funding allocations and expenditures to meet its most urgent needs. At that time, CSC reported that it had

curtailed some internal expenditures, including those for non-essential training, equipment purchases, travel, professional service contracts, and staffing actions. The changing offender profile and the escalating costs have, according to CSC, placed it in an ever more challenging position, and it recognizes that it will need to focus sharply on its key priorities to deliver the greatest possible results and value for money.

7.8 In April 2007, the Minister of Public Safety formed an independent panel to review CSC operations as part of the government's commitment to protecting Canadian families and communities. The CSC Review Panel's mandate was to advise the minister on a number of important areas. The Review Panel submitted its report, *A Roadmap to Strengthening Public Safety*, in October 2007 and made several recommendations in five key areas to help CSC offer greater public safety. The key recommendations were the following:

- Emphasize offender accountability by recognizing that rehabilitation needs to be a shared responsibility of CSC and the offender.
- Eliminate drugs from prisons.
- Emphasize offender employability and employment by introducing a more structured work day with a proper allocation among work, education, and correctional programs.
- Change the physical infrastructure to regional complexes (with four to five penitentiaries within one location).
- Eliminate statutory releases, where offenders are automatically eligible for release after a certain period, and instead require offenders to earn their parole.

7.9 Since this review, in its 2008 Budget, the federal government announced an additional \$122 million over two years to begin implementing a new vision for the federal correctional system. This includes modernizing the physical infrastructure with a more efficient and effective design and construction, as well as streamlining operations.

Focus of the audit

7.10 We examined whether Correctional Service Canada managed resources and goods used in providing security services and the procurement and delivery of institutional services (food, cleaning, and clothing) with sufficient attention to **economy**; and whether CSC managed, designed, and provided these services with sufficient

Economy—The right amount of resources, of the right quality, delivered at the right time and place, and at the lowest cost.

Efficiency—The minimum resource inputs to achieve a given quantity and quality of output.

attention to **efficiency**. Our audit reviewed CSC's activities for the past four fiscal years (2004–05, 2005–06, 2006–07, and 2007–08).

7.11 More details on the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this chapter.

Observations and Recommendations

7.12 In its *2007–08 Report on Plans and Priorities*, Correctional Service Canada (CSC or the Agency) stated that it had exhausted its ability to reallocate resources to meet current and future challenges, such as the changing characteristics of the inmate population and rising non-discretionary costs. It noted that, during the past few years, it has had to constantly review and adjust funding allocations and expenditures to meet its most urgent needs. Consequently, we expected that senior management would have required a significant analysis and review of expenditures in the key areas of inmate care and security services in order to find savings that could then be allocated to other priorities.

7.13 In the provision of custody and care to inmates, we examined whether senior management ensured that institutional services were being managed with economy and efficiency and that corrective action was taken when necessary. We examined the information and analysis provided to CSC senior management on selected institutional services and on the deployment of correctional officers and their overtime. We then reviewed how senior management assessed and gave direction on these areas. Finally, we looked at whether CSC senior management exercised key stewardship functions in directing and monitoring CSC activities to ensure that institutional services and programs were being managed with sufficient attention to economy and efficiency.

Food, cleaning, and clothing services

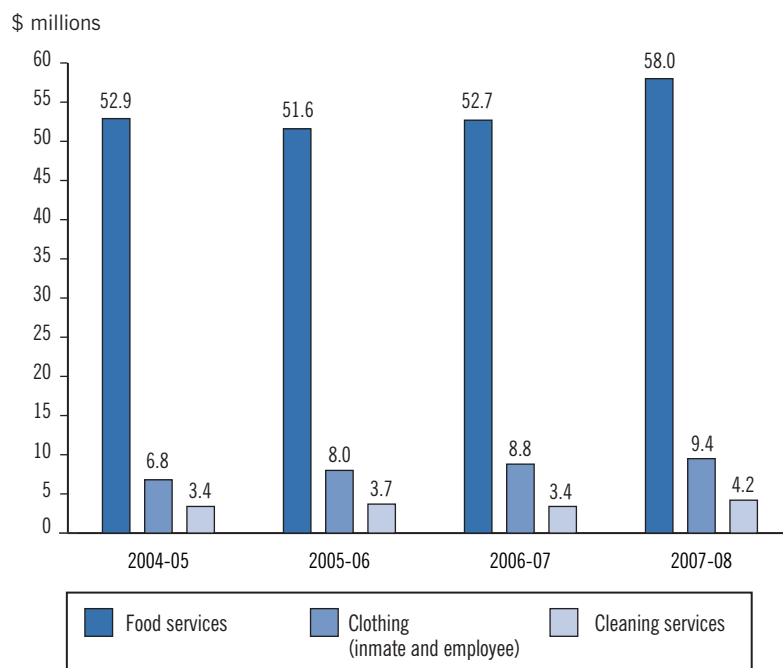
7.14 As CSC has a responsibility to provide for the basic needs of offenders and to provide uniforms for correctional officers in each of its 58 institutions, this is an important opportunity for CSC to manage its services with economy and efficiency. In order to deliver food, cleaning, and clothing services, CSC purchases a large volume of goods across the country. This volume has continued to increase in recent years (Exhibit 7.1). These three services cost a total of approximately \$71.7 million in the 2007–08 fiscal year.

7.15 We expected to find that CSC had developed national policies, standards, procedures, and practices to promote the economical management of food, cleaning, and clothing services. Specifically, we

expected to find that CSC—like other organizations that purchase these types of goods in large quantities—had performed needs, options, and cost-benefit analyses.

7.16 Further, we expected to find that CSC had developed ways to monitor the economy of procurement. Finally, we expected to find that CSC had taken steps to identify cost savings and was taking corrective action where appropriate.

Exhibit 7.1 Expenditures on food, cleaning, and clothing services have increased



The cost of food services includes food and related costs.

The costs of cleaning services and clothing services include only the cost of purchases and related costs.

Source: Correctional Service Canada

7.17 In order to assess the extent to which CSC was managing the purchases of goods economically, we reviewed available directives, guidelines, and practices, as well as how much monitoring was done at the national, regional, and institutional levels. We also requested information from all 58 institutions on the extent to which they considered economy when purchasing food, cleaning, and clothing products.

7.18 With the exception of clothing, we found that CSC had not analyzed its needs at the national level to determine the required overall demand for goods. Our questions to institutions found that

they conduct their own needs analyses, but that they rarely document their analyses or decisions. Needs analyses for food, cleaning, and clothing were based on different factors:

- for food services, a pre-determined daily allowance and the inmate population;
- for cleaning services, the size of institution, historical data, and experience; and
- for clothing services, historical data on the number of staff and on inmate turnover.

Because each institution is developing its needs analyses independently and this information is available only at the local or regional level, CSC is unable to properly analyze its overall needs and how they might be met more economically.

