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Audit of the Implementation of the Arctic Regions

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Abstract

The audit examined whether the Department of Fisheries and Oceans and the Canadian Coast Guard (DFO/CCG) achieved its objectives related to implementing stand-alone Arctic Regions, built in partnership with Inuit, First Nations, Métis, as well as Northern stakeholders. As of 01 April 2021, the Canadian Coast Guard has fully implemented its Arctic Region. DFO's Arctic Region has not yet been fully implemented. Delays in implementation can be attributed in part to the following:

- DFO did not establish consistent, high-level oversight over the implementation of the Arctic Region supported by a transition team tasked throughout the implementation period with coordinating the work needed to achieve full implementation

- DFO's Arctic did not establish work plans spanning the entire implementation period to guide progress, manage risks, and facilitate reporting

Although relationship-building with Indigenous partners in the North is occurring, without work plans and timelines, Indigenous partners could not be informed about when to expect the full implementation of the Arctic Region.

Introduction

Context

Through its *Arctic and Northern Policy Framework*, the Government of Canada has committed to a shared vision of the future where Northern and Arctic people will work together with the government to realize their priorities and create thriving, strong and safe communities. The Department of Fisheries and Oceans' (DFO) work and mandate necessarily covers the Arctic, which is home to over 70% of Canada's coastline and numerous rivers and lakes containing freshwater fish. Due to climate change, Arctic waters are changing, with important potential impacts on ecosystems, marine life, marine traffic, and on the lives of the people who live there. Furthermore, over half of the Arctic's residents are Indigenous. The *Fisheries Act*, 1985 states that it upholds the rights of Indigenous peoples of Canada as recognized and affirmed by section 35 of the *Constitution Act*, 1982. DFO's mandate includes supporting Indigenous participation in fisheries and collaborating with Indigenous communities to protect ecosystems and respond to maritime incidents such as search and rescue efforts or environmental emergencies.

In 2018, then Minister of Fisheries, Oceans and the Canadian Coast Guard, Jonathan Wilkinson, and Natan Obed, President of Inuit Tapiriit Kanatami (ITK), announced the creation of a stand-alone Arctic Region inclusive of the four regions of Inuit Nunangat. Canada's Inuit Nunangat Policy, a deliverable of the Inuit-Crown Partnership Committee, aims to have the Government of Canada and Inuit move towards working in partnership to create socio-economic and cultural equity between Inuit and other Canadians. Accordingly, the creation of administrative Arctic Regions – one for the Department of Fisheries and Oceans (DFO) and one for Canadian Coast Guard (CCG) – was to be an example of the Department's commitment to advancing reconciliation and pursuing a renewed relationship with Indigenous peoples. In line with the Government of Canada's vision for the North and to further emphasize putting residents of the North at the centre of the new Regions, the

Department appointed two senior executives who would be based in the North: a DFO Regional Director General (RDG) based in Rankin Inlet; and a CCG Assistant Commissioner (AC) based in Yellowknife.

Inuit Nunangat

The home of Inuit, including waters, land, and ice is known as Inuit Nunangat and comprises four Inuit regions: Nunavut; Nunavik; Nunatsiavut; and the Inuvialuit Settlement Region. While Nunavut is its own territory within Canada, the Inuvialuit Settlement Region is located within the Northwest Territories and Yukon North Slope, Nunavik is located within Northern Quebec, and Nunatsiavut is located in Northern Labrador.

To implement the Arctic regions, funding of \$3.5 million was allocated from other areas of the Department in 2019 and was split evenly between DFO Arctic and CCG Arctic. A later decision in 2020 allocated \$5 million per year to the new regions, with \$2.01 million going to DFO Arctic, \$2.59 million going to CCG Arctic, \$250 thousand to the new Ontario and Prairie Region, and \$150 thousand to the Chief Financial Officer Sector. Other funding was reallocated from elsewhere in the Department when operations taking place in the Arctic transferred to the administrative authority of the new region.

At the end of June, 2023, the DFO Arctic included 140 positions reporting through its administration and three program areas. Of these positions, 5 are indeterminate executive level and one is an executive level special deployment, in a position that does not formally exist in the organization chart. Of the 140 employees reporting to the DFO Arctic, 38 employees (27 percent) were physically located in the region. There were 51 vacant positions, 38 (75 percent) of which were formally located within the Arctic Region boundaries. On the CCG side at the end of June 2023, there were 212 positions that reported through the CCG Arctic Region. Of the 212 positions, 4 were executive level, 65 (31 percent) were located within the boundaries of the Region, and 69 (33%) were vacant. Of the vacant positions, 38 (55 percent) were located within the Arctic Region boundaries. These numbers do not include employees in developmental programs, actions that have not yet been entered into the staffing system, DFO employees working on Arctic files who formally report to other regions and sectors, or employees in other sectors and regions who occasionally work on behalf of the Arctic Regions through Service Delivery Agreements.

