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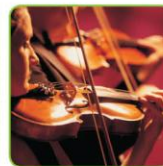
Canada



## Audit of Cultural Industries Branch

Office of the Chief Audit and Evaluation Executive  
Audit and Assurance Services Directorate

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# Executive Summary

## Introduction

The Cultural Industries Branch supports the cultural industries of music, books, film and video, and periodicals in Canada. The Branch's main objective is to contribute to the creation of Canadian cultural content and to enable access to it by domestic and international audiences. Specifically, it is responsible for fostering the creation, publication and dissemination of Canadian books and periodicals, and for supporting the production, distribution and consumption of Canadian films, videos, and music. The Branch also aims to create conditions that foster the sustainability of Canadian cultural industries.

The Audit of the Cultural Industries Branch was included in the Department's Risk-Based Audit Plan, 2011-12 to 2013-14. The Plan was recommended by the Departmental Audit Committee and approved by the Deputy Minister in March 2011.

The scope of this audit included the governance and risk management processes and internal controls for the Cultural Industries Branch, specifically between April 1, 2010 and September 30, 2011.

The audit is intended to provide PCH senior management with assurance that:

1. Adequate and effective Branch governance, coordination, and risk management practices are used to manage and oversee Branch activities;
2. Adequate and effective internal controls and practices are used by management in the development and monitoring of policies which are the responsibilities of the Branch; and,
3. Adequate and effective internal controls and management practices are used in select new processes implemented since previous internal audits.

## Key Findings

Throughout the audit fieldwork, the audit team observed several examples of how controls are properly designed and applied effectively. This resulted in several positives findings which are listed below:

- Governance mechanisms, such as the Management Table and Managers Forum, are established and management is actively involved. Management exercises oversight over Branch activities;
- Through the business planning process and the Integrated Branch Business Plan, the Branch identifies priorities, activities, and resources needed to achieve Branch objectives;
- The responsibilities for research, consultation and analysis of policy options are clearly delineated;

- Standard operating procedures, supporting systems, and tools are developed to ensure consistency in the evaluation of grant and contribution applications;
- Recommendations (and rejections) of grant and contribution applications include adequate rationale and demonstrate assessment of a recipient's eligibility;
- Programs within the Branch have implemented project risk management practices for evaluation of grant and contribution applications;
- Appropriate and clear methods of public communication are being used to inform the audiences and their effectiveness are periodically reassessed; and,
- Accountability agreements (e.g. delegation of authority, Memorandum of Understanding) are documented and authorized appropriately.

The audit team also identified opportunities where management practices and processes could be enhanced, which are:

1. There is an opportunity to build on the Branch's current planning practices by implementing a reporting mechanism that would track progress and provide a status update against the Branch's business priorities as identified in the Integrated Business Plan. In addition, risk management practices can be improved by clarifying who is accountable for risks identified in the Integrated Business Plan to ensure identified risks are mitigated as planned and risk exposure is being routinely assessed;
2. While key processes are in place to share information within the Branch, different approaches to storing and archiving information are used and the Branch's ability to manage information and adequately archive and retrieve older, paper-based information/content could be improved. There is also an opportunity to enhance the Branch's Information Management Strategy by including details on required resources and assigning ownership for tasks; and,
3. A variety of informal mechanisms are used to coordinate policy development and renewal within the Branch; however, there is an opportunity to create a Branch-wide policy development plan that could be used to manage and monitor policy development from an overall Branch perspective. There is also an opportunity to identify and share common tools that can be re-used by Branch policy development teams.

## **Recommendations**

1. The Director General of the Cultural Industries Branch should build on existing governance and risk management practices by:
  - 1.1. Developing a reporting mechanism that would track progress and provide a status update for Branch management against the key priorities/actions identified in the Branch Integrated Business Plan; and,
  - 1.2. Assigning formal accountability for risk mitigation activities identified in the Branch Integrated Business Plan and requiring regular reporting against the mitigation activities and risk exposures.

