

Office of the Auditor General of Canada

Practice Review and Internal Audit Plan

2007–08

September 2007

**Strategic Planning and Professional Practices
Office of the Auditor General of Canada**

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1.0 Executive Summary

The Practice Review and Internal Audit Team of the Strategic Planning and Professional Practices (SPPP) Group conducts practice reviews of Office of the Auditor General (OAG) audit products and internal audits of management and administration within the OAG. The objective of the program is to provide the Auditor General with timely information, advice, and assurance about whether Office management systems, both for audit and administrative activities, are suitably designed and effectively operated.

Practice review and internal audit are part of an external and internal review regime of Office products and management systems. The regime consists of peer reviews of audit products, reviews by provincial institutes, practice reviews, internal audits, management review, and external audit.

The focus of this document is on the Practice Review and Internal Audit Plan for 2007–08. The Auditor General, with the advice of the Audit Committee, approves the scope, coverage, and resourcing of the practice review and internal audit plan.

In the context of a rapidly changing environment characterized by new standards, methodologies, and audit tools, the Practice Review and Internal Audit Plan takes into consideration the following factors:

- Our risk assessment indicates that the Office has good controls in place and has no high risk areas that practice review and internal audit must address.
- Because we follow CICA quality control standards, we must conduct a certain number of practice reviews every year. As well, our audit products represent areas of “higher” risk when compared with our management and administrative practices. As a result, we spend the majority of our resources on practice review of audit products and conduct one or two internal audits a year.
- The work of OAG Principals is one of the key elements of audit quality. The practice review coverage of our legislative auditing practice is based on systematic monitoring of the work of all Principals on a cyclical basis. We will continue to review at least one product of every Principal completing a legislative audit product on a four-year basis.
- For each practice review we conduct a highly focused review on higher-risk areas.
- Internal audits are selected based on an annual risk assessment.
- We plan to commit about 80 percent of our practice review and internal audit resources to our “core” reviews of compliance with higher-risk Quality Management System Elements. The remaining 20 percent of our resources will be used for flexible response to practice issues brought to us by senior management.

For 2007–08, approaches to practice review and internal audit include helping the Office prepare for a peer review of all product lines, covering all regions over a four-year period, integrating practice review and internal audit work to the fullest extent possible, and focusing attention on practice advisories applicable to all product lines that address new engagement standards.

In the context of a rapidly changing environment characterized by new standards, methodology, and technology, the need for effective practice review continues. We will conduct practice reviews involving four performance audit Principals and five financial audit Principals. We will reduce our practice review coverage of special examinations somewhat given the level of attention this product line received in 2006–07. We will conduct one practice review of special examinations in 2007–08 and two in 2008–09. We do not plan to conduct any practice reviews of the assessments of agency performance reports, given the level of attention this product line received in 2005–06.

In 2007–08, we will conduct an internal audit of staffing and follow-up work on previous internal audits. We will also monitor the development of the internal control framework of the new financial system. In 2008–09, we will conduct a review of internal controls of the new financial system.

We believe that we can operate with a core complement of about four full-time equivalents: a Principal, a Director, and two Audit Project Leaders. We currently have three full-time staff. We have sufficient resources to do this year's reviews by borrowing staff from other teams within our group and from other groups. Internal audits are resourced by contracting out to enhance their independence. Estimated resource requirements for internal audits for 2007–08 are about \$50,000.

This plan will be publicly disclosed on the Office's website and will be summarized in the Office's Report on Plans and Priorities. Our results will be presented in the Office's Performance Report.

2.0 Introduction

The Office of the Auditor General of Canada (the Office) conducts independent audits and provides objective information, advice, and assurance to Parliament, territorial legislatures, government, and Canadians. The Office has several product lines, including performance audits, financial audits, and special examinations. The Office's audit work is guided by a rigorous methodology and a quality management framework.

This document outlines the external and internal review regime of Office of the Auditor General (OAG) audit products and management systems. It presents the Office's Practice Review and Internal Audit Plan for 2007–08. The Auditor General, with the advice of the Audit Committee, approves the scope, coverage, and resourcing of the practice review and internal audit plan.

The Introduction provides background information on OAG products and practices and outlines our approaches to planning and conducting practice reviews and internal audits. The remainder of the document provides individual plans for the following:

- Performance Audit Practice
- Audit of Summary Financial Statements/Crown Corporations
- Special Examinations Practice
- Assessment of Agency Performance Reports
- Internal Audit

2.1 The Practice Review and Internal Audit Team

At the Office of the Auditor General, the Strategic Planning and Professional Practices (SPPP) group includes a Practice Review and Internal Audit team. This team of auditors is in charge of conducting practice reviews of the Office's audit products as well as internal audits of the Office's management and administrative practices. The team's goal is to provide the Auditor General with timely information and advice, and to offer assurance that important OAG management systems for audit products and administrative activities are suitably designed and effectively operated, as described in the OAG Practice Review and Internal Audit Charter (Appendix 1). The team also provides administrative support to the Office's Audit Committee and assists with the peer review process when required.

Internal practice reviews of audit products. The Practice Review and Internal Audit team conducts practice reviews of selected performance audits, financial audits, special examinations, and assessments of agency performance reports. These reviews are conducted according to the monitoring section of the general standards of quality control that are set by the Canadian Institute of Chartered Accountants; they are used to

- assess the quality of audit products and their compliance with the Office's quality management frameworks, which are based on Office policies and professional standards;
- assure the Auditor General of the quality of our audits; and
- provide managers with suggestions for improvement.

Internal audits of management and administration. The Practice Review and Internal Audit team audits management and administration within the Office. This work is conducted according to the Office's Practice Review and Internal Audit Charter, which is based on the standards of the Institute of Internal Auditors and Treasury Board policy and which takes into account the Office's mandate and ability to maintain its independent status. These audits are conducted mainly by consultants to enhance their independence. They assure the Auditor General that the Office is complying with government and Office policies. They also provide managers with assessments and recommendations.

2.2 External and internal reviews of Office audit products and management systems, and external audit of financial statements

External and internal reviews based on our quality management framework provide reasonable assurance that our audits are conducted according to established standards of professional practice. Management control systems guide the Office's management and administration. The Office's external and internal review regime consists of peer reviews of audit products, reviews by provincial institutes, practice reviews, internal audits, management reviews, external audit of financial statements, and lessons learned from international peers.

External review of audit products. In 1999, the Office hired an audit firm to assess the quality management system for annual financial audits. In 2003, an international team of legislative auditors carried out a peer review of the Office's quality management framework (QMF) for performance auditing.

The reviews found that the system and framework were suitably designed and operating effectively. The review of the QMF for performance auditing highlighted some good practices and made suggestions for improvement. The action plan to make the improvements has been completed and is available on the OAG website. The Office has started planning for the next external peer review of the quality management framework for all audit product lines and related services, which will be done in 2009–10.

In addition, about every four years, the provincial institutes of chartered accountants visit the OAG headquarters and regional offices to determine whether the Office is compliant with professional standards for financial audits and to determine whether the training of chartered accounting students meets their requirements. The most recent reviews concluded that the Office was following professional standards and met the provincial institutes' requirements.