7.19 We found that many procurement decisions were left to the institutions, resulting in varying procurement practices across the country, with no assurance that these decisions are the most economical. We found that there was a lack of national guidance on economical procurement of goods. Given the volume of purchases, we expected that CSC would be looking for opportunities to save money while obtaining the best value.

7.20 CSC also told us that it uses competitive processes and standing offers to guide the procurement of food, cleaning, and clothing services. However, standing offers are not being used consistently, so CSC may not be purchasing goods in the most economical manner. Further, the Agency does not monitor whether the standing offers it does have in place produce the desired savings.

7.21 We also found that CSC has not sufficiently analyzed its needs to determine its optimal inventory of food, cleaning products, or clothing. Holding too much or too little inventory costs extra. We found no guidance on inventory levels and that most decisions were made by each institution. We found no evidence to suggest that CSC was looking at options to reduce inventory management costs.

7.22 Our findings on the economy and efficiency in purchasing and distributing food, cleaning, and clothing services are presented in detail below, with one overall recommendation appearing at the end of this Food, cleaning, and clothing services section.

Insufficient attention is paid to economy in purchasing food and cleaning supplies

7.23 Food purchases. CSC allocated a standard amount of \$4.47 per inmate per day for food in the 2007–08 fiscal year. However, CSC did not provide a rationale to support this amount, nor does the amount include the full costs of food and its preparation, which regularly exceeds \$9.00 a day. Institutions face a challenge in providing meals for religious, medical, and vegetarian diets within their budget, as some of these special meals can cost close to \$20.00 per day. Since 2003, CSC conducted two internal reviews of food services that found that the number of inmates demanding special diets has increased in recent years, leading to increased costs.

7.24 While CSC tracks food costs against budgets and the inmate per-day allowance, it does not perform sufficient analysis on the cost of food. We found that CSC had performed limited analysis in its two internal reviews on the cost of food services, but this was not sufficient to analyze costs or alternatives. Regardless of whether CSC adopts a centralized or decentralized purchasing approach, without this analysis, CSC will not be able to identify potential savings. As a starting point, CSC needs to know what kind of food is being purchased and at what cost. CSC does have detailed information of purchases at a local or regional level, but this information is not available for analysis at the national level. CSC needs to analyze its needs for food in terms of quality, volume, and cost before identifying potential savings.

7.25 CSC also needs to know its food suppliers and the terms of its purchasing agreements to assess if it can achieve savings from economies of scale and fewer contracts. We found that CSC has devoted limited attention to economy in its purchase of food. It has missed opportunities for savings, and its purchasing processes are behind those of other sectors. For example, in our discussions with senior procurement managers of hospitals and the hotel industry, we were told that significant savings—as much as 10 percent—had been achieved through systematic monitoring and analysis of food purchases, including contract agreements (Exhibit 7.2).

7.26 CSC also needs to explore other opportunities for savings in the purchase and preparation of food. For example, CSC currently employs a dietician in each region to ensure that menus meet the requirements of *Canada's Food Guide*. CSC officials told us that regional menus were needed to meet the regional tastes of inmates. However, the 2003 review performed by CSC found that regional menus were amended for use in each institution. With sufficient analysis, CSC could explore the possibility of a more standard menu to achieve

savings through volume discounts and a reduction in overhead. Further, special diet menus could be developed nationally. Even if costs were reduced by only 15 cents per meal, given the 14.7 million meals provided to inmates by CSC per year, this could amount to savings of approximately \$2 million per year.

7.27 We also found that CSC does not know the overall cost of preparing food in-house and has not analyzed whether this is more economical than other alternatives, such as contracting for food services. Such an analysis should include the full costs of food services, not only the direct cost of food purchases and the salaries of individuals used in food preparation, but also the cost of other labour, supplies, and equipment and its maintenance. Labour should include all or portions of work hours spent by people who support those who prepare food, from inmates to dieticians to human resources staff. Equipment would include everything used in preparation and delivery, from freezers and stoves to the heated trolleys used to deliver trays to cells in maximum security institutions, which do not use cafeterias. Supplies would include everything from napkins to trays, and from dishes to utensils. It is only with this type of information that the costs of alternatives can be properly compared.

7.28 Cleaning product purchases. As with food, we found that most purchasing decisions for cleaning products were made by each institution. The budget for cleaning supplies is based on previous years' experience and the institution's square footage. We also looked at whether CSC had implemented environmentally friendly practices to procure cleaning supplies. In the questionnaire sent to all institutions, some indicated that in their procurement decisions, they consider environmentally friendly products where prices are acceptable.

Exhibit 7.2 Hospitals and hotels have achieved significant savings in procurement

As part of our audit, we visited senior procurement managers of Ottawa-area hospitals and national hotel companies. We found that each of these sectors had modernized its procurement practices to achieve significant savings.

Ottawa-area hospitals have banded together to create a joint venture to provide food services to each hospital. While the food provided meets the quality needs of each institution, the hospitals report having achieved significant savings by increasing their purchasing power through economies of scale. In addition, they are decreasing purchasing costs by negotiating longer-term contracts (with opportunities to renegotiate the price) with fewer suppliers.

In the hotel industry, representatives from hotel chains reported purchasing savings of more than 10 percent while meeting their quality requirements. They achieved this through progressive negotiations on price, paying only for the products and services required, and through economies of scale and longer-term contracts

7.29 CSC regularly uses inmate labour to clean its institutions and has established some monitoring controls for cleaning services (such as using cleaning checklists and assessing inmate performance). There was no evidence to suggest that headquarters was monitoring the volume of cleaning products used or their cost.

7.30 We found that CSC was not performing sufficient analysis to determine if the current cleaning product procurement process is the most economical. In our opinion, based on the experience of the private sector, savings will likely be found through fewer contracts of higher volume.

Economy of clothing purchases and efficiency of its distribution need to be reassessed

7.31 CSC supplies clothing for its inmates and correctional officers. Depending on the article of clothing, purchases are controlled nationally or by individual institutions.

7.32 Prison clothing for more than 500 female inmates and civilian clothing for all inmates prior to their release is purchased locally by institutions, amounting to \$607,000 in the 2007–08 fiscal year. Clothing for roughly 6,200 correctional officers and for about 14,000 male inmates is purchased centrally from national suppliers or from **CORCAN**, a CSC-run business employing inmates. The value of national supplier contracts has increased from \$2.8 million in the 2004–05 fiscal year to almost \$5 million in the 2007–08 fiscal year, and CORCAN purchases have increased from approximately \$2.2 million to \$6.8 million in the same period.

7.33 CSC has also centralized the distribution of male inmate and correctional officer clothing from its national depot in Laval, Quebec. The cost of operating the depot was over \$1 million in the 2007–08 fiscal year, including salaries.