2. The Director General of the Cultural Industries Branch should build on existing information management practices by specifying resource requirements, assigning ownership and completion dates for tasks in the Branch 2011-12 Information Management Strategy, and by developing a formal practice to regularly track the progress of the paper and electronic records management activities that are outlined in this strategy.
3. The Director General of the Cultural Industries Branch should build on existing policy development and coordination practices by:
  - 3.1. Developing a Branch-wide policy development plan that could be used to manage and monitor policy development from an overall Branch perspective in terms of scheduling and allocating policy development resources; and,
  - 3.2. Assessing and identifying policy development tools that could be re-used across the Branch to enable sharing of good practices and to promote an efficient approach to policy development.

### **Statement of Assurance**

In my professional judgment as Chief Audit and Evaluation Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided and contained in this report.

## **Audit Opinion**

In my opinion, the Cultural Industries Branch is generally controlled with minor control weaknesses that require improvements in relation to monitoring progress against established plans, information management, and policy planning and development.

Original signed by

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**Richard Willan**

Chief Audit and Evaluation Executive  
Department of Canadian Heritage

## **Audit Team Members**

Maria Lapointe-Savoie, Director  
Dylan Edgar, Acting Audit Manager  
Caroline Dulude, Auditor  
Thalia Schumacher, Junior Auditor  
With the assistance of external resources



# **1. Introduction and Context**

## **1.1 Authority for the Project**

The authority for this audit is derived from the Department's Risk-Based Audit Plan 2011-12 to 2013-14, which was recommended by the Departmental Audit Committee and approved by the Deputy Minister in March 2011.

## **1.2 Background**

The Cultural Industries Branch (Branch) supports the cultural industries of music, books, film, and video, and periodicals in Canada. The Branch's main objective is to contribute to the creation of Canadian cultural content and to enable access to it by domestic and international audiences. Specifically, it is responsible for fostering the creation, publication, and dissemination of Canadian books and periodicals, and for supporting the production, distribution, and consumption of Canadian films, videos, and music. The Branch also aims to create conditions that foster the sustainability of the Canadian cultural industries. The Branch develops, implements, and administers policies and programs in the fields of book and periodical publishing, music, films, and videos.

The Branch is responsible for specific policies concerning foreign investment in film distribution, periodical publishing and in all sectors of the book industry. The Branch also works on horizontal policy development with other areas of the Department on policies such as foreign investment, copyright, review of the cultural exemptions in trade agreements, and issues related to the Digital Economic Strategy.

The Branch administers its programs both internally and via third parties. The Branch's employees administer grant and contribution programs and through the Canadian Audio-Visual Certification Office (CAVCO), co-administer Canada's two film and video tax credit programs with the Canada Revenue Agency (CRA). The Branch is also responsible for negotiating treaties of international co-production and administration of the Foreign Publishers Advertising Services Act.

As per the 2011-2014 Branch Integrated Business Plan, the structure of the Branch includes five distinct Directorates: CAVCO; Music Policy and Programs; Book Publishing Policy and Programs; Periodical Publishing Policy and Programs; and, Film and Video Policy and Programs. The Branch also contains one planning and coordination section, and the office of the Deputy Director General.

Within the Branch, specific programs have undergone recent audits and recommendations from those previous audits have been addressed by Branch management. This was confirmed by the Audit and Assurance Services Directorate. Since the conclusion of these previous audits, some of the Branch's programs have undergone changes to their processes and practices, or have been provided new program authorities in recent

program renewals. As a result, a portion of the focus of this audit was on the more recent process changes, initiatives and authorities which are listed below:

**CAVCO:** The CAVCO program is now delivered through an online system that is intended to improve the effectiveness of the administration and delivery of the program. The program's analysis of eligibility, recommendations, management approvals, and records of decisions are now entirely processed and retained using the online system.

**Canada Book Fund (CBF):** The CBF (formerly the Book Publishing Industry Development Program) was renewed in 2009. In addition to confirming the financing of the fund for the next five years (until March 31, 2015), the structure of the program was simplified. The number of components went from four to two (Support for Publishers and Support for Organizations). The renewal also aimed to promote the adaptation of the Canadian publishing industry to new digital technologies. As part of the program renewal, the program received authority to issue grants. While the Minister still must approve grant applications, the controls and procedures implemented for grant funding are new.