There are significant challenges associated with the environment in the Canadian North that have ongoing impacts on the Department's ability to implement and operate the Arctic Regions. For example, the region is sparsely populated and there is a highly competitive

market for talent from territorial and Indigenous governments, as well as private industry, which in many cases offer more competitive salaries. Infrastructure challenges, including limited availability of Crown housing, and housing in general, creates constraints for people willing to move to the North from the South and there are housing shortages in many Northern communities that affect the people already living there. There is limited office space in government buildings, and requirements that positions be linked to physical offices even when employees are working remotely make it difficult to hire from communities that do not have office infrastructure. Government policy does not take into account the needs of employees who are working virtually and may be required to travel in order to access their assigned work location. Connectivity can be limited and expensive, with bandwidth and connectivity challenges; obligatory crown housing and isolated post and vacation travel allowances raise salary costs; and travel between communities must be done largely by plane. These conditions mean that not only is it much more costly to operate in the Arctic than in Southern Canada, but also that rules and processes do not always readily apply given the Arctic context. From March 2020, these challenges were exacerbated by the Covid-19 pandemic.

Following the Department's 2018 announcement that it would be creating a stand-alone Arctic Region, it held over 60 engagement sessions with Inuit, First Nations, and Métis governments and organizations, provincial and territorial governments, industry, academia, other government departments, and environmental non-governmental organizations from Yukon to Labrador to inform the development of the new Regions.

During the engagement process, a vision for the DFO and CCG Arctic Regions was developed. The vision included a service delivery model that was intended to support the cultural diversity, geographical challenges, land claims and self-government agreements, and intergovernmental relationships currently in place. Individuals and organizations also brought forward their priorities for the new region, which were organized into the following key themes by the Department:

- increase capacity, service delivery, and presence of DFO and Coast Guard programs and services in the North
- include Indigenous knowledge in decision making
- policy making needs to be led from the North by Northerners
- remove employment barriers and create job opportunities in Northern communities
- co-develop climate change adaptation strategies
- address Infrastructure gap

The engagement process helped the Department determine that the boundaries of the new region would incorporate the Yukon North Slope, the Northwest Territories, Nunavut, Nunavik, Nunatsiavut, and the waters and islands within Hudson Bay and James Bay, a vast territory that is home to Inuit, First Nations, and Métis peoples (see Exhibit 1). The Department publicly announced the boundaries of the DFO and CCG regions in March 2021, nearly two and a half years following the initial announcement the regions would be created.

To guide its internal work, the Department set out a three-phase approach for the implementation of the DFO and CCG Arctic Regions. Phase One began in October 2018 and included the creation of the DFO and CCG Arctic Regions, the hiring of executive heads for each region, public ministerial announcements of the new regions in Iqaluit and Inuvik, and engagement with Indigenous and Northern partners on priorities and boundaries for the region. Phase Two began in June 2020 and included an internal realignment of resources, which for CCG meant the transfer of Marine Communications and Traffic Services and Aids to Navigation programs to CCG Arctic, and for DFO meant the transfer of Fisheries Management, Marine Conservation, and Arctic Operations to DFO Arctic. Phase Three for CCG was implemented in April 2021, when it completed the operational transfer of its remaining programs (Search and Rescue, Environmental Response, and Fleet Operations) to the authority of the Assistant Commissioner, Arctic Region.

By April 2021, the CCG Arctic Region was administratively responsible for all programs and services delivered within the boundaries of the region and it considered implementation complete. It was also working to develop a new Concept of Operations, identify gaps, and to draft Service Delivery Agreements, through which other regions provided services the Arctic could not provide internally. For example, the CCG Arctic Region did not have its own Regional Operations Centre (ROC) to direct and coordinate vessel operations within Arctic waters and instead continued to rely upon the ROC in the Central Region, which began to report up to the Assistant Commissioner, Arctic Region, for operational matters in Arctic waters. Roles and responsibilities for service delivery in the Arctic were clearly set out in detailed Service Delivery Agreements between the Arctic Region and the three other CCG regions. Service Delivery Agreements allowed the CCG to manage and administer all programs and services delivered in the Arctic Region while leveraging the greater resources of more established regions.

Although the CCG met its timelines and successfully implemented the Arctic Region as planned, the audit team noted several gaps it could consider in future initiatives: more comprehensive work plans to manage resources, set out essential activities, and acknowledge dependencies; formal risk assessment and management activities; a comprehensive change management plan; and clear, top-down direction from CCG senior

management to all CCG regions on the vision, purpose and expectations for action relating to the Arctic Region. Ensuring that plans and activities are documented, carried out, and monitored can help to actively manage constraints, improve communication and collaboration with partners (including for example with DFO), and help balance competing demands in order to successfully achieve a result and conduct accountability exercises such as lessons learned in order to promote continuous organizational improvement.

