Commissariat aux langues officielles

Office of the Commissioner of Official Languages

Audit and Evaluation Committee

Annual Report

2012-2013

TABLE OF CONTENTS

Foreword from the External Members of the Committee

It is with great pleasure that we submit the fifth Annual Report from the external members of the Audit and Evaluation Committee (AEC) of the Office of the Commissioner of Official Languages (OCOL), for the year ended March 31, 2013. Both of us have been members of the AEC since its inception in 2007. Each brings a range of professional experience and different competencies to our task.

We wish to say how pleased we are with the significant enhancements the OCOL's has made to its management practices during our tenure. This includes a much more robust planning and financial management, monitoring and reporting regime; risk management practices that are integrated into various facets of the organization's work; an internal audit function that provides the Commissioner and management with independent assurance on the effectiveness of the OCOL's risk management, governance and control processes from a relatively small resource base; enhanced human resource management practices; and sound internal controls over financial reporting, to name just a few.

Commissioner, we sincerely appreciate your continued interest and support for the Audit and Evaluation Committee. We would also like to thank your Executive team, and in particular, the Corporate Management Branch for their continued hard work and support for the AEC. Over the coming year, we look forward to meeting with managers from across the organization to engage them in a conversation – a conversation that will enable us to gain a deeper understanding of one another's work.

As she retires, we also wish to thank Ms. Lise Cloutier, Assistant Commissioner and Chief Audit Executive for her dedication to the mandate and operations of the AEC. She provided excellent insight, support and intelligence that was invaluable to us in carrying out our work. We welcome Ms. Nancy Premdas into this role and look forward to working closely with her.

Going forward, we will further consider the possible integration of both the internal audit and evaluation functions. As well, we will continue to deliver on our responsibilities with continued emphasis on supporting improvements that add value while not overly stressing an already lean and effectively managed organization. This is particularly important in this period of fiscal restraint and as the organization embarks on an ambitious move of its headquarters in the months ahead.

Laurel Murray, CA   James R. Mitchell

1.0 Context

The Audit and Evaluation Committee (AEC) for the Office of the Commissioner of Official Languages was established on October 27, 2007. One of the AEC's operational responsibilities is to provide the Commissioner with an annual report each year. As reflected in the Treasury Board of Canada (TB) *Directive on Internal Auditing in the Government of Canada*[1] and in the Office of the Commissioner's AEC Terms of Reference*,* the annual report is intended to:

- summarize the AEC's activities undertaken and the results of its reviews;

- provide the AEC's assessment of the organization's system of internal controls;

- document any significant concerns the AEC may have with the organization's risk management, controls and governance framework and processes;

- provide the AEC's assessment of the capacity and performance of the internal audit and evaluation functions; and

- provide recommendations for improving risk management, controls and accountability processes, including recommendations for improving the organization's internal audit and evaluation functions.

2.0 Role and membership of the Audit and Evaluation Committee

The AEC's role is to provide the Commissioner with independent and objective advice, guidance and deliberation on the adequacy of the OCOL's control and accountability processes as well as the use of evaluation within OCOL to support management practices, decision-making and program performance.

To give this support, the AEC exercises active oversight of core areas of OCOL's control and accountability framework in an integrated and systematic way. In so doing, the AEC will address high-level strategic issues as well as ongoing operational issues in the broad areas of both audit and evaluation.

This serves as an important element to support the independence of the Internal Audit (IA) Function within OCOL and the neutrality of the Evaluation function and helps ensure that the results of internal audits and evaluations are incorporated into the corporate priority setting and business and planning processes.

In broad terms, the work of the AEC reinforces the quality of the financial and other performance information used by OCOL managers for decision-making and reporting and, in so doing, helps to reinforce the emphasis on good management practices and accountability of managers in general.

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[1] Section 6.6.1.2 (http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=25610&section=text)

The AEC, as a strategic resource to the Commissioner, also provides such advice and recommendations as may be requested by the Commissioner on specific emerging priorities, concerns, risks, opportunities and/or accountability reporting.