Management review of audit products and management systems. Management of the Office continually seeks to improve the way work is conducted by doing management reviews. There are two types of review: internal and external. An example of an internal management review is the recent exercise of re-visioning the performance audit practice. This review resulted in finding ways to improve the performance audit practice. An example of an external management review is that of the Green Ribbon Panel. The panel was appointed to review the role of the Commissioner of the Environment and Sustainable Development. The results of this review are expected in January 2008.

External audit of financial statements. Each year, an external auditor appointed by the Treasury Board audits the Office's financial statements. The most recent auditor's opinion stated that the financial statements presented fairly, in all material respects, the financial position of the Office as at 31 March 2007 and the results of its operations and its cash flows for

the year then ended, in accordance with Canadian generally accepted accounting principles. As well, the auditor stated that the Office was in compliance with its authorities.

Participation in peer reviews of international audit offices. The Office also conducts peer reviews of international legislative audit offices and uses these reviews as an opportunity to learn and improve Office practices and procedures.

2.3 Developing the 2007–08 Practice Review and Internal Audit Plan

In preparing our 2007–08 Practice Review and Internal Audit Plan, we consulted with the product line leaders to determine whether they have any particular areas of concern that should be included in our practice reviews. We also met with corporate service leaders, to better understand their activities and concerns.

Our Practice Review Plan for 2007–08 builds on the experience and lessons learned of the previous years. It also builds on the key changes in each audit practice. For more detail on the key changes, see the individual sections on the various audit practices (sections 3 to 6).

In the context of a rapidly changing environment characterized by new standards, methodology, and technology, the need for effective practice review continues. With practitioners using new methodology and new tools, our intention is to mitigate the risk associated with introducing such changes. We believe that we can add value to the practices by ensuring that Office practitioners have a culture of being actively conscious of quality.

Risk management. This plan was developed taking into consideration the Office’s Integrated Risk Management (IRM) Framework. The major elements of the Framework are outlined in Appendix 2.

In following the Treasury Board’s policy on Internal Audit, the Office’s Charter requires us to prepare an Internal Audit Plan that is based on a systematic identification of business risks. This plan identifies the relevant key systems and practices in Appendix 3. (The Office’s Financial Management Capability Model was considered in preparing this model of the Office’s Key Systems and Practices). Auditable components are identified in Appendix 4, along with a risk and control assessment. Low-risk activities and activities not scheduled for audit are identified in Appendix 5 with the reasons why they are not included for audit. This analysis forms the basis for selecting internal audits on an annual basis.

Modernizing management practices. The Treasury Board of Canada Secretariat led an initiative in modernizing management practices in government. The Office conducted a Comptrollership Capacity Assessment in 2003–04 to support this initiative and developed an action plan to address opportunities for improvements pursuant to the assessment. We considered the results of the Office’s Comptrollership Capacity Assessment in preparing the present Internal Audit Plan.

Our 2007–08 Practice Review and Internal Audit Plan also takes into consideration the following factors:

- Our risk assessment and review of controls indicates that the Office has good controls in place and has no high-risk areas that practice review and internal audit should address. Because we follow CICA quality control standards, we must conduct a certain number of

practice reviews every year. As well, our audit products represent areas of higher risk as compared with our management and administrative practices. As a result, we spend the majority of our resources on practice review of audit products and conduct one or two internal audits a year.

- The work done by Principals (the position title of the senior audit professionals of our audit teams) is one of the key elements of audit quality. The practice review coverage of the legislative auditing practice is based on systematic monitoring of the work of all Principals on a cyclical basis. Our selection also considers higher-risk audit products, as well as Principals that are newly appointed.
- Currently, the Office employs 40 Principals, each producing one or more audit products each year (see Appendix 6, Overview of OAG's Legislative Auditing Practice). We plan to do about 10 practice reviews a year, and thus we can cover all Principals in a four-year cycle. By adhering to a four-year time frame, we will comply with the new CICA General Standards of Quality Control for Firms Performing Assurance Engagements (December 2005).
- There is a plan for cyclical regional office coverage. All regions are to be covered over a four-year cycle for practice review and internal audit work.

We will integrate the focus of practice review and internal audit work where possible. Experience conducting practice reviews and internal audits over the past four years suggests the advantages of integrating practice review and internal audit work in such a way as to ensure effective coverage, on a cyclical basis, of all Quality Management Framework elements. This proposed coverage is illustrated in Appendix 7.

We also consider new Office methodologies and update our practice review methodologies for major product lines annually. In December 2005, the Methodology and Practice Development Team of the Strategic Planning and Professional Practices Group issued a number of practice advisories that apply to all product lines to ensure Office compliance with the new CICA standards on quality control. These practice advisories touch on the following topics:

- leadership responsibilities for the audit quality control system,
- independence,
- job rotation,
- acceptance and continuance of entity relationship and specific assurance engagements,
- consultations and procedures to resolve differences of opinion,
- quality control reviews, and
- complaints and allegations.

Audits teams must adhere to the guidance in these advisories when conducting their audits. The Practice Review Team will incorporate them and other practice advisories into its review methodology for the upcoming year.

2.4 2007–08 Practice Review and Internal Audit Plan

Our 2007–08 Practice Review and Internal Audit Plan includes the following:

- For 2007–08, we will continue to review at least one product of every Principal completing a legislative audit product on a four-year basis. In 2007–08, we will review performance audits, annual audits, and special examinations. The coverage of the last few years has been thorough and we are up-to-date in our coverage of every Principal on a four-year basis. With the current number of Principals (40 in all) responsible for such products, this means we are conducting about 10 practice reviews a year. The four-year practice review cycle is in compliance with the monitoring section of the CICA General Standards of Quality Control for Firms Performing Assurance Engagements, which came into effect in December 2005. For more detail on the plan for each product line, see the individual sections on the various audit practices (sections 3 to 5).
- For each practice review conducted, we will strive to conduct a highly focused review on higher-risk areas, only doing more in-depth work when circumstances warrant.
- Internal audits are selected based on an annual risk assessment. This year we will conduct an internal audit of staffing and some follow-up internal audit work. In 2007–08, we will monitor the development of the internal control framework of the new financial system. In 2008–09, we will conduct a review of financial controls of the new financial system that the Office is currently selecting and implementing. For more detail on the internal audit plan, see Section 7.
- We will cover some regional offices this year.
- We plan to commit about 80 percent of our practice review and internal audit resources to our core reviews of compliance with higher-risk Quality Management Framework elements and internal audits. The remaining 20 percent of our resources will be used for flexible response to practice issues brought to us by senior management.
- We will incorporate the practice advisories of December 2005 and other practice advisories into our review methodology for the upcoming year and place a special emphasis on reviewing compliance with them.

Practice reviews are not done on activities of the Forensic Audit Team (other than performance audits), discussion papers, the Auditor General's Report on Matters of Special Importance, and the Report on the Commissioner's Perspective.