Post-April 2021, the CCG has continuing administrative and operating risks and challenges in the region, but it has continued to work towards setting and attaining goals and priorities in the Arctic. For example, the CCG has created an Equity, Diversity, Inclusion, and Accessibility Strategy, conducted a 2022-2023 risk mapping exercise for the Arctic Region, and in 2023 drafted a forward-looking ten-year Arctic Strategy linked to a more granular three-year plan that sets out how they intend to move towards achieving their vision over the next three years. These strategies were created to better position the CCG to respond to the rapidly changing Arctic context, both in terms of renewed relationships with Inuit, First Nations, and Métis peoples of the north and in terms of declining sea ice and the opening of northern sea routes and their impacts on geopolitical, safety, and economic considerations of the region.

On the DFO side, the Fisheries Management, Marine Planning and Conservation, and Arctic Operations programs have been operating and reporting to the Arctic Region. An analysis was completed in September 2021 to determine the Arctic Science program and staff that would transition from Ontario and Prairie Region to the Arctic Region, but challenges in staffing the Arctic Science Director position have delayed this transition. Accordingly, no further programs have begun to report administratively through the Arctic since June 2020, and the regions of Nunavik in Northern Quebec and Nunatsiavut in Labrador are still under the respective administrative responsibility of Quebec and Newfoundland and Labrador. Because DFO's Arctic Region is not yet fully implemented, the remainder of this report will focus on DFO Arctic.

This audit was identified in the 2022-23 and 2023-24 Risk-Based Audit Plan due to risks such as delayed implementation, relationships with Indigenous partners, human resource recruitment and retention challenges, and dependencies on other regions for services and support.

Why this audit is important

The implementation of the DFO and CCG Arctic Regions plays a vital role in meeting not only Government of Canada priorities related to advancing reconciliation and renewing Indigenous-Crown relationships but also the expectations of Indigenous partners and

Northern stakeholders. The Department has indicated that it wishes to respond to the needs and priorities identified by partners in the region and ensure that Inuit, First Nations, and Métis peoples be central to decision-making and policy building.

The effects of climate change are also having geopolitical, economic, and security impacts across the Arctic, and it is therefore essential that DFO Arctic, together with its partners across the region, be well-positioned to gather information, respond to events, and meet emerging challenges.

Audit objective

The objective of this audit was to assess whether the Department has achieved its objectives related to implementing the stand-alone DFO and CCG Arctic Regions, built in partnership with Inuit, First Nations, Métis, as well as Northern stakeholders.

Audit scope and approach

The audit covered the period from October 2018 (the announcement that the DFO and CCG Arctic Regions would be created) to March 2023.

Based on the results of a risk assessment and to achieve the audit objective, the scope of the audit focused on the Department's governance over the implementation of the Arctic region; program design and management, specifically looking at risk management, the establishment of indicators, and reporting on progress; the establishment of change management processes and practices; and relationship building and communication with Indigenous partners in the region. See Appendix A for Lines of Enquiry and Audit Criteria.

The audit considered but did not examine the elements below due to factors such as residual risk, audit readiness, and overall benefit realization to the Department for the audit work to be performed:

- governance risk relating to fraud
- capacity and enabling services risks related to capital infrastructure, human resources, information technology, and financial management

Audit work was carried out through:

- interviews through videoconferencing technology with key departmental officials in the Arctic Regions at NHQ and in the Regions providing services to the Arctic
- review of applicable legislation, regulations, and policy frameworks
- review of plans, presentations, communications, service delivery agreements, records of decisions and other relevant documents

- travel to Rankin Inlet, Nunavut, to meet with DFO Arctic officials and consider their work environment

Conclusion

Overall, the audit concluded that Fisheries and Oceans Canada has partially met its objectives related to the implementation of Arctic Regions. In line with commitments to Indigenous partners, the Canadian Coast Guard has fully implemented an Arctic Region that reports administratively to the North. DFO has partially implemented an Arctic Region, but some key programs, such as Science, have not yet transferred, and program delivery in the regions of Nunavik and Nunatsiavut has not yet been incorporated.

Statement of conformance

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing as supported by the results of the Quality Assurance and Improvement Program of Fisheries and Ocean Canada's Internal Audit Directorate.

Audit findings and recommendations

This section presents three key audit findings that emerged through our examination of four lines of enquiry, namely: governance; program design and management; change management; and relationship building.

1. DFO did not establish consistent oversight to set clear direction and champion the implementation of the Arctic Region across the Department as a whole.

Oversight bodies with defined authorities are a component of good governance, as they help to set a common purpose and direction, enable clear reporting and communication lines, and promote accountability for operations and business functions. Oversight is particularly important for initiatives with impacts felt across an organisation, for example, the implementation of a new region.