The AEC is composed of the following members:
- Graham Fraser, Commissioner, Chair
- Jim Mitchell, external member
- Laurel Murray, CA, external member

Required attendees for all AEC meetings include:
- Nancy Premdas, Assistant Commissioner, Corporate Management Branch as well as Chief Audit Executive (CAE) and Chief Financial Officer (CFO)
- Sylvie Charbonneau, Secretary to the Committee and Director, Planning, Audit and Evaluation

The previous Chief Audit Executive, Lise Cloutier, retired during the year. The Audit Committee sincerely wishes to recognize her tremendous leadership and expertise throughout her tenure. Under Lise's leadership, management processes and practices were strengthened across the organization. The members also want to recognize the excellent support Ms. Cloutier provided; support that has directly contributed to the effectiveness and success of the AEC.

3.0   Summary of Audit and Evaluation Committee Activities

The sections that follow highlight key AEC activities and areas of focus for 2012-2013, together with the results of reviews.

3.1   Meetings

Four AEC meetings were held during the 2012-2013 fiscal year[2] and there was a 100% attendance rate at these meetings by all members.   As a regular component of each AEC meeting, the external members met individually in-camera with the CAE and the Commissioner to raise and discuss issues in confidence.

In addition to the four AEC meetings noted above, a special meeting was held with representatives from the OAG on July 25, 2012 to review and discuss the 2011-2012 audited financial statements.   As part of this meeting, the AEC members met in-camera with the OAG representatives.

Minutes were prepared for each meeting and they were approved by the AEC members at the meeting that followed.

Committee members were also engaged in dialogue on timely issues throughout the year. This included dialogue while participating in OCOL's strategic planning retreat held on November 1-2, 2012 and during a meeting held on February 28, 2013 to review

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[2] April 25, 2012, June 27, 2012, October 31, 2012 and January 9, 2013

and discuss the performance of the organization's internal audit function and its vision and focus going forward.

3.2   Audit and Evaluation Committee Terms of Reference and Annual Plan

The oversight responsibilities of the AEC, are consistent with the Treasury Board *Policy on Internal Audit,* and encompass the following eight areas:

1   Values and ethics;
2   Risk management;
3   Management control framework;
4   Internal audit;
5   Office of the Auditor General and other central agencies;
6   Follow-up on management's actions;
7   Financial Statements; and
8   Accountability reporting.

The AEC has documented its role, responsibilities and operations in a Terms of Reference document that is approved by the Commissioner. The Terms of Reference are periodically reviewed, revised as required, and reaffirmed by the Commissioner.

To deliver on its Terms of Reference, the AEC developed a Multi-Year Activity Plan for how it will deliver on its responsibilities in 2012-2013. Progress against this plan was monitored at each meeting throughout the year.

The Terms of Reference and Annual Plan are attached as appendices.

3.3   Audit and Evaluation Committee 2011-2012 Annual Report

At its June meeting, the AEC reviewed its draft 2011-2012 AEC Annual Report. This report, prepared by the external members, was discussed by the Committee and subject, to minor editorial revisions, was approved by the full membership. The report is posted on OCOL's website.

3.4   AEC Survey

During the year, the management was surveyed to gain insight into their understanding of the role and value of the AEC. The results of this survey confirmed that management considers the AEC an asset to the Office in that it ids in helping strengthen risk management and control practices across the organization.   The survey also noted that those managers who had very little interactions with the Committee tended to have a limited understanding of the AEC's mandate and work. To address this issue, the AEC is setting aside a block of time at each meeting to engage managers from across the organization in a conversation with the Committee.

3.5   Professional Development

The members of the AEC continue to receive briefings and undertake professional development activities to broaden their knowledge and understanding of OCOL's business and best practices in discharging their AEC role and responsibilities. As previously noted, the external members attended OCOL's November 2012 strategic planning session. In addition to dialoguing with staff, this session was a valuable forum

for the external members to further their understanding of OCOL's business and gain greater insight into the organization's anticipated focus and priorities for the short and long term horizons.