7.34 Economy of clothing purchases. In looking at the current purchasing and distribution practices for clothing, we expected that CSC would be able to demonstrate that its procurement practices were economical because it purchased a suitable quality at the lowest price. We also expected that its choices regarding quality and cost would be documented and that current procurement practices would be reviewed regularly to ensure that clothing purchases resulted in the best value.

7.35 Unlike its food purchases, CSC has used national contracts for its clothing purchases. As these result from a competitive process, they provide cost savings through volume purchases. We found that CSC

CORCAN—a special operating agency of CSC where inmates produce goods and services that meet private sector standards. Products range from clothing to office furniture. CORCAN is designed to provide offenders with employment and skills training at 36 institutional sites and to aid in their safe reintegration to society. CORCAN provides CSC operations with a variety of items, ranging from T-shirts and jeans for inmates to shirts for officers, cell furnishings, and food produced on prison farms in certain regions.

reviewed how it purchased officer clothing in 1996, 2007, and 2008. The latest study examined a number of options for delivering officer clothing, comparing CSC's current procurement practice against other government departments' officer clothing practices. CSC has recently decided to purchase its officer clothing from the private sector.

7.36 We found that according to a CSC policy on procurement, CORCAN goods and services may be priced as much as 15 percent higher than market prices. The additional charge is designed to support CORCAN's program objectives of providing training and employment to inmates. While we recognize the importance of CORCAN's mandate, we found that CSC had not done any analysis to determine whether the premium paid for CORCAN products and services should be 5, 15, or 25 percent, for example. In addition, CSC could not provide us with a list of goods purchased that were above market price. While CSC has performed limited analysis of how it purchases officer clothing, we found no similar analysis for inmate clothing.

7.37 Efficiency of clothing distribution. We expected that CSC's method of distributing clothing would be the most efficient. We found that the last time that CSC reviewed its current clothing distribution process was in 2001. CSC has not compared its distribution practices with industry practices. In our review of the distribution process, we found numerous checks and repackaging of items, calling the efficiency of the packaging process into question. Further, in our interviews with institutions, we found that when clothing items did not arrive on time, some institutions purchased clothing from local suppliers. CSC could not provide us with the value of these locally purchased items.

7.38 Recommendation. Correctional Service Canada should collect, at a national level, sufficient information on the volume and cost of its purchases and their use by location. It should use this information to perform in-depth analysis of its procurement of its food, cleaning, and clothing services, and regularly examine potential alternatives and improvements to its current practices. Further, it should examine the cost-saving opportunities based on the volume of its purchases.

The Agency's response. Correctional Service Canada (CSC) agrees that further analysis of the costs of procurement and delivery of food, cleaning, and clothing services will be beneficial.

CSC will enhance its analysis of its institutional service delivery. More specifically, within the next 18 months CSC will

- collect sufficient information from institutions to facilitate systematic, in-depth analyses of current procurement practices

and of its institutional service delivery model at the national level. This includes a review of best practices and, as required, a comparison to industry norms and other correctional jurisdictions;

- review inventory management practices and optimal inventory levels;
- review its food service distribution model and explore the use of national menus;
- review the distribution model for clothing;
- reassess premiums attributed to CORCAN goods and services;
- continue to collaborate with Public Works and Government Services Canada to develop a national procurement strategy, including the use of longer-term and national contracts for certain commodities; and
- establish national guidelines on the economical procurement of goods.

Finally, the modernization of the physical infrastructure proposed by the CSC Review Panel, which is also a key theme of CSC's Transformation Initiative in response to the Panel's recommendations, presents further opportunities to explore creative and innovative ways for CSC to streamline service delivery, to share common services, and to realize more efficient and effective procurement practices.

Management of correctional officers

7.39 Correctional Service Canada (CSC) offers security services to provide a safe and secure environment for employees and inmates. CSC's budget for security services consists primarily of salaries and overtime for some 6,200 correctional officers. Security services cost approximately \$570 million in the 2007–08 fiscal year, accounting for about 30 percent of CSC expenditures that fiscal year.

7.40 In 1998, CSC received an additional \$40.5 million to hire 1,000 more correctional officers to make its institutions healthier, safer, and more secure. Specifically, the additional correctional officers were to provide CSC with greater flexibility in dealing with absences that had been filled either by using term and casual employees or by overtime. The Agency expected that absenteeism rates per correctional officer would decline and that overtime costs would be reduced by more than \$6 million per year. We examined whether CSC has since paid sufficient attention to economy and efficiency in managing its correctional officers.

Model for efficiency of deployment of correctional officers is not yet in place

7.41 Between the 2002–03 and 2007–08 fiscal years, the cost of security services increased by approximately 42 percent while the number of correctional officers and inmates remained relatively constant. Given the amount and increase in security services, we examined whether CSC’s allocation of correctional officers provided an efficient deployment of staff.

7.42 We found that the deployment model CSC is developing uses a formula to allocate its correctional officers within its institutions. The model’s objective is to use national standards to make the allocation more consistent and therefore more efficient.

7.43 For the deployment model to provide an efficient result, we expected that the proposed model considered the institutions’ floorplans and security level and the inmates’ demographic profile, which all affect the need for correctional officers. We expected that CSC would test its deployment model and fix any problems before full implementation.

7.44 CSC is still developing its deployment model. It is currently studying the CSC Review Panel recommendations, such as staffing observation towers and increasing surveillance for drugs, to determine their impact.

7.45 The deployment model estimates the minimum number of officers required to maintain a safe and orderly medium security institution. CSC intends to adjust the model for the operational requirements of each security level; the particulars of the institutions; and the number, gender, and profile of inmates. However, we found that CSC had not planned sufficient analysis of the model or performed pilot or other testing, which could affect its prospects of success. We noted that CSC did not perform any analysis on employee leave and overtime and its potential impact on the deployment standard. We found no evidence to suggest that CSC had conducted a cost-benefit analysis or looked at other alternatives to the proposed deployment model.

7.46 Recommendation. Correctional Service Canada should conduct sufficient analysis to determine that its deployment of correctional officers results in the most economic and efficient result.

The Agency’s response. Correctional Service Canada (CSC) agrees and is committed to further analyzing its draft deployment standards prior to full implementation. This ongoing analysis will also take into account the impact of employee leave and overtime to ensure that the

most economic and efficient use of substitute relief positions for correctional officers is achieved.

While this audit was being finalized, the draft deployment standards were implemented in Mountain Institution in the Pacific Region. Lessons learned are being incorporated into the draft deployment standards.

Additionally, CSC is assessing institutional differences and developing site specific standards. As needed, it is also incorporating changes to the draft deployment standards that result from the implementation of CSC Review Panel recommendations.

The deployment standards, once finalized, will provide more flexibility and availability to offset overtime costs due to staff absences. In addition, CSC is finalizing a Commissioner's Directive on the National Standards for the Deployment of Correctional Officers that includes an oversight committee responsible for ensuring the economic and efficient deployment of correctional officers. Implementation is planned for April 2009.