We expected that one or more governance bodies had been established to coordinate and oversee the implementation of the Arctic Region throughout the entire implementation period. In particular, we expected that these would provide guidance, make decisions, and set

priorities across implicated regions and sectors. We also expected that one or more senior departmental officials would champion the implementation of the Arctic Region across the Department as a whole to facilitate cross-regional and cross-sectoral coordination.

We examined whether DFO had established a governance structure to coordinate and oversee the implementation of the Arctic Region and whether roles, responsibilities, and accountabilities related to the implementation of the Arctic Region had been established, defined, and communicated.

Overall, we found that there had not been consistent, high-level oversight with the authority to set clear direction and champion the implementation of the Arctic Region across the Department as a whole.

Findings and analysis

Arctic Implementation Steering Committee did not consistently meet.

An Arctic Steering Committee was established in 2018 to work on the implementation of a new DFO-CCG Arctic Region. The committee had no Terms of Reference outlining its purpose, scope, and authority. Other than two Records of Decision from 2018, the audit could not assess the committee's work beyond this short period. The two RODs we obtained showed that it included at least one ADM and was making decisions regarding Arctic implementation such as revalidating funding needs for the new region, updating budget proposals and communication products, and discussing an engagement strategy and work plans.

In the absence of Terms of Reference describing membership, we were informed that this committee did not include comprehensive regional and sectoral membership and did not have the authority to direct work across all implicated sectors and regions, even though the implementation of the new Arctic Region would have impacts on operations across the Department.

In 2021, the Arctic Steering Committee stopped meeting and did not meet again until February 2023, save for a single meeting in April 2022. During this two-year time period, there was no Departmental oversight body that was coordinating, providing direction, or overseeing the implementation of the Arctic region.

In February 2023, the Department set up a revived Arctic Steering Committee. At the time of writing, this committee's purpose, authority, and membership had not yet been defined, but two meetings had been held. Informal agendas for these meetings show that the revived committee was chaired by the Associate Deputy Minister and attended by the Deputy Minister, the Commissioner of the Coast Guard, the Regional Director General of the Arctic, and the Regional Directors General of regions impacted by the implementation of the new

region. Given its proposed membership, the revived Arctic Steering Committee may be in a position to oversee and direct work relating to the implementation of the Arctic Region across the Department.

No senior management body provided direction nor received consistent updates throughout the implementation period

The Department's senior management bodies, which are representative of sectors and regions, set strategic direction for policies and programs, ensure accountability, promote sound resource management, and provide oversight of management initiatives. While updates were presented on an ad hoc manner at three different Executive Management Committees, the implementation of the Arctic region was not as a recurring agenda item at any of those committees throughout the full implementation period and there was no evidence of active direction-setting or decision-making at these forums:

- The Departmental Management Committee was given three joint CCG-DFO updates, one in 2019 and two in 2020
- The Departmental Policy Committee received one joint DFO-CCG presentation in 2019
- The Financial Investment and Management Committee discussed the implementation of the Arctic Region once in 2019 and once in 2020
- The implementation of the Arctic Region was not discussed at the Policy Integration Committee

As one of the Department's Senior Management Committees, the Performance Measurement and Evaluation Committee (PMEC) received regular deck presentations on the progress updates for the Implementation of the DFO and CCG Arctic Region from August 2020 through to January 2022. However, these updates ceased in January 2022 even though DFO Arctic was still in the process of transitioning key programs such as Science and had not yet fully implemented the region. As such, it was important that executive level committees continued to be updated on any progress being made so that they could provide oversight in an effective and consistent manner.

DFO Arctic did not provide meaningful internal reporting on progress.

As noted above, DFO and CCG made three joint presentations to the Departmental Management Committee (DMC) and the Performance Measurement and Evaluation Committee (PMEC) received a progress update for information only as part of their Road to Results briefing package on the Department's priorities provided to PMEC members from August 2020 through to January 2022, after which updates ceased, even though DFO Arctic

had not yet completed implementation of the Region. There is no evidence in Records of Decision that the information provided on the implementation of the Arctic Region was discussed during PMEC meetings.

Neither the presentations to DMC nor the reports to PMEC provided meaningful updates of progress towards achieving regional priorities or towards the end goal of full implementation for both regions. Both included information such as lists of accomplishments, lessons learned, and next steps. However the information presented was disconnected from the broader context of a work plan linked to key priorities or targets. Without this necessary context, it was not possible for oversight committees to have a full understanding of the state of implementation of the Arctic Region and how much was left to complete. Please refer to Section 3 of this report for a recommendation related to this finding.

Why this matters

These findings matter because the implementation of the Arctic region requires coordination, planning, and work to be carried out across regions and sectors, and without clear direction from an appropriate level of authority that is supported by a dedicated team to carry out and facilitate required activities, there is a risk that full implementation may not occur.

Recommendations

Recommendation 1: The Associate Deputy Minister should continue to champion the implementation of the Arctic Region by formalizing the newly revived Arctic Steering Committee and setting formal expectations regarding its oversight and coordination role across implicated regions and sectors.