**Canada Periodical Fund (CPF):** Starting in 2010/11, the CPF replaced the Canada Magazine Fund and the Publications Assistance Program. In addition to simplifying the previous programs, the authority to approve funding applications for the Aid to Publishers component has been delegated to the Director General, Cultural Industries Branch. Managing the transition from the two previous programs into the streamlined program was noted by management to be a significant endeavour.

## **2. Objectives**

The audit is intended to provide PCH senior management with assurance that:

1. Adequate and effective Branch governance, coordination, and risk management practices are used to manage and oversee Branch activities;
2. Adequate and effective internal controls and practices are used by management in the development and monitoring of policies which are responsibilities of the Branch; and,
3. Adequate and effective internal controls and management practices are used in select new processes implemented since previous internal audits.

The results have been reported under governance, risk management, and internal control.

## **3. Scope**

The scope of this audit includes the governance and risk management processes and internal controls for the Cultural Industries Branch, specifically between April 1, 2010 and September 30, 2011.

The second audit objective focused on policies which are a direct responsibility of the Branch. In addition, the third objective focused on select new processes implemented during scope of this audit in the CAVCO, CBF and CPF programs.

## **4. Approach and Methodology**

All audit work was conducted in accordance with the Treasury Board's *Internal Auditing Standards for the Government of Canada*, and *Policy on Internal Audit*.

The audit methodology included:

- Conducting over 15 interviews with Branch management and program representatives to understand Branch-specific practices used for governance, risk management, policy development and selected new processes and controls implemented since previous internal audits;
- Reviewing Branch and program level documentation to identify governance and risk management mechanisms and internal controls in place;
- Examining policy development documentation;
- Testing 65 grants and contributions files to ensure compliance with policies, procedures, rules and regulations;
- Meeting with senior management to validate observations and solicit feedback on draft recommendations; and
- Developing draft and final versions of the report.

## **5. Findings and Recommendations**

Based on a combination of the evidence gathered through the examination of documentation, analysis, file testing, and interviews conducted, each of the audit's criteria were assessed by the audit team and a conclusion for each audit criterion was determined.

The audit team identified moderate opportunities for improvement resulting in three recommendations. Details of the audit's observations and recommendations are provided below:

### **5.1 Governance and Risk Management**

The audit team identified two areas for improvement in relation to Branch level governance and risk management.

### ***5.1.1 Improving Practices to Monitor Progress Against Established Plans***

There is an opportunity to build on the Branch's current planning practices by implementing a reporting mechanism that would track progress and provide a status update against the Branch's business priorities as identified in the Integrated Business Plan. In addition, risk management practices can be improved by clarifying who is accountable for risks identified in the Integrated Business Plan to ensure identified risks are mitigated as planned and risk exposure is being routinely assessed.

#### **Analysis**

The Branch makes practical use of a Branch Integrated Business Plan to identify, on a three year basis, the Branch priorities, strategic enablers, program deadlines, and risks. The audit team noted that the Branch Integrated Business Plan is a good practice management tool as it can help enable Branch management to effectively identify, track, trend issues, and proactively take actions to ensure it is focused on achieving its key business priorities.

Branch-level risks are identified, assessed, prioritized and monitored as part of the Branch business planning process. Risks are first identified by Branch Directorates and submitted to the Branch management team for discussion. From this discussion, a shorter list of key Branch risks is determined and appears in the Branch Integrated Business Plan.

While Branch priorities are discussed through Management Table meetings, individual performance agreements, and bilateral meetings, there is an opportunity to build on the existing Branch Integrated Business Plan foundation by putting in place a reporting mechanism that would track progress and provide a status update for Branch management against the key priorities/actions identified in the Integrated Business Plan. This would enable Branch management to ensure activities are taking place as planned to achieve the goals of the Branch Integrated Business Plan.

In addition, while Branch management does identify and assess Branch risks in its Integrated Business Plan, accountability is not clearly indicated for risk mitigation actions. Clarifying who has primary accountability to ensure identified risks are being mitigated as planned would ensure clear responsibility is placed on the accountable individuals. This would enable the provision of an update to Branch management on progress against the planned mitigation activities and whether the risk exposure is trending up or down as a result of conducting the risk mitigation activities. Management would conduct different or additional risk mitigation activities, if required.