We conducted a more extensive practice review than usual of the Special Examination Practice in 2006-07. In addition to practice reviews of individual special examinations, we conducted interviews of OAG senior management involved in the practice. We also reviewed the methodology used and professional development offered for the practice. We will reduce our practice review coverage of special examinations somewhat over the next year given the level of attention the practice received in 2006-07.

The Assessment of Agency Performance reports is relatively new for the Office. To ensure consistency and optimize lessons learned, a practice review of all three Assessments of Agency Performance reports was conducted in 2005–06. This was a major practice review that included the development of methodology to review the Assessment of Agency Performance reports. We expect to review the assessments again in the future. At such time, we will enquire about

progress on the observations and the opportunities for improvement in the April 2006 practice review report. For more detail on the plan for the assessments, see Section 6.

The role of practice review is in part to help ensure that the Office is ready for external peer reviews of the legislative auditing practice. The underlying plan is to be ready for an external peer review of all product lines of legislative audit practice and related support services. This external peer review will take place before the end of the present Auditor General's mandate. The planning phase would occur in 2009, followed by the examination and reporting by mid-2010. In helping to prepare for this review, our focus will be on the implementation of the December 2005 practice advisories that are applicable to all product lines.

2.5 Control framework of the Office of the Auditor General

Management controls. The Office has a strong internal control system. For example, leadership is provided from the top by the Auditor General. The Executive Committee sets policy and provides overall professional and administrative direction for the Office. An Audit Committee with a majority of external members has been established. The Auditor General and the Commissioner of the Environment and Sustainable Development receive external advice from a number of committees with external members. Audit advisory committees advise on the objectives, approach, and reports of many audit products.

The Office has a clearly defined vision, focus areas, and values that align with its mandate. It also has operational plans in place that align with its objectives. As well, the Office monitors external and internal environments through surveys of parliamentarians, audited organizations, and employees. The Office has a Code of Values, Ethics, and Professional Conduct that sets out in detail the values and the ethical, professional, and other standards that guide staff on a daily basis in their work for the Office. Employees formally acknowledge compliance with the Code annually. The Office has a documented approach to risk management that includes both a risk management policy and profile, and an integrated risk management framework.

Controls over audit products. An Assistant Auditor General is appointed product leader for each product line. The Office establishes policies and procedures to guide its work in accordance with the standards of the Canadian Institute of Chartered Accountants. This includes a manual and a Quality Management Framework (QMF) for each product line. The QMF for each product line ensures that quality is built into the examination process. It guides auditors through a set of required steps to ensure that audits are conducted according to professional standards and Office policies. The manual and the QMF are complemented by a set of templates and checklists for each product line. Process controls, such as quality reviewer and committees that review key documents and decisions, help to build quality into the process.

2.6 Recommended resources

A key question for any audit institution committed to excellence and professionalism is "How many resources should be devoted to the Practice Review and Internal Audit function?" In July 2005, the Office did a benchmarking study comparing OAG corporate services with public sector audit offices and the Canadian public sector. It found that the OAG spends less than its counterparts on internal audit, but spends more time on practice reviews than its counterparts.

Based on experience, we believe that we can operate with a core complement of about four full-time equivalents: a Principal, a Director, and two Audit Project Leaders. We currently have three full-time staff. However, that complement has to be in place throughout the year. We have experienced some difficulty maintaining that complement because resources are sometimes diverted to other Office priorities.

We can obtain sufficient resources to do this year's reviews by using staff from other teams within our group and by borrowing from other groups. However, we are catching up on last year because some of our resources were diverted to other Office priorities.

Last year, we obtained resources for most of the practice review work from within the Strategic Planning and Professional Practices group. As well, we borrowed resources from other groups. This worked out well, since resources within the SPPP group are able to focus most of their time on the practice reviews to be done, while practice reviews done by resources from other groups tend to be delayed because of other priorities. We intend to use the same approach in 2007–08 for all three product lines to be practice-reviewed.

Resources for internal audits are obtained by contracting out to enhance their independence. Contractors are supervised by the Principal of the Practice Review and Internal Audit team. Estimated resource requirements for 2007–08 are about \$50,000.

2.7 Reporting of results

Our 2007–08 Practice Review and Internal Audit Plan will be publicly disclosed on the Office's website and summarized in the Office's Report on Plans and Priorities. Our results will be presented in the Office's Performance Report. The Auditor General is the client for the reports of the Practice Review and Internal Audit team.

Practice reviews. For individual practice reviews, comments are shared with the appropriate Assistant Auditor General and Principal. For practice reviews of each product line, a summary report is prepared that focuses attention on the matters we believe are significant from a practice-wide perspective. These summary reports are reviewed and responded to by the appropriate product leader. The applicable Executive Working Group approves management's response to the report findings. The report then goes to the Audit Committee for review before distribution to the Auditor General. After that, the report goes to the Auditor General for approval. The report is then presented to the Executive Committee. Finally, the summary reports are posted on the Office's website and INTRAnet.

Internal audits. The results of internal audits are shared with the responsible Assistant Auditor General and Principal. The appropriate Principal prepares the management response. The report then goes to the Audit Committee for review and recommendation to the Auditor General to approve. It then goes to the Auditor General for approval and, following approval, to the Executive Committee. Finally, the internal audit report is posted on the Office's website and INTRAnet.

3.0 Performance Audit Practice

3.1 Background and overview of key changes

Performance audits examine, against established criteria, whether government programs are being managed with due regard for economy, efficiency, and environmental impact, and whether measures are in place to determine their effectiveness.

This practice is well established and has a robust methodology that guides auditors and ensures the quality of this practice. The guidance includes the Quality Management Framework for performance audits, the Performance Audit Manual and practice advisories, and numerous templates and guidelines. As well, for each performance audit, the Performance Audit Management Committee and quality reviewer perform key process controls.

In May 2005, the Executive Committee approved the Quality Management Framework for the Reports on Other Matters (ROMs) tabled in the Territorial Legislative Assemblies. As a result, Reports on Other Matters, now called Territorial Performance Audit Reports, are part of the Performance Audit Practice.

The Performance Audit Practice has started to use TeamMate (an electronic file management system that can be used to organize and document audit products) on a pilot basis. Full mandatory implementation of TeamMate will happen in January 2008, when all performance audits starting on or after this date will be required to use the software. Performance audits are starting to use the audit logic matrix, a tool that enables the Office to better plan for resource requirements and move toward better budgeting of performance audits, by line of enquiry. It may be necessary to modify the practice review methodology to take TeamMate and the audit logic matrix into account.

Independent experts are presently looking at the environment and sustainable development component of the performance audit practice and are expected to report in November 2007. We will take their comments into consideration.

As noted in the introduction section, the Office undergoes periodic external review. The most recent external peer review of the Performance Audit Practice was completed in 2003–04. The external peer review had and will continue to have a significant impact, as the practice responds to suggestions for improvement. The major suggestions and our proposed follow-up are summarized in Appendix 8.