2. Robust planning for the implementation of DFO's Arctic Region did not occur.

Operational plans help an organization achieve its strategic objectives by setting out the activities necessary to achieve objectives, creating milestones, indicators, and timelines to help measure progress, and conducting risk analyses to manage risks that could threaten planned results.

We expected that a large and complex initiative such as creating a new region in an organization with multiple other regions and sectors would have required sufficient planning linked to strategic objectives that included milestones, timelines, change management plans, and risk management activities.

We examined whether DFO Arctic created work plans with timelines, identified and managed risks, and provided meaningful reporting on the implementation of the Arctic Region. Overall, we found no work plans or risk assessment exercises to help fully implement the Arctic Region and report on progress to internal oversight bodies.

Findings and analysis

A transition team to implement Phase Three was not established until August 2022.

We were informed that an initial transition team oversaw the June 2020 internal realignment of resources that transferred Fisheries Management and Marine Planning and Conservation from the Ontario and Prairie Region to the Arctic Region. After the June 2020 transfer of programs, there was no longer a dedicated transition team responsible for planning and coordinating the work needed to implement the transfer of remaining programs, services, and geographical regions that were intended to be part of a fully implemented region. In August 2022, a team was established to work towards implementation that included the Associate RDG, the Director of Arctic Operations, one DFO employee working with Nunavik (Quebec Region), one DFO employee working with Nunatsiavut (Newfoundland and Labrador Region), and one contract resource dedicated to working on the transition as a whole. Without a dedicated team responsible for planning and coordinating all necessary activities to implement a fully functioning Arctic region until all relevant programs and services have been fully transferred makes it challenging for a successful implementation within set timelines.

DFO Arctic Region did not establish work plans to fully implement the Arctic Region.

As noted in the context section of this report, the Department identified a vision and key priorities during Phase One of the implementation of the Arctic Region. There were transition plans for Phases One and Two in the form of Gantt charts which showed some activities linked to the 2020 transfer of programs from the Ontario and Prairie Region to the Arctic Region, along with estimated timelines for completion. However, these plans were not linked to the key priorities or deliverables for the region and only related to the initial transfer of programs that occurred in 2020. From June 2020 to February 2023, there were no approved work plans to show how and within what time frame DFO Arctic planned to complete the implementation of the region. A new Gantt chart was drafted in March 2023, but at the time of writing had not yet been completed.

No overarching change management plan was in place to guide the internal changes resulting from the creation of a new region. However, communications are an important aspect of change management, and we found evidence of communication plans,

announcements, and email communications to employees during the first two phases of implementation. However, no DFO announcements or other employee updates were found after the boundary announcement in March 2021. The March 2023 Gantt chart included elements related to communications, but related activities or milestones had not yet been identified at the time of review.

DFO Arctic Region did not assess and manage risks.

Joint CCG-DFO presentations and documents from Phases One and Two set out some risks that could affect the Arctic Regions, including risks related to relationships with partners and the impacts of Covid-19. However, these risks were not part of a systematic risk assessment, and they did not include mitigation measures.

DFO Arctic did not conduct a formal risk assessment and management exercise to plan for and mitigate those risks with the potential to impact or delay the full implementation of the Arctic Region. Lack of risk management planning could mean that even known or anticipated risks could cause significant impacts or delays. For example, the Department has been trying to hire a Director of Science since 2020 in order to be able to transition Science to the Arctic Region. Hiring challenges resulted in the transfer of Science being delayed from its planned date of 01 April 2022 to 01 April 2023 and then to 01 April 2024. Without plans and mitigation measures, it would be more challenging for DFO Arctic to consider well-developed options and identify alternate plans to enact should they continue to be unable to staff this position.

Why this matters

These findings matter because failure to plan, set timelines, and manage risks decreases the likelihood of an initiative's success. Planning is particularly important for a complex endeavour such as the implementation of an Arctic Region, which has impacts on other regions and sectors within the organisation. Furthermore, if work plans and targets are not set up in relation to the region's priorities and end goals, the Department might not be able to measure success and demonstrate the results of implementing the Arctic Region.

Recommendation

Recommendation 2: The Regional Director General, DFO Arctic Region, should ensure that there is a dedicated transition team in place comprised of employees whose primary responsibilities are to plan and coordinate the activities needed to fully implement DFO's Arctic Region within predetermined timelines.

Recommendation 3: The Regional Director General, DFO Arctic Region, should develop a work plan for completing the implementation of the Arctic Region that:

- includes the strategic vision and supporting objectives for the Region, linked to deliverables, timelines, and results
- assesses risks that threaten the implementation of the Arctic Region and sets out how these risks will be managed and mitigated
- includes an updated communication plan so that all affected internal stakeholders are kept up to date.

3. Dedicated teams have focused on regional engagement and reconciliation within the DFO Arctic Region, but without work plans and timelines, Indigenous partners could not be provided with detailed updates on progress towards the full implementation of the Region.