## **Risk Assessment**

Without a mechanism to periodically report against the Branch Integrated Business Plan priorities, there is a risk that Branch management will not be able to benefit from the work completed nor fully utilize the Branch Integrated Business Plan as a management tool. There is also a risk that certain elements of the Integrated Business Plan may not be acted upon as planned.

In addition, without assigned ownership and clear accountability for risk mitigation actions, there is a risk that these actions will not be implemented as planned and Branch management will not have visibility to ongoing risk exposure for the identified risks.

## **Recommendation**

1. The Director General of the Cultural Industries Branch should build on existing governance and risk management practices by:
  - 1.1 developing a reporting mechanism that would track progress and provide a status update for Branch management against the key priorities/actions identified in the Branch Integrated Business Plan; and,
  - 1.2 assigning formal accountability for risk mitigation activities identified in the Branch Integrated Business Plan and requiring regular reporting against the mitigation activities and risk exposures.

### ***5.1.2 Enhancing and Monitoring Information Management Strategy Implementation***

While key processes are in place to share information within the Branch, different approaches to storing and archiving information are used and the Branch's ability to manage information and adequately archive and retrieve older, paper-based information/content could be improved. There is also an opportunity to enhance the Branch's Information Management Strategy by including details on required resources and assigning ownership for tasks.

## **Analysis**

The audit team observed that key elements are in place to store and share Branch information including, but not limited to, the use of a shared drive, classification schemes, databases, formal Directorate meetings, as well as informal meetings with management and various working groups. The Branch has developed an Information Management Strategy to ensure Branch information management activities conform to Departmental policies and that practices are adopted throughout the Branch. Implementation of this Strategy is listed as a priority in the Branch Integrated Business Plan.

However, the audit team did note that different approaches to storing and archiving information (e.g. indexing structure etc.) are used within individual Directorates,

resulting in no single consistent approach to information management within the Branch. It was also noted that many of the program processes are transitioning from purely paper-based processes to increased electronic records management, albeit at different rates of transition.

Although file reviews found no issues with respect to missing documentation in more recent files, concerns were expressed by Branch staff interviewed regarding the Branch's ability to manage information and adequately archive and retrieve older, paper-based information/content. Interviewees also noted that the pace at which information is being digitized and archived is not adequate. Of specific note, the audit team was informed that key information from before the year 2000 is becoming more difficult to organize and digitize, and, while older, this information is sometimes required in order to support policy development, access to information or other information requests.

### **Risk Assessment**

When there are insufficient or inadequate information management processes, there is a risk of inefficiency in the use of resources required to locate and retrieve information when required. Information may also not be shared in a timely manner to support informed decision making. There is also the risk that information can no longer be found and with the loss of corporate memory, the time to create and re-use information lengthens.

### **Recommendation**

2. The Director General of the Cultural Industries Branch should build on existing information management practices by specifying resource requirements, assigning ownership and completion dates for tasks in the Branch 2011-12 Information Management Strategy, and by developing a formal practice to regularly track the progress of the paper and electronic records management activities that are outlined in this strategy.

### ***5.1.3 Creating Branch-wide Policy Development Plan and Sharing of Policy Development Tools***

A variety of informal mechanisms are used to coordinate policy development and renewal within the Branch; however, there is an opportunity to create a Branch-wide policy development plan that could be used to manage and monitor policy development from an overall Branch perspective. There is also an opportunity to identify and share common tools that can be re-used by Branch policy development teams.

### **Analysis**

Policy development and renewal within a specific Branch Directorate or policy development function was found to be well managed and tools and resources to support

specific research and policy analysis were also found to be in place. To monitor and coordinate policy development and renewal across the Branch, the audit team noted that a variety of informal coordination mechanisms are used by Branch management (e.g. discussion at Directorate and Branch level working groups and Management Table meetings). Additionally, Branch Policy Managers indicated that, in general, lessons learned on the policy development process are communicated informally; however, the Books Policy group has recently drafted a more formal lessons learned document to assist in future policy reviews.

The audit team identified an opportunity to create a Branch-wide policy development plan that could be used to manage and monitor policy development from an overall Branch perspective in terms of scheduling and allocating policy development resources. This would also give visibility to all Branch employees to ongoing policy activities which could promote additional sharing of information and potentially result in greater efficiencies for policy development activities.