The Office of the Comptroller General (OCG) plays a leadership role in supporting audit committee members in their professional development and during 2012-2013, the AEC members all attended the November 2012 DAC Symposium focused on leveraging members' collective expertise in a cost containment environment.

4.0   Audit and Evaluation Committee's Core Areas of Responsibility

4.1   Values and Ethics

At the April meeting, members reviewed the OCOL results of the 2011 Public Service Employee Survey. Members noted that the participation rate of 80% was above that of the Public Service average, as were the results in many areas. The AEC was also pleased to see that the results represented an improvement over the prior survey results of 2008 and attribute this to continuous improvements being made including strengthened governance tools, improved planning and advancements in employment equity practices.

Over the coming year, the Human Resources team is rolling out a mandatory session on civility. While there have been very few grievances or complaints over the past number of years, management feels this session provides an opportunity to continue to convey the criticality of maintaining a respectful workplace that is free of harassment.

In June management launched its new Code of Conduct. This included presenting the new Code at an all staff meeting. Since then, management has obtained best practices from other Federal departments and agencies and is using this insight to develop the following:

- A panel discussion with staff to discuss ethical challenges employees may face;
- A communications strategy designed to enhance employees awareness of the Code;
- A survey of employees to gain insight into their understanding of the Code, including the degree to which they know what to do if they witness violations of the Code.

Management intends to utilize this insight in furthering its values and ethics program. The AEC is supportive of the approach management is taking as it will provide for a consistent, whole-of organization approach to implementing and sustaining the Code across the OCOL.

4.2   Risk Management

At the April meeting, members reviewed and discussed the OCOL's *2012-2015 Corporate Risk Profile (CRP)*. Based on members' review of the material and the discussions that ensued, members provided advice to refine the second risk so that it focuses in on the risk that the *Official Languages Act* is not adequately factored into government decisions which would effectively erode official languages in Canada. Suggestions were also made to modify the third risk so that it hones in on the risk of not

being able to deal with complaints within established service standards during this period of fiscal restraint.

4.3   Management Control Framework

The Audit Committee reviewed the OCOL's management control framework (MCF) in a variety of ways throughout the year. As internal audit engagements often examine one or more elements of the MCF, the associated reports tabled at the AEC meetings provide the primary means through which the members assess key aspects of the control framework. The Committee also examined and provided feedback and advice to the Commissioner on the MCF through its review and discussion of the following areas:

- budgetary management
- results of the MAF self-assessment,
- evaluation practices
- internal controls over financial reporting
- human resource management

As noted in the sections that follow, the Committee is pleased with the many strengths in the OCOL's management processes and practices as well as with management's continued leadership and commitment to implement enhancements wherever warranted.

4.3.1   Internal Audits

During the year, the Committee had the opportunity to review, provide advice on and recommend for approval of two internal audit reports, namely:

- *Internal Audit of Investigative Practices*; and
- *Internal Audit of Management of Studies*

Both of these reports provide an independent assessment of the effectiveness of various elements of the OCOL's MCF.   As noted in the more fulsome discussion of these reports in section 4.4 that follows, these internal audit engagements noted various strengths in the OCOL's MCF. Opportunities to strengthen key aspects of the management control framework within each area were noted in these reports, particularly in relation to investigative practices.

4.3.2   Budgetary Management

Over the past year OCOL reaped the results of enhancements it has made to its budgetary management practices. The support and assistance Finance and Procurement Directorate staff provide to managers across the organization has strengthened the budgetary and variance review processes. This in turn provides improved information for monitoring Branch budgets and making decisions with respect to the reallocation of resources throughout the year.

The recent integration of non-financial performance information into the budgetary monitoring process further enhances the comprehensiveness of information utilized in the monitoring and resource allocation processes.   These enhancements were particularly beneficial in this fiscal year in that are supporting management in being able to continue delivering on expected results and priorities while simultaneously overhauling the organization's antiquated information technology infrastructure.