The Government of Canada is committed to a renewed relationship with Indigenous peoples, based on the recognition of rights, respect, co-operation, and partnerships. Reconciliation requires building strong and meaningful relationships with Indigenous peoples, organizations, and governments. For government to deliver citizen-focused service for Indigenous peoples and other stakeholders, effective two-way communication must exist, so that all parties share the same expectations and the needs and constraints of all are commonly understood.

We expected that DFO Arctic would engage, consult, and build relationships with Indigenous partners in the Arctic Region, work to enact the priorities of partners, and provide regular updates on progress towards the full implementation of the Arctic Region.

We examined whether engagement and consultation with partners allowed DFO Arctic to gain an understanding of the priorities of those living in the Region, whether DFO Arctic supported increased involvement of Indigenous partners through employment opportunities, and whether DFO Arctic continued to communicate plans, timelines, and updates related to Phase Three of the implementation of the Arctic Region.

Overall, we found that DFO Arctic gained an understanding of the priorities of its Indigenous partners in the region and took concrete steps to improve employment opportunities. However, recruitment in the North remained a significant challenge, and in the absence of approved plans and timelines, DFO Arctic has been unable to provide meaningful updates to partners on the progress of Phase Three of the implementation of the Arctic Region.

Findings and analysis

Consultations with partners shaped the vision and priorities of the region.

In late 2018 and 2019, DFO and CCG conducted over 60 consultations across the Canadian Arctic to better understand how to improve delivery of services, what the boundary of the Region should be, and what the priorities of partners were. These discussions helped determine the final boundary of the Region and identified themes such as the desire for increased presence, capacity, and service delivery in the North and the need to reduce employment barriers and create job opportunities in Northern communities. These themes were reflected in internal documents and presentations.

A dedicated team focused on regional engagement and reconciliation.

In 2020, an Arctic Operations unit was established and began reporting up to the Regional Director General, Arctic Region. This unit was responsible for developing and coordinating policies and frameworks to assist the Department in meeting its regional reconciliation objectives, for example by helping include Indigenous knowledge in decision-making, increasing the representation of Indigenous employees within DFO, and strengthening partnerships with co-management boards and stakeholders.

The Arctic Operations unit also worked to deliver the Aboriginal Aquatic Resource and Ocean Management Program, which seeks to support collaboration with Indigenous groups and facilitate greater co-management of aquatic resources and the ocean environment.

Arctic Operations maintained a database to track ongoing engagement across the Region. Records indicated that Departmental representatives participated in various activities such as facilitating in-person workshops, attending working group meetings, providing updates, and discussing approaches for work including sampling plans, stock assessments, monitoring programs, and feasibility assessments.

Interviews revealed that staff members were aware of their responsibility to collaborate, consult, and build partnerships, and considered such activities as foundational to their work.

Planning was done to facilitate hiring in the North, but challenges remain

A key theme highlighted by the Department's consultations with individuals and organizations across the Arctic was the need to increase Inuit and other Indigenous participation in government employment, providing economic opportunities and building capacity by striving to fill positions locally. Prior to the establishment of the Arctic Region, the Department created a 2017-2023 Inuit Employment Plan to help meet its Nunavut Agreement obligations to develop a public service that is representative of the population of Nunavut. This plan was updated in 2022 to account for changes due to the creation of the Arctic Regions and to set new targets for the employment of Nunavut Inuit. Also in 2022, DFO and

CCG Arctic Regions, with input from First Nations and Métis governments, organizations, and peoples from Nunavut, Yukon territory, the Northwest Territories and the northern provinces, drafted the Joint Human Resources Recruitment and Retention Strategy (Joint HR Strategy), which is a comprehensive document that sets out a path forward for the Department to increase its indigenous workforce.

The Department is committed to increasing the participation of Inuit, First Nations, and Métis, as well as Northerners and other Employment Equity groups, in its workforce. However, barriers such as educational requirements, lack of employee housing, and limited regional training opportunities remain and the Department's inability to hire and retain people living in the North, the majority of whom are Indigenous, can have considerable impacts; one example concerns the difficulties in hiring a Science Director, which has delayed the administrative transfer of Science to the Arctic Region.

The Joint HR Strategy states that it is important that responsible parties oversee and evaluate progress towards implementing the strategy, making changes and updates as needed. However, the lack of risk management processes as noted in Section 2 above indicates that there may not be measures in place to mitigate risks that pose challenges to recruitment and retention in the Arctic, which could affect the region's ability to improve recruitment and retention.

Meaningful updates to partners on progress towards implementation without work plans and timelines were not possible

Findings presented in Section 2 above revealed that no detailed work plans with timelines were created to set out the steps, milestones, deliverables, and resources required in order to fully implement the Arctic Region. Without work plans linked to steps, milestones, deliverables, and timelines, it was not possible for the Department to provide meaningful updates to Indigenous partners on the status and progress of standing up an independent Arctic Region.