Furthermore, CSC is developing an automated National Scheduling and Deployment System for security services to provide more consistency in scheduling and deployment practices. Full implementation is expected by September 2009.

The Agency has not paid sufficient attention to economy in the management of overtime

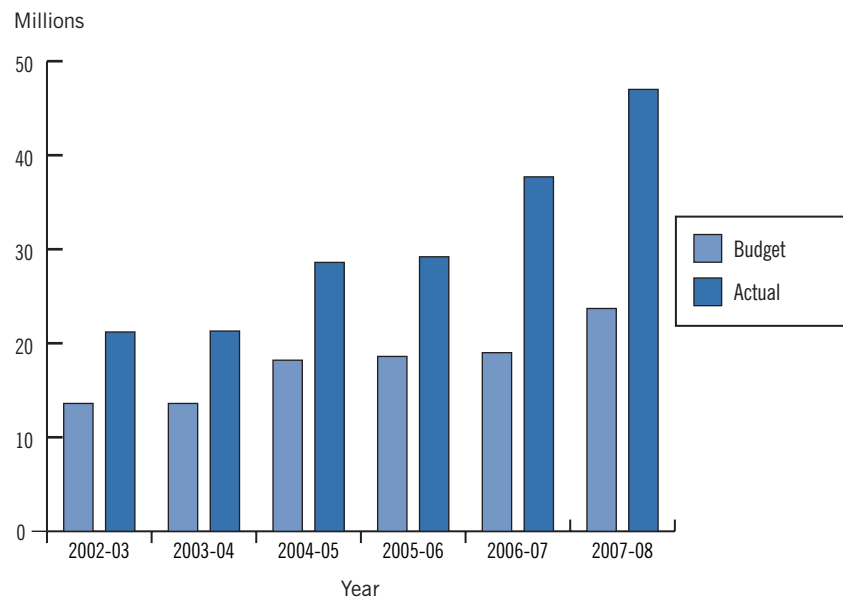
7.47 CSC allocates a percentage of its overall security budget for overtime, which is seen as an operational requirement. Since the 2002–03 fiscal year, overtime costs have increased (Exhibit 7.3).

7.48 We audited overtime at CSC as part of our November 2006 chapter on Proper Conduct of Public Business—Public Safety and Emergency Preparedness Agencies. As part of the 2006 audit, we questioned why a small number of employees worked a disproportionate amount of overtime and whether there was a potential for overtime abuse. CSC managers cited understaffing, scheduling deficiencies, the need to respect collective agreements when granting leave, and workload issues as key causes of overtime. In addition, they recognized possible abuse and stated that they were already monitoring certain employees. While the audit did not examine the total volume of overtime, it did find that the Agency had very good systems to control individual overtime abuse in cases where there were large amounts of both overtime worked and leave as taken.

7.49 At the time of our current audit, we found that the total volume of overtime was still high and overtime expenditures continued to increase. Given that overtime is paid at a rate of one-and-a-half to two times the regular hourly rate, the current audit examined whether overtime is managed economically. We expected that CSC would have a corporate policy on overtime outlining the roles and responsibilities of management and of employees; conditions under which overtime was allowed; and a process for approving, allocating, monitoring, and reporting overtime. We expected that strategies would be in place to curtail excessive overtime and to ensure that overtime was pre-approved, earned by the employee, and recorded in a human resource information system on a timely basis. We also expected that at all levels of the organization, overtime costs were being tracked and management was receiving and acting on regular reports on overtime.

7.50 For the past six years, actual overtime costs have substantially exceeded their budgeted amount. CSC told us that it manages salary and overtime as one budget category, and that additional overtime expenditures have been offset by reduced salaries due to vacancies or understaffing. We found that CSC regularly reported the amount spent on overtime; however, we found no evidence to suggest that CSC had analyzed the impact that overtime would have on its operations.

Exhibit 7.3 Correctional officers' overtime budgets have been consistently underestimated



Source: Correctional Service Canada

7.51 It was beyond the scope of this audit to determine whether certain programs or activities had been cut to compensate for the increase in overtime expenditures, but our review found that spending on rehabilitation programs, training, and building maintenance has been less than the budgeted amount.

7.52 Responsibility for managing overtime. We recognize that some overtime is necessary to deliver security services; however, we found no overall strategy or policy designed to control the amount of overtime. CSC had developed a guide in 2006, entitled *Management of Overtime: Roles and Responsibilities*, which outlines management responsibilities, but the guide does not address the need to control overtime. We also noted that overtime costs and hours are monitored at a national level, which would provide CSC with the information necessary to take corrective action.

7.53 We found that CSC has issued a memorandum requiring all sites to monitor overtime-related costs. Reasons for and costs of overtime are being monitored by the institutions and are subsequently submitted to the region and then to national headquarters. Key factors that increase overtime are officers being on unscheduled leave or on training, the need for officers to escort inmates to hospitals and courts, the need to keep certain criminal groups separate from others, and a lack of money in the salary budget for additional positions. Overtime is also affected by vacant or unstaffed positions, and the need to increase staff in other posts in the institution as a result of needing to comply with workplace safety requirements.

7.54 In looking at the allocation of correctional officers at certain institutions, we noted that each duty roster (shift schedule) contains a small number of officers in substitute relief positions who are assigned to posts where people are absent. However, these are often not enough to eliminate the need to call in additional staff on overtime in order to maintain minimum staffing numbers.

7.55 CSC has, as far back as 1981, undertaken several reviews on overtime. It has implemented a number of initiatives such as substitute relief positions and attendance awareness programs (which seek to reduce absenteeism), thereby reducing the need for overtime.

7.56 We found that some regions have implemented a number of initiatives to address the situation, such as attendance awareness programs. A national initiative is the introduction of new shift schedules for correctional officers that are intended to maximize substitute relief positions and minimize vacancies in the duty roster. However, we found no evidence to suggest that the new schedules

have led to greater economy or reduced overtime expenditures. We found that certain institutions expressed concern that the new shift schedules may in fact result in increased overtime expenditures as they may not match resource availability.

7.57 Authorizing and recording overtime. We expected that CSC had controls in place to ensure that overtime was pre-approved, worked by the employee, and recorded accurately in a human resource information system. The pre-approval normally has to be recorded somewhere or else there is no evidence that overtime was authorized.

7.58 We found that pre-approval typically consists of a phone call made to the employee when a vacancy is created in the duty roster. Once overtime is worked, the information is then recorded on an overtime summary sheet, approved by the correctional manager, and entered into its human resource management system (HRMS). However, a 2006 CSC study on leave and overtime management found this process was inconsistent and each region maintained different practices around pre-approval and data entry.