In addition, the audit team identified an opportunity to increase sharing amongst Directorates through the identification, promotion and use of common tools that can be re-used by different policy development teams to ensure that an efficient approach is taken to policy development across the Branch (e.g. general guidelines and basic expectations for policy development efforts, sample questionnaires, website tools, work plans, templates for analysis, environmental scanning templates, etc.).

### **Risk Assessment**

Without a mechanism to manage policy development from an overall Branch perspective, there is a risk that the Branch may not be as efficient or effective as it could be in terms of scheduling and allocating policy development resources, avoiding duplicated efforts, or providing visibility to policy activities underway. In addition, without common or shared tools for policy development which can be re-used (where applicable), there is a risk that the Branch will miss an opportunity to promote good practices within and improve efficiency in its policy development and renewal processes.

### **Recommendations**

3. The Director General of the Cultural Industries Branch should build on existing policy development and coordination practices by:
  - 3.1 developing a Branch-wide policy development plan that could be used to manage and monitor policy development from an overall Branch perspective in terms of scheduling and allocating policy development resources; and,
  - 3.2 assessing and identifying policy development tools that could be re-used across the Branch to enable sharing of good practices and to promote an efficient approach to policy development.

## **5.2 Internal Control**

The Branch has implemented internal controls and management practices which help to ensure effective delivery of Branch programs. In addition to the control strengths and opportunities for improvement already described earlier in this report, during the course of the audit, some minor observations related to internal control were communicated to Branch management. The remainder of internal controls examined by the audit team were found to be designed and operating effectively. For example, standard operating procedures, supporting systems, and tools were found to be developed to ensure consistency in the evaluation of grant and contribution applications. Recommendations (and rejections) of grant and contribution applications were found to include adequate rationale and demonstrate assessment of a recipient's eligibility. The audit also found that appropriate and clear methods of public communication are being used to inform the audiences and their effectiveness are periodically reassessed. Lastly, accountability agreements (e.g. delegation of authority, Memorandum of Understanding) were found to be documented and authorized appropriately.

No additional or significant recommendations were made in the area of internal control.



## Appendix A – Audit Criteria

The conclusions reached for each of the audit criteria used in the audit were developed according to the following definitions.

Numerical Categorization	Conclusion on Audit Criteria	Definition of Conclusion
1	Well Controlled	<ul style="list-style-type: none"> <li>Well managed, effective, and no material weaknesses noted.</li> </ul>
2	Controlled	<ul style="list-style-type: none"> <li>Well managed, but minor improvements are needed.</li> </ul>
3	Moderate Issues	<p>Has moderate issues requiring management focus (at least one of the following two criteria need to be met):</p> <ul style="list-style-type: none"> <li>control weaknesses, but exposure is limited because likelihood of risk occurring is not high;</li> <li>control weaknesses, but exposure is limited because impact of the risk is not high.</li> </ul>
4	Significant Improvements Required	<p>Requires significant improvements (at least one of the following three criteria need to be met):</p> <ul style="list-style-type: none"> <li>financial adjustments material to line item or area or to the department; or</li> <li>control deficiencies represent serious exposure; or</li> <li>major deficiencies in overall control structure.</li> </ul> <p>Note: Every audit criteria that is categorized as a “4” must be immediately disclosed to the CAEE and the subjects matter’s Director General or higher level for corrective action.</p>

The following are the audit criteria and examples of key evidence and/or observations noted which were analyzed and against which conclusions were drawn. In cases where significant improvements (4) and/or moderate issues (3) were observed, these were reported in the audit report, and the exposure risk is noted in the table below.