Why this matters

DFO created the Arctic Region in part to advance reconciliation and pursue a renewed relationship with Indigenous peoples. Providing meaningful updates on the Department's progress towards full implementation of the Arctic Region and taking action to ensure Indigenous recruitment and retention would help build relationships and create assurance that DFO plans to fulfil its commitments to reconciliation and putting Indigenous peoples and all residents of the North at the centre of its decision-making in the region.

Recommendation

Recommendation 4: The Regional Director General, DFO Arctic Region, should work with the Assistant Commissioner, CCG Arctic Region, to finalize and approve the Joint Human Resources Recruitment and Retention Strategy and ensure sufficient resources are in place to oversee its implementation, track progress, and make changes or updates to the plan as needed.

Recommendation 5: The Regional Director General, DFO Arctic

Region, should regularly communicate progress on the implementation of the Arctic Region, including clear reporting against a work plan with timelines, to:

- A formal internal oversight body, until such time that the Arctic Region has been fully implemented
- DFO's Indigenous and Northern partners, including collaborating with the affected regions of Newfoundland and Labrador and Quebec to provide such updates to community partners in Nunavik and Nunatsiavut

Appendix A: Lines of enquiry and audit criteria

The audit criteria were developed from the following sources:

- Treasury Board *Policy on Results*
- COSO Internal Control Integrated Framework
- Audit Criteria Related to the Management Accountability Framework

Audit criteria

Line of enquiry 1 – Governance

Criterion 1.1: The Department has established coordinated and effective governance and oversight over the implementation of the Arctic regions for both DFO and CCG. Conclusion: partially met.

Criterion 1.2: The Department has defined and communicated strategic directions to support the achievement of the implementation of the Arctic regions. Conclusion: partially met.

Criterion 1.3: Authorities, responsibilities, and accountabilities for the implementation of the Arctic regions are established, defined, and communicated. Conclusion: partially met.

Line of enquiry 2 – Program design and management

Criterion 2.1: The risks threatening the effective and timely implementation of the Arctic regions have been identified, assessed, and managed (by DFO and CCG). Conclusion: partially met.

Criterion 2.2: DFO Arctic has established indicators, targets, and timelines to achieve the objectives related to the implementation of the Arctic regions. Conclusion: partially met.

Criterion 2.3: Progress towards meeting objectives, indicators, targets, and timelines for the establishment of the DFO Arctic region is measured and reported on regularly to the appropriate authority(ies). Conclusion: partially met.

Line of enquiry 3 – Change management

Criterion 3.1: The department has put in place change management processes and practices for the implementation of the Arctic regions. Conclusion: partially met.

Line of enquiry 4: Relationship building

Criterion 4.1: Relationship building with Northern partners, in particular with Indigenous peoples, is occurring and includes clear messaging from DFO/CCG about the objectives, plans, risks, limitations, and timelines related to the implementation of the Arctic regions. Conclusion: partially met.

Appendix B: Management response and action plans

Overall Management Response

The implementation of the DFO and CCG Arctic Regions began with a phased approach in 2018, and the transition of the first programs from Ontario and Prairie Region in 2020. For DFO Arctic, the recruitment and staffing of senior management positions in the north was a key focus of the initial phase, with some key successes. However, challenges of staffing these positions in the north and the impacts of COVID slowed the progress. Another key focus for CCG Arctic and DFO Arctic, working together, was to establish new governance arrangements with Arctic Indigenous partners, a key component of the reconciliation agenda, to strengthening relationships and allow for the alignment of priorities with Arctic Indigenous partners. Capacity gaps and unique challenges of doing business in the north were quickly identified which impacted the implementation timelines. With a renewed focus in 2022/2023

on the completion of the final phase of the Arctic Implementation the Management Action Plan (MAP) below will further the original vision of the Arctic Regions and complete the final phase by April 1, 2024. The majority of the recommendations apply to DFO Arctic and the MAP has been developed accordingly, but DFO Arctic and CCG Arctic will continue to integrate efforts where appropriate, which is reflected in the response to Recommendation 4, in that MAP 4 includes both DFO Arctic and CCG Arctic as we work jointly to develop the recruitment and retention plan.