7.59 Options to reduce overtime. We found that given the nature of CSC's business, there are limited options to minimize overtime. During our site visits, CSC officials told us that possible actions include double bunking (two inmates sharing a cell with bunk beds), the closing of a wing or locking down the institution (curtailing inmate movement and exercise, and eliminating visitors), or limiting the number of overtime hours that an employee may work within a week or month. However, some of these measures may result in other problems if they are used for an extended period. We found that institutions were looking to find savings through the use of community volunteers to escort minimum security inmates to hospitals. In the day-to-day management of the institution, managers may develop mechanisms to reassign staff or change the duties of a post, thereby averting overtime expenses. However, we did not find that CSC is systematically finding and implementing strategies to reduce overtime.

7.60 A more permanent way to reduce overtime would be to increase the number of staff. However, adding staff in an organization where overtime may be seen by some as an entitlement may lead to more overtime. We found that CSC had not performed sufficient analysis to determine what amount of overtime, compared with what number of staff, would provide the best workforce for the least cost. This lack of analysis could harm the proposed deployment standard if the required number of correctional officers does not properly take into account the current trends in overtime.

7.61 Incentives to control the cost of overtime. The use of management incentives could reduce the need for overtime and control its cost. Incentives for correctional staff are limited as CSC must abide by the terms of their collective agreement. One incentive would be to include the management of overtime when measuring the performance of wardens and senior management. We found that the Agency has not made managing overtime a priority; there were no management incentives to keep overtime costs low nor was there evidence to demonstrate that there were consequences for not managing overtime within the prescribed budget.

7.62 In some cases, disputes arise concerning overtime, such as whether the chance to work overtime is fairly distributed among employees. These disputes are often settled by the grievance process in accordance with the collective agreement for corrections officers. We examined overtime grievances in the past three fiscal years. We found that CSC does not monitor all overtime grievances, particularly those resolved locally. For those grievances resolved nationally during the 2005, 2006, and 2007 calendar years, approximately 21 percent related to overtime issues. We reviewed files available nationally, regionally, or locally for 93 grievances concerning overtime. The resolution of these grievances usually results in a payment to the grievor as though he or she had worked the overtime hours. Many of these cases result in two payments for the actual hours worked, both at time and a half or a higher rate: one payment to the grievor and one to the person who actually worked. Better information will allow management to better control the frequency of these grievances. Reducing the number of these cases could also be an element of each warden's performance agreement.

7.63 Recommendation. Correctional Service Canada should systematically collect and analyze complete information to properly manage its overtime expenditures. It should examine reasons that overtime is incurred and analyze and implement decisions to reduce the cost of overtime through alternatives to overtime, proper controls, and incentives.

The Agency's response. Correctional Service Canada (CSC) agrees that the ongoing monitoring of overtime expenditures is essential to ensuring the effective management of its resources with due regard for economy and efficiency.

CSC will enhance its monitoring and analysis of expenditures and alternatives to overtime, as well as the financial and performance

information related to all aspects of its operations, which includes overtime expenditures.

As of August 2008, the quarterly monitoring process related to the management of overtime expenditures was enhanced to ensure that the CSC Executive Committee and the National Finance Committee are provided with more detailed information and enhanced analysis at the national level.

Further, the Committee on Correctional Officer Deployment Standards will be established by April 2009 and be responsible for ensuring economic and efficient practices related to the deployment of correctional officers. The development of a nationally accepted model for monitoring overtime at the institutional level will also form part of those responsibilities.

Finally, performance agreements for all executives will continue to include ongoing commitments related to the sound stewardship of financial resources and effective people management. Beginning in fiscal year 2008–09, the Performance Assessment Committee will further consider how wardens and senior managers manage their financial resources, including the proper management of overtime.

Employee leave records are not recorded correctly

7.64 As part of our examination of factors that may result in additional overtime, we looked at the impact of unrecorded leave on overtime. This leave could be for vacation, illness, or family-related concerns. If leave is not properly recorded, employees may take more leave than they are entitled to, which leads to additional overtime. We expected that all absences would be properly recorded in the Agency's human resource management system (HRMS). We examined detailed roster schedules to identify all absences for the month of May 2007 in eight selected institutions and compared these absences with the system records for the same time period. We based our analysis on information extracted from the HRMS in late March and early April 2008.

7.65 We found that a large proportion of correctional officers who were absent did not have their leave recorded in the HRMS. Among the institutions we examined, between 3 and 35 percent of absences were not recorded in the HRMS, suggesting a systemic problem with recording leave.

7.66 Certain CSC regions had previously identified this issue and conducted internal studies. In 2003, a study of Saskatchewan

Penitentiary found that 11 percent of correctional officers' absences were not recorded in the HRMS. In 2007, the Ontario region found that, in some institutions, 33 percent of absences had not been recorded. CSC has not examined the extent of the problem nationally nor estimated its economic impact. From our examination of eight institutions for the month of May 2007, we found that 375 days of leave had not been recorded. The cost of this unrecorded leave is estimated at \$100,000. If this analysis were applied to all 58 institutions for the entire year, the result could be in the millions of dollars.

7.67 Since we advised CSC of the preliminary results of our audit, it has begun to take action. The eight institutions conducted their own analyses and determined whether adjustments and/or recoveries from employees were needed. All institutions have been requested to review the recording of employee absences for the 2007–08 fiscal year.

7.68 Recommendation. Correctional Service Canada should ensure that all employee absences are correctly recorded in its human resource management system.

The Agency's response. Correctional Service Canada (CSC) agrees and is committed to ensuring all employee absences are correctly recorded in its human resource management System (HRMS).

As mentioned in the report, CSC has taken immediate action to address the issue of incorrect recording of employee absences, including reconciling data in the institutional rosters with that in HRMS.

Furthermore, all national headquarters sectors, regions, and institutions were instructed in July 2008 to review all employee absences for 2007–08. Where needed, appropriate action will be taken to ensure the accuracy and completeness of all employee absence information. These actions will include, if necessary, appropriate measures to address any non-compliance on the part of CSC personnel with the national directives on the proper recording of employee leave.

In addition, a quarterly monitoring process has been initiated across the organization to ensure ongoing accountability for the proper recording of employee absences.

A follow-up review of the recording of employee absences will also be conducted by CSC Internal Audit Branch by the end of 2008–09.

Finally, CSC will implement an automated National Scheduling and Deployment System by September 2009 that will interface directly with HRMS, thereby strengthening controls around the recording of leave transactions.

Senior management direction for economy and efficiency

7.69 In the provision of custody and care to inmates, we expected that CSC senior management would pay sufficient attention to economy and efficiency. As previously mentioned, this is most important in CSC's case, given that it told Parliament that it has exhausted its ability to reallocate existing resources. We expected that management at the highest level would have required staff to perform significant analyses and reviews of expenditures. We examined the information and analysis provided to CSC senior management on selected institutional services and on the deployment of correctional officers and their overtime. We then reviewed how senior management assessed and gave direction on these areas. Finally, we examined whether senior management had assurance that institutional services were being managed for economy and efficiency and that corrective action was taken when necessary.