<b>Criteria #</b>	<b>Audit Criteria</b>	<b>Conclusion on Audit Criteria</b>	<b>Examples of Key Evidence / Observation</b>
<b>1.1</b>	Appropriate governance mechanisms are established; and management is actively involved and has a significant level of influence. Management exercise oversight of Branch processes.	<b>1</b>	<ul style="list-style-type: none"> <li>• Mechanisms are in place to manage ongoing activities within the Branch.</li> <li>• Most notable are: DGIC Management Table, Directorate Management Meetings and DGIC Managers Forum/Table.</li> </ul>
<b>1.2</b>	Activities, schedules and resources needed to achieve objectives are adequately integrated into the Business Plan.	<b>1</b>	<ul style="list-style-type: none"> <li>• Each Directorate provides input into the overall Branch Business Plan.</li> <li>• Ad-hoc working groups have been formed to determine how the Branch would deal with challenges.</li> </ul>
<b>1.3</b>	Mechanisms are systematically used to identify, assess and mitigate Branch risks.	<b>3</b>	<ul style="list-style-type: none"> <li>• Branch level risks are identified, assessed and prioritized as part of the Branch business planning process; however, accountability is not clear for risk mitigation actions identified in the Branch Integrated Business Plan.</li> </ul>
<b>1.4</b>	Progress and expected Branch-level results and variances are monitored and communicated on a regular basis and are used to support management decision making.	<b>3</b>	<ul style="list-style-type: none"> <li>• Through regular Management Table meetings, current activities are discussed and communicated on a regular basis.</li> <li>• There is no process currently used to track progress of Branch-level priorities.</li> </ul>
<b>1.5</b>	Branch information is gathered from and disseminated to the	<b>3</b>	<ul style="list-style-type: none"> <li>• A common approach to information management is not being used across the Branch (e.g. indexing</li> </ul>

<b>Criteria #</b>	<b>Audit Criteria</b>	<b>Conclusion on Audit Criteria</b>	<b>Examples of Key Evidence / Observation</b>
	appropriate people within the Branch on a timely basis and reviewed.		structure, etc.).
<b>2.1</b>	Sufficient processes are in place to drive policy development and monitor policy in a timely manner.	<b>1</b>	<ul style="list-style-type: none"> <li>• Oversight and activities are in place to drive policy development through a mix of formal and informal processes.</li> <li>• No issues observed in file walkthroughs of recently developed and revised policies.</li> </ul>
<b>2.2</b>	The Branch has a formal and coordinated approach to policy design.	<b>3</b>	<ul style="list-style-type: none"> <li>• A formal approach or practice at the Branch level is not used to monitor and manage policy development /renewal from an overall Branch perspective.</li> </ul>
<b>2.3</b>	The Branch has appropriate resources and tools to support research and policy analysis.	<b>3</b>	<ul style="list-style-type: none"> <li>• Common, shared tools have not been identified that could be re-used from policy to policy to ensure that an efficient approach is taken to policy development.</li> </ul>
<b>2.4</b>	Responsibility for research, consultation and analysis of policy options and related impacts on programs are clearly and formally delineated.	<b>1</b>	<ul style="list-style-type: none"> <li>• Roles and responsibilities are clear and adequately communicated (e.g. job descriptions and performance plans).</li> <li>• Roles and responsibilities for policy development belonging to those external to the Branch are defined through the use of agreements (e.g. Memorandums of Understanding).</li> </ul>
<b>3.1</b>	Standard operating procedures and supporting systems/tools are developed to ensure consistency.	<b>1</b>	<ul style="list-style-type: none"> <li>• Programs have developed tools and templates and make use of Departmental tools to ensure consistency in delivering.</li> <li>• Procedural guides are available to staff.</li> </ul>
<b>3.2</b>	Appropriate and clear method of public communication is used to inform the target audience and its	<b>1</b>	<ul style="list-style-type: none"> <li>• A variety of communication mechanisms are used to inform target audiences of upcoming funding opportunities and changes, most notably the use of</li> </ul>