3.2 Practitioners

As shown in Appendix 6 (section 2, Performance Audit Practice) there are 30 Principals responsible for performance audits, 19 of whom will be tabling performance audit chapters in February, May, or October (including the sustainable development monitoring activities and the petitions chapters) 2007 reports. Some of these Principals will be tabling 2007 territorial performance audits reports, or 2007 long-form reports for international organizations.

3.3 2007–08 plan

We plan to check compliance with selected elements of the Quality Management Framework for performance audits. We will also check compliance with key process controls performed by the Performance Audit Management Committee and the quality reviewer.

We will conduct focused, strategic practice reviews of performance audits reported in 2007. We intend to do practice reviews of performance audits conducted by four Principals. We will pay particular attention to compliance with the December 2005 practice advisories.

4.0 Annual Audit Practice

4.1 Background and overview of key changes

Annual audits of financial statements are performed in compliance with Canadian generally accepted auditing standards. The annual audits provide an opinion on whether financial statements are presented “fairly in accordance with” Canadian generally accepted accounting principles that are applied on a basis consistent with the preceding year. They also provide an opinion on whether the transactions examined conform to laws and regulations that are currently in force.

This practice is well established and has a robust methodology that guides auditors and ensures the quality of this practice. The guidance that it provides includes the Quality Management System for annual audits, the Annual Audit Manual and practice advisories, pre-established audit programs, and numerous templates and guidelines. The Annual Audit Practice team, Information Technology Financial team, and product leaders responsible for annual audits and public accounts all have a consultative role in guiding auditors on the application of CICA accounting standards and reporting requirements. A quality reviewer conducts key process controls for those annual audits that are considered higher risk.

During 2005–06, the Office revised audit policies and procedures to fully incorporate the new CICA quality assurance standards for individual engagements. During 2006–07, the CICA standards respecting assessment of risk and documentation requirements were fully implemented by the Office. Also, in January 2006 the Annual Audit and Special Examination Management Committee approved practice guidance for the work of Quality Reviewers on Annual Attest Audits, as well as revised guidance on applying a control-reliant approach. We anticipate fewer changes in 2007–08. We will adapt our practice review methodology to reflect any changes made by the practice.

As noted in the introduction section, the Office’s annual audit practice undergoes periodic external review by the provincial institutes of Chartered Accountants. Institutes in British Columbia, Alberta, Ontario, Quebec, and Nova Scotia currently perform reviews on our annual audit files. These reviews occur about every four years, depending on the requirements of each provincial institute. The most recent reviews were completed in 2004. The review reports indicated compliance with practice requirements.

4.2 Practitioners

As shown in Appendix 6 (section 3, Annual Audit Practice), there are 20 Principals responsible for annual audits of Crown corporations, territorial, international, and other entities. There are 19 Principals responsible for the annual audits of the large entities that form part of the Section 6 Audit of the Summary Financial Statements of the Government of Canada. Of these, 10 audit both Crown corporations and Section 6 large entities.

4.3 2007–08 plan

In 2007–08, we plan to carry out detailed practice reviews of five annual audit engagements. Our reviews will focus on ensuring compliance with selected elements of the Quality Management System for annual audits. We will also check compliance with key process controls performed by the quality reviewer.

We will pay particular attention to compliance with the December 2005 practice advisories and the new CICA standard of “understanding the entity and its environment and assessing the risk of material misstatement.” We will also pay particular attention to the Office’s new guidelines for quality reviewers and to applying a control-reliant approach.

5.0 Special Examination Practice

5.1 Background and overview of key changes

The *Financial Administration Act* (FAA) requires each parent Crown corporation (with certain exceptions) to have a special examination of its organization conducted by the Office every five years. Each five-year period is referred to as a “Round.”

The Office is required by the FAA to determine whether the financial and management control and information systems and management practices of the organization were maintained in a manner that provides reasonable assurance that

- the assets of the organization are safeguarded and controlled; and
- the financial, human, and physical resources of the organization are managed economically and efficiently, and that the operations of the organization are carried out effectively.

The Office has a lengthy history of special examination experience that dates back to the mid-1980s. Round 5 is starting and is expected to run from 2007–08 to 2011–12. The Office expects to conduct about 43 special examinations during this fifth round. The number of special examinations has increased since Round 4 because recent changes to the legislation require the Office to do more special examinations.

Another change in this practice is that, although there is no legislative requirement for Crown corporations to make their special examination reports public, many are voluntarily choosing to put special examination reports on the Internet and thus make them public documents.

Additional resources were recently allotted to the special examination methodology team, including the appointment of a product leader at the Assistant Auditor General level. We expect that more methodology and internal courses on special examinations will be developed to guide practitioners in their work.

5.2 Practitioners

As shown in Appendix 6 (section 4, Special Examinations Audit Practice for Round 5 [2007–08 to 2011–12]), there are 17 Principals responsible for special examinations. There are 43 special examinations in the fifth round of special examinations.

5.3 2007–08 plan

As with practice reviews for all product lines, during the fifth round of special examinations, we plan to check compliance with selected elements of the Quality Management System (QMS) for Special Examinations. We will also check compliance with the key process controls performed by the quality reviewer, if one was appointed to the special examination undergoing a practice review.

We conducted a more extensive practice review than usual of the Special Examination Practice in 2006-07. In addition to practice reviews of individual special examinations, we conducted interviews of OAG senior management involved in the practice and reviewed the methodology used and professional development offered. The practice review report identified several opportunities for improvement. The Practice Review and Internal Audit Team will enquire what progress has been made when we revisit this component in 2008-09. We will reduce our practice review coverage of special examinations somewhat over the next year given the level of attention the practice received in 2006-07.

We intend to do practice reviews of three special examinations during the two-year time frame of 2007–08 and 2008–09 for Round 5. The breakdown is as follows: one for 2007–08 and two for 2008–09. We will pay particular attention to compliance with the December 2005 practice advisories.

6.0 Assessment of Agency Performance Reports

6.1 Background and overview of key changes

Assessments of Agency Performance Reports are a relatively new activity for the Office. This work enables the Office to conclude whether the Canadian Food Inspection Agency, the Parks Canada Agency, and the Canada Revenue Agency present their performance information (published in their statutory reports) fairly and in a reliable way.

Since 2006–07, the Office conducts a review level of assurance engagement for the three agencies. These assessments are now part of the performance audit practice.

All three Agency Performance Reports were subject to a practice review in 2005–06, to ensure consistency and value to the Office and optimize lessons learned. The product leader also requested this type of review. The practice review report raised several observations and opportunities for improvement. The Practice Review and Internal Audit team will enquire what progress has been made when we revisit this component of the Legislative Auditing Practice in the future.

A practice review of the Assessments of Agency Performance Reports will not be conducted on a yearly basis, since they are not considered to be one of the Office's higher-risk product lines.

6.2 Practitioners

There are currently three Principals responsible for three Assessments of Agency Performance Reports subject to a review level of assurance by the Office. They are conducted on an annual basis.

6.3 2007–08 plan

We will not be reviewing Assessments of Agency Performance Reports this year.