7.70 The primary focus of CSC is to contribute to public safety by rehabilitating offenders, while exercising reasonable, safe, secure, and humane control. CSC reported in its 2007–08 *Report on Plans and Priorities* that the changing nature of the offender population is making it more difficult to maintain order in the institutions, though the rate of major security incidents has remained relatively stable over the past five years. CSC reports that inmates are younger, more violent, and there are more gang affiliations, which require more effort and resources to keep inmates separated from each other. We found that CSC has acted on past audit recommendations (1996, 1999, and 2003) to track, monitor, and report to senior management on indicators related to the inmate population, such as escape rates and violent incidents.

The Agency has defined responsibilities for the delivery of its services but performs insufficient monitoring

7.71 We expected that CSC had defined the roles, responsibilities, and accountabilities at all levels of management responsible in order to promote efficient and economical delivery of services.

7.72 We noted that national headquarters is responsible for setting policy direction while wardens are responsible for everything that happens within their institution, including the budget and the day-to-day management of institutional and security services.

7.73 Senior management does receive some assurance on economy and efficiency from internal audits. We reviewed the internal audits for the past three years and found that 8 of a total of 19 reports mentioned economy and efficiency. We noted that one internal audit focused on economy or efficiency in leave and overtime management, and that

management tabled an action plan in 2006. The action plan addressed roles and responsibilities for the management of leave and overtime. However, management did not endorse the recommendations to improve the information in the human resource management system, as they felt the changes would be too costly.

7.74 We found that individual institutions have developed some good practices, but there is no systematic sharing of these practices so that all institutions can improve their results. There was little direction provided by the national headquarters to institutions on how to manage their operations more economically and efficiently.

7.75 To allocate resources to its regions and institutions, CSC primarily uses the profile and number of inmates, the number of staff and their rates of pay, and the size of the institution. It requests that each region provide a cost-benefit analysis for any changes to previous years' budgets. However, we found that this information was not always provided. CSC uses some cost estimates calculated on a per-inmate basis, such as food, to deliver programs and services. The result of this exercise provides the budgets to individual institutions and regions.

7.76 We found that living within budgets was the primary financial control across all levels of the organization. A process is in place that requires variances greater than 3 percent to be justified and explained locally, regionally, and to senior management at headquarters. However, this justification usually occurs after the fact. CSC senior management receives regular reports that compare actual expenditures with budgets.

7.77 We found that CSC focuses much of its effort on safety and security. It does not pay sufficient attention to economy and efficiency. We found that the mandates of senior management committees included setting strategic direction and corporate policy and providing advice, but none of them, except the departmental audit committee, included responsibilities for economy and efficiency, such as setting targets, monitoring, and taking corrective action. We found that none of the performance information currently being tracked looked at economy or efficiency of operations. Further, we found little incentive to manage economically and efficiently as this requirement was not included in senior management performance agreements.

7.78 Until recently, CSC's management has devoted much of its time and energy to staying within its appropriation from Parliament. It found itself looking to reallocate existing resources to meet urgent funding requirements, and curtailed some programs in order to balance

the books. With its focus on maintaining public safety, CSC has not devoted sufficient attention to economy or efficiency in its operations.

7.79 CSC reports annually to Parliament on its plans and priorities, and has a good system in place to monitor its priority commitments. In its 2007–08 *Report on Plans and Priorities*, CSC stated that it had exhausted its ability to reallocate existing resources to meet its challenges. We believe that, due to the lack of sufficient analysis and attention paid to economy and efficiency of its operations as noted in this report, CSC cannot support its position that it could not reallocate resources to meet its challenges.

7.80 Recommendation. Correctional Service Canada senior management should ensure that it receives and reviews suitable analysis and performance information to allow it to monitor and make decisions for its institutional and security services with sufficient attention to economy and efficiency. The Agency should identify and analyze opportunities for cost savings, and for planning, implementing, monitoring, and improving the delivery of these services with due consideration to economy and efficiency.

The Agency's response. Correctional Service Canada (CSC) agrees that ongoing monitoring and analysis of expenditures is essential to ensuring the effective management of its resources with due regard for economy and efficiency.

In 2008–09, CSC initiated a Strategic Expenditure Review process, which includes a comprehensive analysis of all programs and activities to identify efficiencies and potential reallocation and reinvestment opportunities.

Building on the efforts of this strategic review, CSC will enhance its ability to manage its institutional and security services with sufficient attention to economy and efficiency by

- ensuring that economy and efficiency are included as key management considerations in information presented to CSC's Executive Committee and sub-committees (as of November 2008);
- updating, as required, the terms of reference for key management committees to reflect the need to monitor and manage for economy and efficiency (by March 2009); and
- reviewing CSC's performance measurement framework and including, as required, measures for economy and efficiency (by March 2009).

Moreover, as part of its Transformation Initiative, CSC senior management is committed to analyzing and pursuing alternatives that present greater efficiencies and effectiveness for the federal correctional system.

Conclusion

7.81 We found that Correctional Service Canada has not paid sufficient attention to economy in the resources and goods used in the provision of its security services and the procurement of its food, cleaning, and clothing services. It has not performed sufficient analysis at the national level to have assurance that its procurement practices and decisions lead to the desired quality of goods and services being provided at the least cost. The Agency is not taking advantage of potential savings from its purchasing volume. Individual institutions have developed some good practices, but there is no systematic sharing of these practices so that all institutions improve their results.

7.82 We found that Correctional Service Canada has not demonstrated that its security and institutional services (food, cleaning, and clothing) are managed, designed, and provided with sufficient attention to their efficient delivery, although it is taking steps to ensure that the deployment of correctional officers is more consistent among institutions. However, this proposed deployment model has not yet been tested or evaluated for its impact on the need for overtime. Finally, there are opportunities to make the inventory management and the distribution of institutional goods more efficient.

7.83 Overtime costs have continued to increase in recent years, even though the number of prisoners and the reported number of violent incidents has remained relatively stable. Correctional staff point to the changing offender population and therefore the need to keep certain criminal groups away from others as one reason for increased overtime. Other reasons include the need for training, the escorting of prisoners to appointments and hospital, and staff use of holidays and sick leave. We found no regular analysis to determine whether overtime was the most economical option versus the hiring of additional personnel. Each individual institution monitors its overtime differently.

7.84 During the audit, while looking at some of the factors contributing to the increase in overtime, we found that leave taken is not consistently updated in employees' leave records. For the month tested, we found as much as one third of absences in some institutions

were not recorded in the human resource management system. This unrecorded leave could mean that more leave is taken, which could lead to additional overtime.