Management action plan

Recommendations	Action Plan	Respon- sible OPI(s)	Deliverables	Planned Completion Date

<p>Recommendation 1: The Associate Deputy Minister should continue to champion the implementation of the Arctic Region by formalizing the newly revived Arctic Steering Committee and setting formal expectations regarding its oversight and coordination role across implicated regions and sectors.</p>	<p>Management agrees with the Recommendation</p> <p>The Associate DM will formalize the Arctic Implementation Committee consisting of:</p> <ul style="list-style-type: none"> • Associate DM-chair • RDG Arctic • RDG NL • RDG Quebec • RDG O&P • CFO • ADM People and Culture • DG of Communications • ADM Programs • Others as required. <p>The Committee will meet approximately every 6 weeks and provide the oversight to the Arctic transition initiative, and resolve challenges that may arise.</p> <p>Target Date: March 2023</p>	<p>Associate Deputy Minister</p>	<ul style="list-style-type: none"> • Meetings every 6 weeks with defined agenda. • Committee has been revived and is providing oversight to transition as per action plan. 	<p>Target Date: December 2023</p>
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<p>Recommendation 2: The Regional Director General, DFO Arctic Region, should ensure that there is a dedicated transition team in place comprised of employees whose primary responsibilities are to plan and coordinate the activities needed to fully implement DFO's Arctic Region within predetermined timelines.</p>	<p>Management agrees with the Recommendation</p> <p>The RDG Arctic will establish a transition team to manage the transition project, with responsibility for coordinating the collection of information (data) from Regions currently delivering programs within the Arctic Region boundaries; the evaluation and analysis of this information; and the discussions required to determine the recommended transition plan to the Arctic Implementation Committee.</p>	<p>RDG Arctic Region</p>	<ul style="list-style-type: none"> • Team has been established with full time capacity dedicated to transition • Gantt Chart, Project Master plan has been completed, which is being used to track and report on regularly. • Data Template(s) for data collection have been created and disseminated to applicable regions. • Critical path Transition Plan created. • Coordinated program and regional meetings occurred and are ongoing. Internal service support working groups created. • Communications Plan created. 	<p>Target Date: December 2023</p>
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<p>Recommendation 3: The Regional Director General, DFO Arctic Region, should develop a work plan for completing the implementation of the Arctic Region that:</p> <ul style="list-style-type: none"> • Includes the strategic vision and supporting objectives for the Region, linked to deliverables, timelines, and results; • Assesses risks that threaten the implementation of the Arctic Region and sets out how these risks will be managed and mitigated; and • Includes an updated communication plan so that all affected internal stakeholders are kept up to date. 	<p>Management agrees with the Recommendation</p> <p>A workplan and critical path for completion of the transition of remaining Arctic activities to the Arctic Region that includes deliverables, timelines, risks and results will be developed.</p> <p>An updated communication plan will be developed including plans for both internal and external communications.</p>	<p>RDG Arctic and Arctic Region Transition Team</p>	<ul style="list-style-type: none"> • Master Project Plan created and complete. Evergreen document. • Critical Path created and complete. • Risk identification structure and mitigation plan in development. Risk Mitigation Plan (RMP) created and in review. • Communications Plan created and in approvals. 	<p>Target Date: July 2023</p> <p>September 2023</p> <p>August 2023</p>
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<p>Recommendation 4: The Regional Director General, DFO Arctic Region, should work with the Assistant Commissioner, CCG Arctic Region, to finalize and approve the Indigenous Recruitment and Retention Strategy and ensure sufficient resources are in place to oversee its implementation, track progress, and make changes or updates to the plan as needed.</p>	<p>Management agrees with the Recommendation</p> <p>Work will continue on the Northern Recruitment and Retention Strategy, with a planned date of completion of March 31, 2024.</p>	<p>CCG IBMS & DFO Arctic Operations</p>	<ul style="list-style-type: none"> • Engagement with Inuit, First Nations and Métis partners on strategy and their priorities to create a summary report • Write draft strategy based on internal and partner priorities • Seek internal and Inuit, First Nations and Métis partner input on draft strategy • Integrate feedback and publish final strategy 	<p>Target Date: March 31, 2024</p>
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<p>Recommendation 5: The Regional Director General, DFO Arctic Region, should regularly communicate progress on the implementation of the Arctic Region, including clear reporting against a work plan with timelines, to:</p> <ul style="list-style-type: none"> • a formal internal oversight body, until such time that the Arctic Region has been fully implemented; and • DFO's Indigenous and Northern partners, including collaborating with the affected regions of Newfoundland and Labrador and Quebec to provide such updates to community partners in Nunavik and Nunatsiavut. 	<p>Management agrees with the Recommendation</p> <p>The RDG Arctic will provide regular updates to the Arctic Implementation Committee and the Associate Deputy Minister on progress and ensure any challenges and/or risks are brought forward for resolution.</p> <p>The RDG Arctic will provide regular updates to external partners through established governance tables.</p>	<p>RDG Arctic and Arctic Region Transition Team</p>	<ul style="list-style-type: none"> • Updates and briefing notes as required for briefing committee • Briefing materials as required. • External messaging created, to be updated as project progresses. Evergreen. • Governance tables established with Indigenous partners (Inuit Tapiriit Kanatami; Inuvialuit Regional Corporation; Nunavut Tunngavik Incorporated; Makivvik and Nunatsiavut Government. Updates provided at regular meetings. 	<p>Target Date: March 31, 2024</p>
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