

DETAILED ACTION PLAN FOR OAG REPORT RECOMMENDATIONS

Para	OAG Recommendations	Departmental Response	Description of Final Expected Outcome/Result	Expected Final Completion Date	Key Interim Milestones (Description/Dates)	Responsible Organization/ Point of Contact
Para 35	National Defence should ensure that future equipment support contracts are based on achievable planning assumptions and allow for adjustments in the contracts based on changing circumstances, where feasible.	Agreed. Through National Defence's governance processes, as a project/programme matures towards implementation, the Department will ensure that a challenge function occurs during the Senior Review Board, Defence Capability Board, Programme Management Board and Investment and Resource Management Committee, in order to ensure sponsors have based their expected outcomes on achievable planning assumptions.	Project/Programme assumptions will be challenged through an improved governance process that will ensure expected outcomes are based on achievable planning assumptions.	Completed	This improved governance process is presently being applied during the Senior Review Board, Defence Capability Board, Programme Management Board, and Investment and Resource Management Committee. The process reached completion in April 2017.	Vice Chief of the Defence Staff
		Further, noting that increased flexibility usually results in a cost premium in a contractual environment, and that there is a need to find the right balance between operational flexibility and cost efficiency, the Department, along with Public Services and Procurement Canada, and Innovation, Science and Economic Development Canada departments, launched the Sustainment Initiative in June 2016 with the objective of subjecting all military sustainment programmes to a rigorous	The Sustainment Initiative, as part of Defence Renewal, will implement a Sustainment Business Case Analysis process to ensure equipment in-service support contracts strike the right balance between equipment performance, value for money, flexibility and economic benefits. By 1 January 2018 the Sustainment Initiative will reach steady-state. New contracts and the renewal of existing sustainment contracts whose total value exceeds \$20M will undergo a full Sustainment Business Case Analysis	1 January 2018	For new or existing sustainment contracts to be issued or extended between 1 June 2016 and 31 December 2017, the Sustainment Business Case Analysis process includes completion of a mandatory questionnaire and presentation to the applicable Defence Procurement Strategy committee for decision. Starting 1 January 2018,	Assistant Deputy Minister (Materiel)

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		Business Case Analysis aimed at balancing equipment performance, value for money, flexibility, and economic benefits. Implementation has started and will continue over the next few years as each applicable contract is analyzed.	process for approval by the appropriate Defence Procurement Strategy Committee.		for new or existing sustainment contracts to be issued or extended, the Sustainment Business Case Analysis process will be mandatory.	
Para 48	National Defence should prepare and regularly update life-cycle cost estimates for each type of equipment and monitor actual costs against revised estimates. It should also update its Investment Plan to reflect full life-cycle costs.	Agreed. National Defence has consistently enhanced its cost estimating capacity including the recent establishment of the Centre of Costing in Defence and the institution of a robust training certification programme for cost estimating specialists. As part of the Defence Policy Review and in support of the development of Investment Plan 2017, cost estimates for all planned and ongoing projects are being refreshed and updated to reflect a more complete life cycle cost estimate. As part of the Investment Plan 2017 development, the Department plans to deliver a plan that identifies individual acquired goods and services investments over \$20M as well as life cycle costs on a programme basis. The development of these products by the end of 2017 will demonstrate significant progress towards addressing this	An affordable investment plan that ensures adequate funds are available to fully support all National Defence investments over their expected life.	31 December 2017	Deliver an affordable Investment Plan by 31 December 2017 that will ensure adequate funds are available to fully support all investments over their expected life, also known as life-cycle costing.	Assistant Deputy Minister (Finance)/Chief Financial Officer

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		recommendation. Additionally, National Defence will update and monitor life-cycle costs at key decision points.				
Para 52	National Defence, along with Treasury Board Secretariat Canada and the Department of Finance should clarify the use of incremental funds provided to DND and ensure that these funds are appropriately monitored and used.	Agreed. National Defence has been managing in-service support funds through the National Procurement Oversight Committee and related processes known to central agencies and deemed acceptable. As part of the ongoing discussions with Central Agencies, we will seek to clarify the use of incremental funds from the accrual envelope and ensure National Defence processes meet expected management practices.	A clearly identified source of funds for sustainment and operating costs for future acquisitions.	31 October 2017	<p>1) Exploring with Central Agencies a new funding model that would potentially allocate all Operating and Maintenance Support costs for military equipment within Department Reference Levels, thus eliminating the need for clarification on use of accrual for equipment.</p> <p>Summer 2017</p> <p>2) National Defence Business Planning for 2017 will include a proposal on how the Department will manage in-service support funds going forward.</p>	Assistant Deputy Minister (Finance)/Chief Financial Officer