<b>Criteria #</b>	<b>Audit Criteria</b>	<b>Conclusion on Audit Criteria</b>	<b>Examples of Key Evidence / Observation</b>
	effectiveness is periodically reassessed.		web sites and email.
<b>3.3</b>	All submitted applications are accurately recorded.	<b>1</b>	<ul style="list-style-type: none"> <li>To ensure completeness and accuracy of information, multiple reviews are performed by more senior/experienced staff.</li> </ul>
<b>3.4</b>	Recommendations (and rejections) include adequate rationale, demonstrate assessment of recipient's eligibility and capacity to perform, need for funding, and their financial viability.	<b>1</b>	<ul style="list-style-type: none"> <li>Recommendations (and rejections) include adequate rationale and demonstrate assessment of recipient's eligibility and capacity to perform, their need for funding, and their financial viability.</li> </ul>
<b>3.5</b>	Those with financial authority properly certify that sufficient funds are available in the budget and that the funds are committed before forwarding recommendations for approval (FAA Section 32).	<b>2</b>	<ul style="list-style-type: none"> <li>Those with financial authority properly certify that sufficient funds are available in the budget and that the funds are committed before forwarding recommendations for approval (FAA Section 32).</li> <li>Minor exceptions noted with respect to the timing of approval.</li> </ul>
<b>3.6</b>	All funding recommendations are approved appropriately by a delegated authority.	<b>2</b>	<ul style="list-style-type: none"> <li>Funding recommendations were approved appropriately by a delegated authority.</li> <li>Minor exceptions were noted in regards to the order of approvals obtained and the documentation of acting delegation.</li> </ul>
<b>3.7</b>	Accountability agreements are documented, authorized and recorded accurately.	<b>1</b>	<ul style="list-style-type: none"> <li>Accountability agreements (e.g. delegation of authority, MOUs) are documented and appropriately authorized.</li> </ul>
<b>3.8</b>	Claims are appropriately reviewed and approved (FAA Section 34).	<b>2</b>	<ul style="list-style-type: none"> <li>Claims are appropriately reviewed and approved (FAA Section 34).</li> </ul>

Criteria #	Audit Criteria	Conclusion on Audit Criteria	Examples of Key Evidence / Observation
			<ul style="list-style-type: none"> <li>Minor exceptions were noted in regards to the order of approvals obtained.</li> </ul>

## Appendix B – Management Action Plan

**Project Title: Audit of Cultural Industries Branch**

### MANAGEMENT ACTION PLAN

#### 5.1 Governance and Risk Management

Recommendation	Actions	Who	Target Date
<p>1. The Director General of the Cultural Industries Branch should build on existing governance and risk management practices by:</p> <p>1.1. Developing a reporting mechanism that would track progress and provide a status update for Branch management against the key priorities/actions identified in the Branch Integrated Business Plan; and,</p> <p>1.2. Assigning formal accountability for risk mitigation activities identified in the Branch Integrated Business Plan and requiring regular reporting against the mitigation activities and risk exposures.</p>	<p><b>Agree</b></p> <p>1.1. Building on the Branch Integrated Business Plan process, a formal semi-annual reporting mechanism on Branch's key priorities/actions will be implemented.</p> <p>1.2. Formal accountability for risk mitigation activities will be identified in the Branch Integrated Business Plan. Reporting on mitigation activities and risk exposures will be included in the Branch's semi-annual review.</p>	<p>Director General</p>	<p>March 2013</p>

Recommendation	Actions	Who	Target Date
<p>2. The Director General of the Cultural Industries Branch should build on existing information management practices by specifying resource requirements, assigning ownership and completion dates for tasks in the Branch 2011-12 Information Management Strategy, and by developing a formal practice to regularly track the progress of the paper and electronic records management activities that are outlined in this strategy.</p>	<p><b>Agree</b></p> <p>2. Along with the Branch Information Management Strategy, an Action Plan has been developed. It details commitments, time frames, responsibilities and resources requirements. Formal reporting on the Information Management Action Plan will be included in the Branch's semi-annual review.</p>	<p>Director General</p>	<p>March 2013</p>
Recommendation	Actions	Who	Target Date
<p>3. The Director General of the Cultural Industries Branch should build on existing policy development and coordination practices by:</p> <p>3.1. Developing a Branch-wide policy development plan that could be used to manage and monitor policy development from an overall Branch perspective in terms of scheduling and allocating policy development resources; and,</p> <p>3.2. Assessing and identifying policy development tools that could be re-used across the Branch to enable sharing of good practices and to promote an efficient approach to policy development.</p>	<p><b>Agree</b></p> <p>3.1. Building on its policy development practices, the Branch will update its branch-wide policy development roadmap; which informs on trends, issues and strategic directions and supports scheduling and allocation of resources. Formal reporting on the Branch's policy commitments will be included in the Branch's semi-annual review.</p>	<p>Director General</p>	<p>March 2013</p>

	3.2. Building on governance practices already in place such as the Management Table and the Managers' Forum; the Branch will implement a formal practice of sharing of lessons-learned (including best practices and tools) in policy development.		
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