The AEC received a budgetary update at each meeting during the year. This review provided members with first hand insight into the effectiveness of these enhancements

and we are pleased with the diligence and rigour of the current budgetary management processes and practices.

4.3.3   MAF Self-Assessment
As an Agent of Parliament, the OCOL is not subject to the Treasury Board Management Accountability Framework (MAF) assessment.   However, recognizing the value in continuing to improve its management processes and practice, management engaged a consultant to undertake a MAF self-assessment.   At its January meeting, the Committee reviewed the results of this assessment noting that OCOL meets expectations (i.e. rating of 'acceptable') in the 6 areas of management TBS is currently assessing (values and ethics, internal audit, financial management and control, evaluation, integrated risk management and people management).

Of the nine additional areas of management that were assessed through this review, three were deemed 'acceptable' and 'opportunities for improvement' were noted in the remaining six. Management has identified actions to address the areas noted for improvement and the AC will review management's progress over the coming year.

4.3.4   Evaluation
In April 2012, Treasury Board introduced changes to the Federal government's *Evaluation Policy*. At the June meeting, the AEC reviewed the amended OCOL *Evaluation Policy* in light of these revisions and recommended the approval of this policy by the Commissioner. The AEC continues to support management's priority attention in refining its performance measurement framework in that it will provide a sound foundation on which to monitor and report on programs while simultaneously ensuring the availability of relevant performance information for periodic evaluations the Office may undertake.

4.3.5   Internal Controls over Financial Reporting
At the January meeting, the AEC reviewed management's progress in implementing the action plan for internal controls over financial reporting. As part of this review, members also received a briefing on the new TB Directive on the Management of Assets. Members were pleased to note that the action plan has been fully implemented with the exception of the testing of key controls which is being undertaken in 2013-2014. Members were also very supportive of management's initiative to enter into a collaborative arrangement with the Human Rights Commission for procurement support rather than fill the position of the Senior Procurement Officer who retired during the year.

4.3.6   Human Resource Management
The AEC continued to pay priority attention to reviewing key elements of the OCOL's human resource management processes. In addition to reviewing management's progress in implementing the actions stemming from the recent staffing audit undertaken by the Public Service Commission the, AEC reviewed the following elements of the Office's human resource management practices:

- Active monitoring process;
- Departmental Staffing Accountability Report (DSAR);
- Directive on Learning Activities; and
- Multi-year plan for the oversight of human resource policies.

The AEC is pleased with the enhancements made to the human resource processes and practices and will continue to provide active oversight in this critical area over the coming year.

4.4   Internal Audit

As outlined in the approved *2010-2013 Risk-based Internal Audit Plan* (RBAP), in 2012-2013, the OCOL completed an internal audit of investigative practices and an audit of the management of studies. At the April meeting, AEC members monitored the progress of these two audit engagements and at the June meeting, the Committee reviewed the draft audit reports and the associated management response and action plan (MRAP). While each report highlighted strengths in management's practices in each of these areas, opportunities for improvement as follows were also noted:

1. **Investigative Practices**
    - Investigative process monitoring;
    - Documentation and understanding of investigation practices
    - Completeness, quality and timeliness of investigations files
    - Complaints information management systems (CIMS)
    - Public awareness

2. **Management of Studies**
    - Monitoring of study activities
    - Study file management
    - Measuring the effectiveness of each study

The AEC reviewed and discussed these findings together with the associated management response and action plan included in each report. Members of both the audit team and management participated in these discussions. The reports were recommended for approval and were subsequently approved by the Commissioner.

At a special meeting held in February 2013, the AEC reviewed the performance of the internal audit function. Members noted the tremendous progress and value this function has provided over its relatively short life. Members provided advice to help ensure the continued value of this function going forward as well as advice to enhance the level of information provided to readers of OCOL's internal audit reports by conveying the status of management's implementation of actions to address recommendations outlined in each report.