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					The proposal will take effect in 2017.	
Para 65	National Defence should better define and integrate resource requirements in the initial decision making process for equipment approval and support. National Defence needs to monitor and manage equipment support risks in a comprehensive and integrated manner to ensure sufficient personnel and funds are aligned with operations and training requirements	Agreed. National Defence is developing a comprehensive human resource strategy which will provide the governance framework for examining the right balance/mix from each element of the Defence Team to support the initial decision. National Defence will continue engaging the Independent Review Panel for Defence Acquisition in order to ensure a transparent third party review of the associated risks and management plan. National Defence is also conducting a National Procurement Corporate account review which has the objective to align resource inputs to deliver the required materiel readiness to meet direct operational training tasks.	An integrated Defence Team Human Resource Strategy that optimizes workforce composition, ensures a representative, inclusive and respectful work environment, and ensures a continuum of care for personnel and their families from enrollment through to retirement and transition to Veterans Affairs Canada, as required. A common overarching process utilized by all services to articulate to Assistant Deputy Minister (Materiel) the required in-service materiel support which in turn will facilitate National Procurement resource requirement determination and will enable any gaps between the requested demand and the planned execution to be addressed by the National Procurement Oversight Committee.	National Defence will develop its first integrated human resources strategy to balance skills and personnel across both the Department and the Canadian Armed Forces. The strategy will be developed in 2017-18 with implementation beginning in 2018-19.	Human Resources Decision Brief to the Defence Strategic Executive Committee in 2017 Stand up of the Defence Team Human Resources Committee in 2017-18	Vice Chief of the Defence Staff
Para 69	DND should improve the data quality in its information system in order to better manage equipment support.	Agreed. Several initiatives are in progress that will directly or indirectly improve data quality in the Defence Resource Management Information System (DRMIS). These include, but are not limited to,	The ability to better manage equipment support through improved data quality enabled by the exploitation of and enhancements to DRMIS functionality, predominantly focussed on inventory management through integrated and	31 December 2020	5-Year Integrated Business Requirements Plan: <ul style="list-style-type: none"> • Implementation of a steady-state management 	Assistant Deputy Minister (Materiel)

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		<p>initiatives such as the Inventory Management Modernization and Rationalization Project, the National Stocktaking Project, and implementation of Materiel Accountability Action Plans.</p>	<p>aligned materiel acquisition and support requirements.</p> <p>Improved DRMIS data quality and integrity will be achieved through the implementation of the Inventory Management Modernization and Rationalization Project (IMMRP), National Stocktaking Project (NSP), and Materiel Accountability Action Plans.</p>		<p>process that ensures the recurring annual development of a 5-Year Integrated Business Requirements Plan (31 July 2017)</p> <p>National Stocktaking Project:</p> <ul style="list-style-type: none"> • Conduct 24 annual stocktaking site visits (until 31 March 2020) • Deliver a minimum of ten stock account verification visits annually (until 31 March 2020) <p>Materiel Accountability Action Plans:</p> <ul style="list-style-type: none"> • Implement semi-annual performance reporting on an ongoing basis (completed) <p>Inventory Management Modernization and Rationalization Project:</p> <ul style="list-style-type: none"> • Rationalization of 	

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					remaining dormant materiel to enable disposal action (FY 2019/20)	
		<p>Additionally, the Information Management Group will continue to implement the required changes and improvements in functionality in DRMIS to improve the quality of the existing data and incorporate the new desired data in accordance with the priorities established by the Materiel Group.</p>	<p>Expected outcomes:</p> <ol style="list-style-type: none"> 1. Improved data quality and reliability 2. Increased confidence in the data set 3. More accurate reports to facilitate decision making (i.e.: key performance indicators (KPI)) 4. Increased utilization of the DRMIS solution due to the reliability of the data 	<p>July 2020</p>	<p>KPIs for Stocktaking and discrepancy reporting delivered in November 2016</p> <p>Mass Maintenance programme to identify and rationalize holdings of materiel, eliminate materiel no longer required, and reflect changes in DRMIS delivered March 2017</p> <p>Continue to implement the modernization and material management improvement requirements in DRMIS, as generated by projects from 2018 to 2020:</p> <ul style="list-style-type: none"> • National Stocktaking Project • Materiel Accountability Action Plans • Inventory 	<p>Assistant Deputy Minister (Information Management)</p>

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					Modernization and Rationalization Project	
Para 84	DND should take action to streamline governance processes and better integrate resource planning for equipment support.	Agreed. National Defence has responded to several significant changes in policy and governance which in turn have impacted the approval process. There has been a	Governance: Investment and Resource Management Committee, Programme Management Board, Defence Capability Board Terms of Reference updated	Completed	N/A	Vice Chief of the Defence Staff