7.0 Internal Audit

7.1 Background

Over the last several years, internal audit has had good coverage of low- and medium-risk areas. These are professional service contracts, security at headquarters and in the regions, travel, compensation and classification, hospitality expenses, and management of the human resources and professional development function. There are no high-risk areas. We plan to do one or two internal audits a year.

7.2 Internal audit, risk assessment, and alignment of risks with key systems and practices

To follow Treasury Board's Policy on Internal Audit, the Practice Review and Internal Audit team has prepared an Internal Audit Plan that addresses areas of higher risk. We first defined the key systems and practices; second, we identified, classified, and analyzed business risks; third, we aligned the risks with key business systems.

Appendix 3, Overview of OAG Key Systems and Practices, identifies key administrative systems and practices in the Office. It is broadly based on the OAG Financial Management Capability Model and attempts to provide an overview of most of the activities conducted by the Office in terms of Office systems and practices. While it is a high-level overview, it illustrates most of the major systems and can be linked to the Office's organizational structure.

Appendix 2, the OAG Integrated Risk Management Framework Identification and Risk Assessment Worksheet, assesses the risks and controls. All of the risks described in the OAG Risk Framework were deemed to be significant. Appendix 2 also identifies which risk in the OAG Risk Framework is most amenable to internal audit or practice review. As a general rule, we consider that the highest potential impacts of the risks relevant to practice review are higher than those relevant to internal audit. Therefore, we focus most of our efforts on practice review.

Appendix 4 shows the alignment of risks relevant to internal audit with the control and risk assessment, and the relevant internal office systems and practices described in Appendix 3. Appendix 4 considers the potential impact, the likelihood of occurrence of risk, and risk management (RM) effectiveness, by the risk category and statement listed. It then stratifies the relevant systems and practices into two categories—low and medium risk. In our analysis of risk assessment, there are no high-risk areas. For the Auditor General’s information, we have charted the low- and medium-risk areas over a cycle, taking into account our internal audit resources. We estimate that it would take about nine years to cover all of the low- and medium-risk areas. This means that within the mandate of an Auditor General, which is 10 years, we could do an internal audit on all low- and medium-risk activities if we chose to do so. The potential coverage is suitable to the Auditor General.

Our intention is to do a risk assessment on an annual basis, conducting internal audits on areas of higher risk. However, we will keep the charted cycle in mind, to provide the Auditor General the assurance she needs.

Appendix 5 identifies systems and practices that were deemed to be of low risk. These systems and practices are not scheduled for internal audit. As well, Appendix 5 identifies areas that are reviewed by another audit or review organization. For example, the audit of our financial statements is covered by external audit and is excluded from our plan. Risk Management is reviewed by the Audit Committee once a year and is reviewed by the Practice Review and Internal Audit team every year when preparing this plan. The practice review function is audited as part of External Peer Review.

7.3 Where we spend our dollars

Appendix 9 provides a summary of Office expenses by major classification. Of particular interest are the discretionary expenditures, which exclude salaries, employee benefits, and Office accommodations. For the purpose of planning internal audits, we included professional services, travel, communication, information technology, and printing and publication services. This information helps us to decide which categories of discretionary expenditures to audit over time.

7.4 Office’s strategic challenges

In planning our internal audits, we are mindful of the Office’s strategic challenges. These are

- integrating changes to professional standards into our policies, methodology, training, and practices;
- addressing “control overload” in the federal government;
- managing expectations arising from changes to our mandate;

- integrating government-wide risk assessment into performance audit planning; and
- retaining and recruiting high-calibre employees who meet the Office's needs.

7.5 Types of audit we will do

Most of our internal audits will be a mix of compliance and performance audits. We will start out reviewing compliance with relevant Office policies and or central agency policies, and then move into performance auditing issues that are of relevance to the Office.

Internal audit generally does not review best practices in other jurisdictions. We rely on Corporate Service Leaders to do this benchmarking work.

7.6 2007–08 plan

For 2007–08, we will conduct an internal audit of staffing and do follow-up audit work. Staffing is very important to the Office because competent staff are critical to conducting audit work. In 2004–05, when we were conducting internal audits based on a long-term plan, we decided that because human resources are crucial to the work of the Office, we would conduct a series of internal audits over a three-year period. We completed our review of Compensation and Classification, and reported on it in December 2004. We reported on the Management of the Human Resources and Professional Development Function in April 2006. We will now conduct an internal audit of staffing that focuses on the Auditor General's delegated responsibility for staffing in the *Auditor General Act*. We consider this a medium-risk area. The way in which the Auditor General exercises her delegated authority is very important to the Office. Both the Auditor General and the Assistant Auditor General Corporate Services consider this to be an important area. The Auditor General has approved this internal audit.

We will do a compliance audit, taking into consideration the *Auditor General Act* and the *Public Service Employment Act*. We do not intend to focus on retention and recruitment, because a retention and recruitment strategy has recently been developed and is being implemented. This will complete the series of internal audits on human resources management.

As well, we will conduct follow-up work on five previous internal audits. These are

- Internal Audit of Professional Service Contracts—December 2001;
- Internal Audit of Security at Headquarters—August 2003;
- Internal Audit of Travel—January 2004;
- Internal Audit of Security in Regional Offices—January 2004; and
- Internal Audit of Classification and Compensation—December 2004.

We have requested that the responsible Principals provide an update on progress made on the observations and recommendations in these internal audit reports. We will review the responses to determine whether they are adequate and whether more in-depth internal audit work needs to be done. We will develop a plan to follow up further on the internal audits if necessary, including timelines and recommendations on the type and depth of follow-up work to be done.

In 2007–08, we will monitor the development of the internal control framework of the new financial system. In 2008–09, we will conduct a review of internal controls of the new financial system.

Appendix 1 Office of the Auditor General Practice Review and Internal Audit Charter

Mission and Scope of Work

- The purpose of the Practice Review and Internal Audit (PR&IA) function is to provide information, advice and assurance to the Auditor General, as to whether important OAG management systems for audit practices, administrative services and management processes, are appropriately designed and effectively operated to comply with OAG policies, guiding principles, Mission and Vision.
- PR&IA helps the Office accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- The spirit of the Treasury Board Policy on Internal Audit (1 April 2006) is followed taking into consideration the special circumstances of the OAG mandate and the need to maintain its independent status.
- The CICA general assurance standards of quality control for firms performing assurance engagements (December 2005) are followed for practice reviews.

Accountability

- The Auditor General is the client for the reports of the practice review and internal audit function. The Auditor General, with the advice of the Audit Committee, approves the scope and coverage of the practice review and internal audit plans. The plans are primarily focused on the provision of assurance services. Other services are provided on an exception basis only.