7.85 Correctional Service Canada allocates its budget to its regions and institutions, and then monitors compliance and expenditures to ensure that its overall budget is not overspent. It maintains good budget control throughout the organization. However, it does not collect the type of information it needs to systematically consider economy and efficiency in its management of the delivery of common services in its 58 institutions across the country. For the areas examined, we found that senior management does not receive sufficient performance information and analysis to determine whether procurement and service delivery are being managed economically and efficiently because CSC has not developed performance standards and measures in this area. CSC has not performed sufficient analysis to understand its costs, implemented and monitored suitable performance measures for economy and efficiency in its operations, or explored alternatives to identify potential savings. It has not systematically identified good practices and shared these throughout the Agency. Due to the lack of sufficient analysis, CSC cannot support its position that it has exhausted its ability to reallocate existing resources to meet its challenges.

About the Audit

Objectives

The objectives of the audit were to determine whether Correctional Service Canada can demonstrate sufficient attention to economy for the resources and goods used in the provision of its security services and the procurement and delivery of institutional services (food, cleaning, and clothing), and whether the Agency can demonstrate that these services are managed, designed, and provided with sufficient attention to their efficient delivery.

Scope and approach

The audit covered three key areas of Correctional Service Canada relevant to economy or efficiency:

- the procurement of food and cleaning products and the procurement and distribution of correctional officers' and male inmates' clothing;
- the delivery of security services through the allocation of correctional officers, including the payment of overtime; and
- senior management's monitoring and decisions relating to security services and food, cleaning, and clothing services.

The audit did not examine human resources management (other than the deployment of correctional officers and their overtime), health services, case management, CSC rehabilitation programs, CORCAN, accommodation (including housing, repairs, and maintenance), or the environment and sustainable development (except green procurement).

Audit work was conducted at CSC national headquarters, at the five regional headquarters, and at selected institutions, which represented a cross-section of security levels, locations, complexes, and inmate genders. Interviews were held with senior management at CSC national headquarters as well as regional offices and with wardens of correctional institutions. Documents, which included national and regional meeting documentation, internal audits, reports, studies, and other documentation provided by Correctional Service Canada, were collected and reviewed. We also reviewed information from all 58 institutions on procurement and inventory practices.

Criteria

Listed below are the criteria that were used to conduct this audit and their sources.

Criteria	Sources
Senior management attention to economy and efficiency	
<p>We expected Correctional Service Canada's senior management to have demonstrated that resources and goods used in the delivery of its institutional services are being managed with sufficient attention to economy.</p>	<ul style="list-style-type: none"> • <i>Auditor General Act</i>, 7(2)(d) • <i>Federal Accountability Act</i> (2006), Part I.1 Internal Audit and Accounting Officers • Treasury Board of Canada Secretariat, Management in the Government of Canada: A Commitment to Continuous Improvement (2005), page 9 • Treasury Board of Canada Secretariat, Management Accountability Framework, Stewardship, Round V (2007) • Commissioner's Directive, Materiel and Supply Management Services (2006)
<p>We expected Correctional Service Canada's senior management to have the assurance that services are designed and provided in a manner that demonstrates sufficient attention to efficient delivery.</p>	<ul style="list-style-type: none"> • <i>Auditor General Act</i>, 7(2)(d) • Treasury Board of Canada Secretariat, Management in the Government of Canada: A Commitment to Continuous Improvement (2005), page 9 • Treasury Board of Canada Secretariat, Management Accountability Framework, Stewardship, Round V (2007)
Deployment of correctional officers	
<p>We expected Correctional Service Canada to have demonstrated sufficient attention to efficiency in the management of its human resources by developing and deploying a standard for allocating the minimum number of correctional officers to provide a safe and secure environment for its inmates and employees in its institutions.</p>	<ul style="list-style-type: none"> • <i>Auditor General Act</i>, 7(2)(d) • Treasury Board of Canada Secretariat, Management Accountability Framework, People, Round V (2007), page 11 • Belcourt et al: Strategic Human Resources Planning (2007), pages 155–160
<p>We expected Correctional Service Canada to have demonstrated sufficient attention to economy in its management of human resources by developing and deploying a standard for the number of correctional officers needed in its institutions to replace officers who are not available for work</p>	<ul style="list-style-type: none"> • <i>Auditor General Act</i>, 7(2)(d)

Criteria	Sources
Management of overtime of correctional officers	
<p>We expected Correctional Service Canada to have demonstrated sufficient attention to economy by analyzing and addressing issues related to overtime.</p>	<ul style="list-style-type: none"> • <i>Auditor General Act, 7(2)(d)</i> • Treasury Board of Canada Secretariat, <i>Stretching the Tax Dollar Series, Making the Organization More Efficient (1993)</i>, Section 4.1.4 • Treasury Board of Canada Secretariat, <i>Management Accountability Framework, People, Round V (2007)</i> • Treasury Board of Canada Secretariat, <i>Risk Management Policy (2001)</i>, Section 1.3 • Agreement between the Treasury Board and the Union of Canadian Correctional Officers, Part 3, Working Conditions, Article 21 on Hours of Work and Overtime (2CC6). • Treasury Board of Canada Secretariat, <i>Terms and Conditions of Employment, Section 8</i> • Correctional Service Canada, <i>Management of Overtime: Roles & Responsibilities (Entire Document)</i>
Delivery of selected institutional services	
<p>We expected Correctional Service Canada to have the assurance that its policies, procedures, and practices for the procurement and delivery of its institutional goods and services demonstrated sufficient attention to economy.</p>	<ul style="list-style-type: none"> • <i>Auditor General Act, 7(2)(d)</i> • <i>Federal Accountability Act (2006)</i>, Part 5, Procurement and Contracting • Treasury Board of Canada Secretariat, <i>Management Accountability Framework, Stewardship, Round V (2007)</i> • Treasury Board of Canada Secretariat, <i>Contracting Policy and Guidelines (2003)</i>, sections 1 and 4.1 • Commissioner’s Directive, <i>Material and Supply Management Services (2006)</i>
<p>We expected Correctional Service Canada to have demonstrated that it had designed and implemented its policies, procedures, and practices for inventory and distribution of institutional goods with sufficient attention to efficiency.</p>	<ul style="list-style-type: none"> • <i>Auditor General Act, 7(2)(d)</i> • Treasury Board of Canada Secretariat, <i>Stretching the Tax Dollar Series, Making the Organization More Efficient (1993)</i>, Section 4.1.3 • Treasury Board of Canada Secretariat, <i>Management Accountability Framework, Stewardship, Round V</i> • Treasury Board of Canada Secretariat, <i>Contracting Policy and Guidelines (2003)</i>, sections 1 and 4.1 • Commissioner’s Directive, <i>Material and Supply Management Services (2006)</i>

Audit work completed

Audit work for this chapter was substantially completed on 30 May 2008.