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		<p>reduction in Treasury Board submissions throughput while National Defence implemented Government of Canada process compliance requirements by putting in place more robust checks and balances. The implementation of the National Defence Project Approval Process Renewal initiative will facilitate a more streamlined governance process and enable the Department to achieve the required throughput. One of the Defence Procurement Strategy's three key objectives is to streamline Defence Procurement processes. Finally, the Department is further evolving the processes within Programme Management Board and Investment and Resource Management Committee with a goal of further streamlining our governance.</p>	<p>DND is streamlining internal processes to align with the Treasury Board Policy Suite Reset</p>	<p>Implementation timelines are dependent on the completion of Treasury Board's Policy Suite Reset.</p> <p>Once the new Treasury Board Policy suite is promulgated, National Defence is well positioned to address the changes.</p>	<p>Treasury Board Policy Suite - Consultations underway</p> <p>National Defence report to Treasury Board of Canada Secretariat on 15 December 2016</p>	
			<p>Project Approval Process Renewal Phase I (Minister of National Defence-level projects)</p>	<p>March 2018</p>	<p>Project Approval Process Renewal Phase I - Change Management Team and Performance Measurement ready, awaiting Minister of National Defence approval to begin implementation</p> <p>New project approval process will be implemented for MND-level projects by March 2018</p>	
			<p>Project Approval Process Renewal Phase II (Treasury Board-level projects)</p>	<p>March 2019</p>	<p>Start of Phase II dependent on Phase I</p> <p>New project approval process for Treasury Board is estimated for</p>	

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					completion in March 2019	
Para 87	DND should measure its own performance on how well it manages equipment support.	Agreed. The implementation of the Departmental Results Framework currently underway will establish equipment support performance measures and associated calculation methodologies, including instructions for performance data entry, validation and review in information systems. Once the new Departmental Results Framework is implemented in 2017, the Department will be in a better position to improve the monitoring of and reporting on updated performance measures.	Performance Indicators on National Defence's ability to manage equipment support will be fully integrated into its Departmental Results Framework. The methodology for these indicators will be fully documented and they will be collected on a frequency that provides senior leadership access to information to aid in the decision- making process.	1 April 2020	<p>The Minister-Approved Departmental Results Framework is due to the Treasury Board Secretariat in Summer 2017 in order to seek Treasury Board approval in Fall 2017.</p> <p>The Departmental Results Framework will be implemented in the business planning cycle in fall 2017.</p> <p>Performance indicators identified in the Departmental Results Framework will be implemented by 1 April 2018 to enable DND/CAF to monitor, collect and report on results for the 2018-19 fiscal year.</p> <p>Data results for the</p>	Vice Chief of Defence Staff assisted by Assistant Deputy Minister (Materiel)

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					<p>2018-19 fiscal year will be collected in April/May 2019.</p> <p>Performance data will be tracked and monitored through a manual process. Leading up to 2020, the Department seeks to automate these functions within corporate IT system, and ensure the necessary resources and skills are in place to analyze and assess data.</p> <p>The ability to monitor and report on the performance measures established as part of the Departmental Results Framework will be established 1 April 2020.</p> <p>Organizational capacity and resources required to monitor and report on the performance measures established by 1 April 2020.</p>	

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Para 91	DND should implement a process to measure and report on equipment availability and apply this in a consistent manner for internal and public reporting purposes.	Agreed. The implementation of the Departmental Results Framework currently underway will establish equipment availability and serviceability performance measures that ensure consistency in reporting and communicate broader Departmental requirements. Once the new Departmental Results Framework is implemented in 2017, the Department will be in a better position to improve the monitoring of and reporting on updated performance measures.	Performance Indicators on National Defence's ability to manage equipment support will be fully integrated into its Departmental Results Framework. The methodology for these indicators will be fully documented and they will be collected on a frequency that provides senior leadership access to information to aid in the decision-making process.	1 April 2020	<p>The Minister-Approved Departmental Results Framework is due to the Treasury Board Secretariat in Summer 2017 in order to seek Treasury Board approval in Fall 2017.</p> <p>The Departmental Results Framework will be implemented in the business planning cycle in fall 2017.</p> <p>Performance indicators identified in the Departmental Results Framework will be implemented by 1 April 2018 to enable DND/CAF to monitor, collect and report on results for the 2018-19 fiscal year.</p> <p>Data results for the 2018-19 fiscal year will be collected in April/May 2019.</p> <p>Performance data will be</p>	Vice Chief of the Defence Staff assisted by Assistant Deputy Minister (Materiel) and Environment Commanders

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					<p>tracked and monitored through a manual process. Leading up to 2020, the Department seeks to automate these functions within corporate IT system, and ensure the necessary resources and skills are in place to analyze and assess data.</p> <p>Organizational capacity and resources required to monitor and report on the performance measures established by 1 April 2020.</p>	