Independence and Professional Qualifications

- The Principal, Practice Review and Internal Audit, is responsible for the practice review and internal audit function and acts as the Chief Audit Executive (CAE) for the Office. The CAE is appointed by the Executive Committee. This position is independent from Office management and operations. It reports administratively to the Assistant Auditor General, Strategic Planning and Professional Practices (SPPP) and functionally to the Auditor General.
- The CAE is required to hold an accounting designation (CA/CMA/CGA) or to be a Certified Internal Auditor.
- The CAE has unfettered access to the Audit Committee.
- SPPP will ensure that individuals involved in internal audits and practice reviews are sufficiently qualified and independent of the activities under examination.
- Generally the Office's practices will meet the intent and spirit of the Treasury Board's Internal Audit Policy. However, the Office will not provide the Comptroller General with access to internal audit staff and working papers as required by the Policy. As this access would put the Comptroller General in a management role in the implementation of the Policy, it would compromise the independence of the Office if it was followed. As well, the Office will not normally participate in Comptroller General initiated government-

wide audits. Practice review and internal audit reports will be made available to the public.

- PR&IA plans and results will be shared, on request, with the Advisory Panel on the Funding of Officers of Parliament and the appropriate standing committees of the House of Commons.

Responsibilities and Operating Principles

- Specifically, the Principal, Practice Review and Internal Audit is responsible for:
 - developing and obtaining approval for the practice review and internal audit charter;
 - ensuring that professional (Institute of Internal Auditors) internal auditing standards are followed by 2009;
 - developing a practice review and internal audit plan that is consistent with the Office's objectives, based on a risk assessment, done at least annually, and that considers the input of senior Office management and the Audit Committee;
 - developing the guidance and tools to be used in carrying out reviews and audits;
 - conducting the reviews and audits;
 - coordinating internal audit activities and plans with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of effort;
 - arranging for briefings for the Audit Committee on values and ethics, risk management, and internal controls that meet the Audit Committee's needs;
 - meeting quarterly with the Auditor General;
 - attending all meetings of the Audit Committee;
 - reporting the results of practice reviews and internal audits to the Auditor General after review by the Audit Committee; and
 - developing and maintaining a quality assurance and improvement program that covers all aspects of internal audit and continuously monitors its effectiveness by 2009.
- All audit practices are subject to practice review including:
 - Performance audits of departments and agencies
 - Financial audit of the Financial Statements of the Government of Canada
 - Financial audit of Crown corporations, territories and other entities
 - Special examinations of Crown corporations
 - Sustainable development monitoring activities
 - Reports on other matters
 - Assessments of agency performance reports
- Practice reviews of a selection of completed assurance engagements will be performed on a cyclical basis and will include at least one engagement for each Principal over four years.
- Engagements are selected without prior notification.
- Results of the practice reviews should be communicated at least annually to the Auditor General. The report should include:
 - a description of the review procedures performed;
 - the conclusions drawn from the review procedures; and
 - where relevant, a description of systemic, repetitive or other significant deficiencies and of actions taken to resolve or amend those deficiencies
 - recommendations for appropriate remedial action.

- The internal audit function is periodically subject to review by an external organization. The external review reports are subject to review and approval by the Executive Committee.
- The practice review function is periodically subject to review by an external organization as part of a peer review of audit practices. The peer review reports are subject to review and approval by the Executive Committee.
- In selecting areas for internal audit and practice review, PR&IA uses the criteria of significance, relevance and auditability. As well, the scope includes all important aspects of the OAG's risk management strategy and practices, management control frameworks and practices, and information used for decision-making and reporting.
- PR&IA has access to all OAG information needed to carry out its practice reviews and internal audits. All OAG employees are expected to cooperate fully with PR&IA staff and staff assigned to conduct the work under the direction of PR&IA.
- Practice review and internal audit are elements of continuous improvement. These activities identify areas where improvements in systems, practices or professional development can be made. Particular instances will be discussed with the responsible managers.
- Openness and communication with management and staff characterize all practice reviews and internal audits. The views of key players are sought before a report is finalized.
- Practice review and internal audit reports are presented to Executive Committee.
- PR&IA will follow up and report on practice review and internal audit recommendations to ensure that necessary corrective actions are implemented.
- The Office will ensure that the necessary financial and human resources, including staff at an appropriate level and with appropriate experience, are made available to the Principal, Practice Review and Internal Audit to conduct the reviews and audits based on its plans.

Appendix 2 OAG Integrated Risk Management Framework Identification and Risk Assessment Worksheet

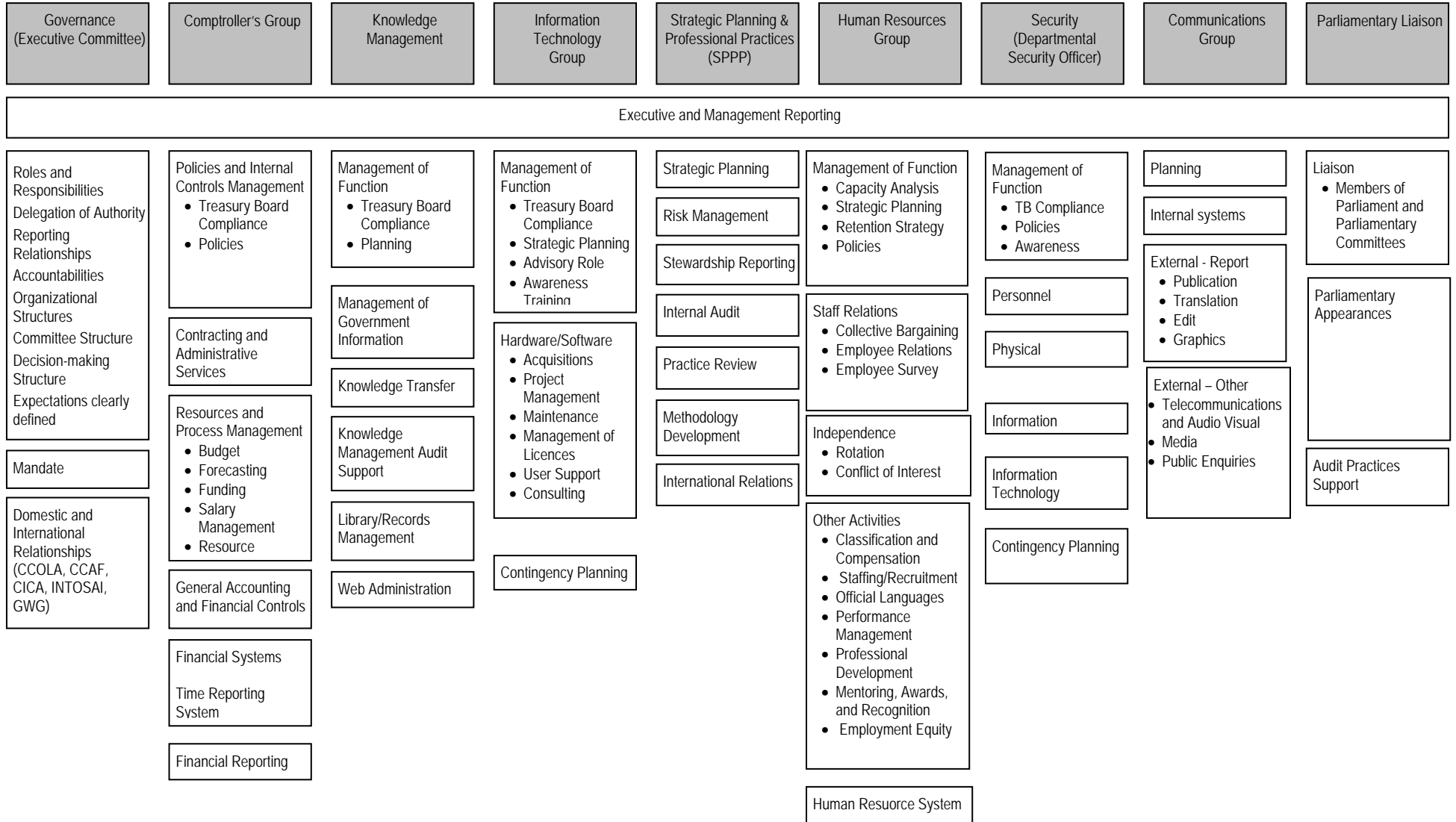
Overall Risk: Risk to the Office's credibility among parliamentarians, with federal and territorial governments, and with the public.