The external Committee members also provided input into performance of the CAE and reviewed and accepted the CAE's *2012-2013 Annual Assurance Report*. The members noted that the CAE's outstanding leadership and diligence continued to be a key factor in the success of OCOL's internal audit function. Ms. Cloutier retired towards the end of the fiscal year and the AEC is pleased to welcome the new CAE/Assistant Commissioner Corporate Management, Ms. Nancy Premdas.

4.5   External Assurance Providers

Each year, the Office of the Auditor General (OAG) carries out an audit of the OCOL's financial statements with the objective of rendering an audit opinion on these statements. Representatives from the OAG attended the Committee's. Representatives from the OAG attended the AEC's July 2012 teleconference meeting to review and discuss the audited financial statements. This included a review of the associated Management Representation Letter to the OAG and the OAG's report to the AEC highlighting the annual audit results for the year ended March 31, 2012. The OAG rendered a clean audit opinion on the financial statements. It did not note any significant internal control weaknesses and did not issue a Management Letter.

Representatives from the OAG also attended the January 2013 AEC meeting to discuss their plan for the attestation audit of the OCOL's 2012-2013 financial statements. No issues or concerns were noted.

Although the Office of the Commissioner of Official Languages is not subject to horizontal audits by the Office of the Comptroller General of Canada (OCG), the AEC reviews and discusses OCG audit reports to ascertain whether any issues noted in these reports apply to OCOL. At the June meeting, the AEC reviewed the findings and recommendations noted in the OCG's horizontal Audit of Electronic Record Keeping in Small Departments and Agencies. Members discussed the findings and management's analysis of the report and were pleased to note that the OCOL is the only organization that is implementing a business solution that will integrate with the organization's electronic document management system.

4.6   Follow-up on management Action plans

The AEC monitors management's progress in implementing management action plans stemming from internal audit reports and those of external assurance providers[3] until all recommendations have been satisfactorily implemented or are no longer relevant. To aid in this process, management self-reports progress to the CAE and the AEC on a semi-annual basis with management appearing before the Committee to discuss their progress once a year unless otherwise directed.

During the year, the AEC reviewed and discussed progress in the implementation of the management action plans stemming from the following internal audits:
- Human Resources Management Practices (2009)
- Integrated Planning (2011)
- Parliamentary Relations (2011)
- Regional Pilot Project (2012)
- Investigative Studies (2012)
- Management of Studies (2012)

The Committee noted that the recommendations associated with the internal audits of Human Resource Management and Parliamentary Relations have been fully implemented. Ten of the eleven recommendations associated with the Integrated Planning have been implemented and progress is on track for the remaining management action to be implemented. The AEC also commenced monitoring the recommendations associated with the three 2012 internal audit reports and note that

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[3] Office of the Auditor General, Office of the Comptroller General, Public Service Commission, etc.

work is underway to implement the associated management actions. As noted in section 4.5, the status of these outstanding actions have been embedded into the internal audit report links provided on OCOL's website (http://www.ocol-clo.gc.ca/html/audits_verifications_e.php#INA). The AEC members were very supportive of management's initiative to enhancing transparency by providing updated, relevant information to the readers of these reports.

While OCOL is required to provide bi-annual progress reports to the Public Service Commission (PSC) in response to the recent PSC staffing audit, the AEC is also monitoring management's progress in implementing the management action plan associated with this audit engagement. Members were very satisfied that 95% of the recommendations are now fully implemented and commend management for their diligence and commitment to addressing the noted areas for improvement.

4.6   Financial Statements

4.6.1   Year-end Financial Statements

As the Commissioner is an Agent of Parliament, the financial statements of the organization are audited by the OAG each year. In June, the AEC was briefed on the modifications to Treasury Board Accounting Standard 1.2. This provided members with a clear understanding of the associated structural revisions to the financial statements that ensured consistency with recognized accounting standards, as per OAG requirements.