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Appendix List of recommendations

The following is a list of recommendations found in Chapter 7. The number in front of the recommendation indicates the paragraph where it appears in the chapter. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
<p>Food, cleaning, and clothing services</p> <p>7.38 Correctional Service Canada should collect, at a national level, sufficient information on the volume and cost of its purchases and their use by location. It should use this information to perform in-depth analysis of its procurement of its food, cleaning, and clothing services, and regularly examine potential alternatives and improvements to its current practices. Further, it should examine the cost-saving opportunities based on the volume of its purchases. (7.14–7.37)</p>	<p>CSC agrees that further analysis of the costs of procurement and delivery of food, cleaning, and clothing services will be beneficial.</p> <p>CSC will enhance its analysis of its institutional service delivery. More specifically, within the next 18 months CSC will</p> <ul style="list-style-type: none"> • collect sufficient information from institutions to facilitate systematic, in-depth analyses of current procurement practices and of its institutional service delivery model at the national level. This includes a review of best practices and, as required, a comparison to industry norms and other correctional jurisdictions; • review inventory management practices and optimal inventory levels; • review its food service distribution model and explore the use of national menus; • review the distribution model for clothing; • reassess premiums attributed to CORCAN goods and services; • continue to collaborate with Public Works and Government Services Canada to develop a national procurement strategy, including the use of longer-term and national contracts for certain commodities; and • establish national guidelines on the economical procurement of goods. <p>Finally, the modernization of the physical infrastructure proposed by the CSC Review Panel, which is also a key theme of CSC’s Transformation Initiative in response to the Panel’s recommendations, presents further opportunities to explore creative and innovative ways for CSC to streamline service delivery, to share common services, and to realize more efficient and effective procurement practices.</p>

Recommendation	Response
<p>Management of correctional officers</p> <p>7.46 Correctional Service Canada should conduct sufficient analysis to determine that its deployment of correctional officers results in the most economic and efficient result. (7.39–7.45)</p>	<p>CSC agrees and is committed to further analyzing its draft deployment standards prior to full implementation. This ongoing analysis will also take into account the impact of employee leave and overtime to ensure that the most economic and efficient use of substitute relief positions for correctional officers is achieved.</p> <p>While this audit was being finalized, the draft deployment standards were implemented in Mountain Institution in the Pacific Region. Lessons learned are being incorporated into the draft deployment standards.</p> <p>Additionally, CSC is assessing institutional differences and developing site specific standards. As needed, it is also incorporating changes to the draft deployment standards that result from the implementation of CSC Review Panel recommendations.</p> <p>The deployment standards, once finalized, will provide more flexibility and availability to offset overtime costs due to staff absences. In addition, CSC is finalizing a Commissioner’s Directive on the National Standards for the Deployment of Correctional Officers that includes an oversight committee responsible for ensuring the economic and efficient deployment of correctional officers. Implementation is planned for April 2009.</p> <p>Furthermore, CSC is developing an automated National Scheduling and Deployment System for security services to provide more consistency in scheduling and deployment practices. Full implementation is expected by September 2009.</p>

Recommendation	Response
<p>7.63 Correctional Service Canada should systematically collect and analyze complete information to properly manage its overtime expenditures. It should examine reasons that overtime is incurred and analyze and implement decisions to reduce the cost of overtime through alternatives to overtime, proper controls, and incentives. (7.47–7.62)</p>	<p>CSC agrees that the ongoing monitoring of overtime expenditures is essential to ensuring the effective management of its resources with due regard for economy and efficiency.</p> <p>CSC will enhance its monitoring and analysis of expenditures and alternatives to overtime, as well as the financial and performance information related to all aspects of its operations, which includes overtime expenditures.</p> <p>As of August 2008, the quarterly monitoring process related to the management of overtime expenditures was enhanced to ensure that the CSC Executive Committee and the National Finance Committee are provided with more detailed information and enhanced analysis at the national level.</p> <p>Further, the Committee on Correctional Officer Deployment Standards will be established by April 2009 and be responsible for ensuring economic and efficient practices related to the deployment of correctional officers. The development of a nationally accepted model for monitoring overtime at the institutional level will also form part of those responsibilities.</p> <p>Finally, performance agreements for all executives will continue to include ongoing commitments related to the sound stewardship of financial resources and effective people management. Beginning in fiscal year 2008–09, the Performance Assessment Committee will further consider how wardens and senior managers manage their financial resources, including the proper management of overtime.</p>

Recommendation	Response
<p>7.68 Correctional Service Canada should ensure that all employee absences are correctly recorded in its human resource management system. (7.64–7.67)</p>	<p>CSC agrees and is committed to ensuring all employee absences are correctly recorded in its human resource management System (HRMS).</p> <p>As mentioned in the report, CSC has taken immediate action to address the issue of incorrect recording of employee absences, including reconciling data in the institutional rosters with that in HRMS.</p> <p>Furthermore, all national headquarters sectors, regions, and institutions were instructed in July 2008 to review all employee absences for 2007–08. Where needed, appropriate action will be taken to ensure the accuracy and completeness of all employee absence information. These actions will include, if necessary, appropriate measures to address any non-compliance on the part of CSC personnel with the national directives on the proper recording of employee leave.</p> <p>In addition, a quarterly monitoring process has been initiated across the organization to ensure ongoing accountability for the proper recording of employee absences.</p> <p>A follow-up review of the recording of employee absences will also be conducted by CSC Internal Audit Branch by the end of 2008–09.</p> <p>Finally, CSC will implement an automated National Scheduling and Deployment System by September 2009 that will interface directly with HRMS, thereby strengthening controls around the recording of leave transactions.</p>

Recommendation	Response
Senior management direction for economy and efficiency	
<p>7.80 Correctional Service Canada senior management should ensure that it receives and reviews suitable analysis and performance information to allow it to monitor and make decisions for its institutional and security services with sufficient attention to economy and efficiency. The Agency should identify and analyze opportunities for cost savings, and for planning, implementing, monitoring, and improving the delivery of these services with due consideration to economy and efficiency. (7.69–7.79)</p>	<p>CSC agrees that ongoing monitoring and analysis of expenditures is essential to ensuring the effective management of its resources with due regard for economy and efficiency.</p> <p>In 2008–09, CSC initiated a Strategic Expenditure Review process, which includes a comprehensive analysis of all programs and activities to identify efficiencies and potential reallocation and reinvestment opportunities.</p> <p>Building on the efforts of this strategic review, CSC will enhance its ability to manage its institutional and security services with sufficient attention to economy and efficiency by</p> <ul style="list-style-type: none"> • ensuring that economy and efficiency are included as key management considerations in information presented to CSC’s Executive Committee and sub-committees (as of November 2008); • updating, as required, the terms of reference for key management committees to reflect the need to monitor and manage for economy and efficiency (by March 2009); and • reviewing CSC’s performance measurement framework and including, as required, measures for economy and efficiency (by March 2009). <p>Moreover, as part of its Transformation Initiative, CSC senior management is committed to analyzing and pursuing alternatives that present greater efficiencies and effectiveness for the federal correctional system.</p>

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