	Risk and Controls Assessment			Relevant Instrument	
	Impact	Inherent Likelihood	Risk Management Effectiveness	Internal Audit (Management Controls)	Practice Review (QMF)
Three determinates of credibility, linked to the values expressed in our strategic plan:					
1. Independence and objectivity					
1.1 The risk that our independence and objectivity are compromised.	H	M	H		X
2. Relevance—Serving the public interest					
2.1 The risk that we fail to serve the public interest.	H	L-M	H	X	X
3. Professionalism					
Commitment to excellence The risk that our standards of excellence are eroded.	H	M	H	X	X
Leading by example The risk that we fail to lead by example.	M	M	M	X	
Trust and integrity The risk that we fail to conduct ourselves with honesty and integrity.	H	M	M	X	
Respectful workplace The risk that we fail to provide a respectful workplace.	M	M	M	X	X

Legend: H – High M – Moderate L – Low

Appendix 3 Overview of OAG Key Systems and Practices

Lead Organizational Unit



Appendix 4 Alignment of OAG Risk Profile with Office Systems and Practices

Lead Organizational Unit Core Values	Risk #	Risk Category/ Statement	Assessments				Relevant Systems and Practices							
			Control and Risk			Internal Audit Cycle	SPPP	Human Resources Group	Comptroller's Group	Knowledge Management Group	Information Technology Group	Security	Communication Group	Parliamentary Liaison
			Impact	Likelihood	Risk Management Effectiveness									
<u>Independence & Objectivity</u>	1.1	The risk that our independence and objectivity are compromised	H	M	H	Low Risk .	<ul style="list-style-type: none"> Methodology Development Practice Review Strategic Planning¹ 	<ul style="list-style-type: none"> Policies (Code of Values, Ethics & Professional Conduct) 					<ul style="list-style-type: none"> Internal External 	<ul style="list-style-type: none"> Parliamentary Appearances
<u>Relevance –Serving the Public Interest</u>	2.1	The risk that we fail to serve the public interest.	H	L-M	H	Low Risk	<ul style="list-style-type: none"> Strategic Planning¹ Risk Management Executive and Management Reporting Methodology Development 	<ul style="list-style-type: none"> Executive and Management Reporting Capacity Analysis Professional Development 	<ul style="list-style-type: none"> Executive and Management Reporting 	<ul style="list-style-type: none"> Executive and Management Reporting 	<ul style="list-style-type: none"> Executive and Management Reporting Management of Function Information Technology 	<ul style="list-style-type: none"> Executive and Management Reporting External 	<ul style="list-style-type: none"> Executive and Management Reporting Liaison 	
<u>Professionalism:</u> • Commitment to Excellence	3.1	The risk that our standards of professionalism are eroded	H	M	H	Low Risk	<ul style="list-style-type: none"> Methodology Development Practice Review Strategic Planning¹ 	<ul style="list-style-type: none"> Management of Function Professional Development 	<ul style="list-style-type: none"> Resources and Process Management 	<ul style="list-style-type: none"> KM Audit Support Knowledge Transfer Library/ Records Management Management of Function 	<ul style="list-style-type: none"> Management of Function Hardware/ Software Contingency Planning 	<ul style="list-style-type: none"> External 		
• Leading by Example	3.2	The risk that we fail to lead by example	M	M	M	Low Risk	<ul style="list-style-type: none"> Internal Audit Practice Review Risk Management Methodology Development Strategic Planning¹ 	<ul style="list-style-type: none"> Capacity Analysis Professional Development Strategic Planning¹ 	<ul style="list-style-type: none"> Resources and Process Management 	<ul style="list-style-type: none"> Management of Function Management of Government Information Knowledge Transfer 	<ul style="list-style-type: none"> Management of Function 			

Core Values	Lead Organizational Unit	Risk #	Risk Category/ Statement	Assessments				Relevant Systems and Practices							
				Control and Risk			Internal Audit Cycle	SPPP	Human Resources Group	Comptroller's Group	Knowledge Management Group	Information Technology Group	Security	Communication Group	Parliamentary Liaison
				Impact	Likelihood	Risk Management Effectiveness									
<ul style="list-style-type: none"> Trust and Integrity 		3.3	The risk of a major ethical, administrative or human resources breach.	H	M	M	Med Risk	<ul style="list-style-type: none"> Stewardship Reporting Internal Audit 	<ul style="list-style-type: none"> Classification and Compensation Staffing/ Recruitment Policies (Code of Values, Ethics and Professional Conduct) 	<ul style="list-style-type: none"> Policies & Internal Controls Management Financial Reporting Financial Systems 	<ul style="list-style-type: none"> Management of Government Information 	<ul style="list-style-type: none"> Personnel Physical Information Information Technology 	<ul style="list-style-type: none"> External 		
<ul style="list-style-type: none"> Respectful Workplace 		3.4.1	The risk that we fail to manage stress and overtime to minimize erosion of staff morale and loss of productivity	M	M	M	Low Risk	<ul style="list-style-type: none"> Practice Review 	<ul style="list-style-type: none"> Management of Function Performance Management Staff Relations Professional Development Mentoring, Awards, and Recognition Classification and Compensation 	<ul style="list-style-type: none"> Resources and Process Management 					

Legend

H ↔ High

M ↔ Moderate

L ↔ Low

Note

1. Excluded from internal audit.

Appendix 5 Systems and Practices with Low Risk—Not Scheduled for Audit or Covered by Practice Review

	Exclusion Code ¹
Strategic Planning and Professional Practices Group	
▪ Strategic Planning	E2
▪ Risk Management (reviewed when preparing this plan; will be reviewed annually by Audit Committee)	E1
▪ Internal Audit (will be subject to external review)	E4
▪ Practice Review (reviewed by external peer review)	E4
▪ Methodology Development (included in practice review)	E1
▪ International Relations	E2
Human Resources Group	
▪ Employee Relations	E3
▪ Official Languages (Commissioner of Official Languages will be reviewing in 2007 or 2008)	E4
▪ Employment Equity (Canadian Human Right Commission reviewed in 2004—OAG in compliance)	E4
▪ Mentoring, Awards, and Recognition	E3
▪ Performance Management	E3
Comptroller's Group	
▪ Facilities Management	E3
▪ Budgeting and Forecasting	E2
▪ Public Accounts and Financial Statements (audited by external auditors)	E4
Knowledge Management Group	
▪ Library/Records Management	E3
▪ Web Administration	E3
▪ Knowledge Management, Audit Support (covered by practice review)	E1
Information Technology	
▪ Hardware/Software	E3
Communications	
▪ Internal	E3
▪ Planning (covered by Practice Review)	E1
▪ Media Relations (covered by Practice Review)	E1
▪ Public Enquiries	E2

Systems and Practices with Low Risk—Not Scheduled for Audit or Covered by Practice Review (continued)	Exclusion Code ¹
Governance	
▪ Roles and Responsibilities	E2
▪ Mandate	E2
Parliamentary Liaison (covered largely by Practice Review)	
▪ Liaison	E2
▪ Parliamentary Appearances	E2
▪ Audit Practices Support	E1

¹Exclusion Code—Reason for Exclusion

- E1 Due to inclusion in practice review, or because included in preparation of this plan
- E2 Due to close involvement and supervision by senior executives
- E3 Due to low risk, or to not being susceptible to internal audit, or because value cannot be added
- E4 Due to audit or review by another organization

Appendix 6 Overview of OAG's Legislative Auditing Practice

1. Total Legislative Auditing Practitioners

- Total number of practitioners: 40 leading one or more products
- Annual practice reviews (4-year cycle): about 10 per year

2. Performance Audit Practice

- Total number of Principals responsible: 30
- Total number of performance audits to be reported in 2007: 27
- Total number of Principals reporting a performance audit in 2007: 19
- Total number of Principals to be practiced reviewed: 4

3. Annual Audit Practice

Crown corporations and other entities, territorial entities, and international entities for which an audit is performed annually by the Office

- Number of annual audits: 125
- Number of Principals responsible: 20
- Number of annual audits with an audit budget of (used as a guide for selection)
 - 2,000 to 3,000 hrs: 12
 - over 3,000 hrs: 13
- Number of annual audits to be subject to a practice review: 4

Section 6, Audit of the Summary Financial Statements of the Government of Canada performed every year

- Number of large entities: 21
- Number of Principals responsible: 19
- Number of large entities or components subject to a practice review in the last five years:
 - Large entities: 6
 - Components: 2
- Number of large entities to be subject to a practice review: 1

4. Special Examinations Audit Practice for Round 5¹ (2007–08 to 2011–12)

Crown corporations for which a special exam is currently conducted every five years

- Number of special examinations in the fifth round: 43
- Number of Principals responsible: 17
- Two-year time frame (2007–08 to 2008–09)
 - Number of fifth-round special examinations already completed and to be completed in 2007–08 and 2008–09: 16
 - Number of special examinations to be practice reviewed during 2007–08 and 2008–09: 3

5. Assessments of Agency Performance Reports

- Assessments of agency performance reports conducted each year: 3
- Number of Principals responsible: 3
- Number of assessments to be subject to a practice review in 2007–08: 0

Exclusions: Activities of the Forensic Audit Team other than performance audits
Discussion Papers
Auditor General’s Report on Matters of Special Importance
Report on the Commissioner’s Perspective

¹ The Financial Administration Act (FAA) requires each parent Crown corporation (with certain exceptions) to have a special examination of its organization conducted by the Office every five years. Each five-year period is referred to as a “Round.”

Appendix 7 Coverage of Quality Management Framework Elements

Quality Management Framework Element	Coverage	
	Practice Review	Internal Audit
Leadership and Planning		
1. Strategic direction		N/A
2. Selecting the audit	√	
3. Operational planning		√
4. Methodology	√	
Audit Management		
5. Conducting the audit	√	
6. Managing the project	√	
7. Planning the audit	√	
8. Obtaining accessible, sufficient, and appropriate evidence	√	
9. Reporting the audit	√	
10. Consultation	√	
11. Independence, objectivity, and integrity	√	
12. Security, access, and file retention		√
Client Focus		
13. Communicating audit message	√	
14. Feedback from clients and stakeholders		√
15. Effective reporting	√	
People Management		
16. Resourcing	√	
17. Leadership	√	
18. Respectful workplace	√	
19. Performance management		√
20. Professional development		√
Continuous Improvement		
21. Practice review	N/A	N/A
22. Lessons learned	√	√

Appendix 8 External Peer Review of Performance Audit Practice

Suggested areas for improvement	Proposed follow-up coverage		
	Quality management framework element	Practice reviews	Internal audits
Audit Planning			
<ul style="list-style-type: none"> • Make better scoping decisions 	<ul style="list-style-type: none"> • Planned audit 	√	
<ul style="list-style-type: none"> • Consider economy and efficiency issues 	<ul style="list-style-type: none"> • Planned audit 	√	
<ul style="list-style-type: none"> • Use more audit notes, small-scale performance audits 	<ul style="list-style-type: none"> • Selecting the audit 	√	
Audit Implementation			
<ul style="list-style-type: none"> • Use a richer set of data collection and analysis techniques (review of role of internal specialists) 	<ul style="list-style-type: none"> • Methodology • Planned audit 	√	
<ul style="list-style-type: none"> • Expand the training and guidance on performance audit methodologies 	<ul style="list-style-type: none"> • Methodology • Professional development 	√	√
<ul style="list-style-type: none"> • Recruit staff with analytical and social science skills 	<ul style="list-style-type: none"> • Resourcing 		√
<ul style="list-style-type: none"> • Use more external experts 	<ul style="list-style-type: none"> • Consultation 	√	
Reporting			
<ul style="list-style-type: none"> • Improve presentation of reports 	<ul style="list-style-type: none"> • Reporting the audit 	√	
<ul style="list-style-type: none"> • Show that performance audits make a difference 	<ul style="list-style-type: none"> • Communicating audit messages 	√	√
<ul style="list-style-type: none"> • Give more prominence to use of experts 	<ul style="list-style-type: none"> • Feedback from clients and stakeholders 	√	
<ul style="list-style-type: none"> • Do more analysis of audit costs 	<ul style="list-style-type: none"> • Reporting the audit 	√	√

Appendix 9 OAG Expenses

Actual 2006–07
(in thousands of dollars)

	2007
Salaries and Employee Benefits	\$ 68,332
Professional Services	7,207
Office Accommodation	6,661
Travel and Communication	4,187
Informatics, Informatics Maintenance and Repairs, Office Equipment, Furniture and Fixtures	2,273
Printing and Publications Services	753
Materials, Supplies and other payments	616
Write-off of informatics software under development	578
Contribution to the CCAF-FCVI Inc.	380
Total cost of operations	\$ 90,987

Source: OAG March 2007 Performance Report