As noted in section 4.5, the AEC met with the OAG to review and discuss the Office of the Commissioner's 2011-2012 audited financial statements. The AEC recommended the Commissioner approve these financial statements.

4.7   Accountability reports

AEC members reviewed the OCOL's draft 2011-2012 Departmental Performance Report (DPR) and the draft 2013-2014 Report on Plans and Priorities (RPP). AEC members provided advice and recommendations to management prior to their approval by the Commissioner.

5.0   Additional areas of oversight

In addition to providing oversight of the core areas of responsibility, the AEC provided the Commissioner with strategic advice in the following two key areas during 2012-2013.

5.1   Agents of Parliament

The AEC continued to be apprised of discussions between the Agents of Parliament, including the pursuit of possible areas of enhanced collaboration between the Agents. With the move of the Headquarter in 2013-2014, management is working closely with the other Agents locating in the same building to identify and seize opportunities to share space and services. The AEC is supportive of the current plans to share library space, the mailroom and training rooms in the new building.

5.2   Move to Gatineau

The AEC is kept apprised of the plans underway to move the Headquarters to Gatineau in 2013-2014. Members are supportive of the dedicated project manager who has been

assigned to manage this critical project as well as the collaborative approach management is taking to engage the OCOL staff in various elements of the project wherever possible.

Office of the Commissioner of Official Languages

Audit and Evaluation Committee

Terms of Reference

Updated: April, 2013

Table of Contents

1. Introduction

This document outlines the purpose, responsibilities, membership and operating policies of the Audit and Evaluation Committee (AEC) of the Office of the Commissioner of Official Languages (OCOL). It consists of a revision of the OCOL June 30, 2010 *Audit and Evaluation Committee Terms of Reference* based on the April 2012 revisions of the Treasury Board Secretariat *Policy on Internal Audit* and *Directive on Internal Auditing in the Government of Canada*. This document comes into effect upon approval.

The AEC is an essential component of both the internal audit regime and the evaluation regime established within OCOL, as described in OCOL's two policies on Internal Audit and Evaluation[4]. Both OCOL policies are reflective of the corresponding Treasury Board Policies on Internal Audit and Evaluation, though respecting OCOL's status as an Officer of Parliament independent from government.

2. Purpose

The AEC serves primarily to ensure that the Commissioner has independent and objective advice, guidance and recommendations on the adequacy of the OCOL's control and accountability processes as well as the use of evaluation within OCOL to support management practices, decision-making and program performance.

To give this support, the AEC exercises active oversight of core areas of OCOL's control and accountability framework in an integrated and systematic way. In so doing, the AEC will address high-level strategic issues as well as ongoing operational issues in the broad areas of both audit and evaluation.

This serves as an important element to support the independence of the Internal Audit (IA) function within OCOL and the neutrality of the evaluation function and helps ensure that the results of internal audits and evaluations are incorporated into the departmental priority setting and business and planning processes.

The AEC, as a strategic resource to the Commissioner, also provides such advice and recommendations as may be requested by the Commissioner on specific emerging priorities, concerns, risks, opportunities and/or accountability reporting.

3. Responsibilities

The responsibilities of the AEC are specifically identified in OCOL's *Policy on Internal Audit* and *Policy on Evaluation*, and are reflective of both the government's Directive on Departmental Audit Committees and Directive on the Evaluation Function.

There are ten (10) key areas of responsibility that the AEC is intended to address. They are:

- Values and Ethics

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[4] See OCOL's *Policy on Internal Audit* and OCOL's *Policy on Evaluation*.

- Risk Management
- Management Control Framework
- Internal Audit Function
- Evaluation Function
- Liaison with the Office of the Auditor General (OAG) and Central Agencies
- Follow-up to Management Action Plans
- Financial Statements and Public Accounts Reporting
- Risk and Accountability Reporting
- Annual report of the Committee

The detailed responsibilities of the Committee, according to each of the ten key areas identified by government, are provided in **Annex 1**. This annex is an integral part of the current Terms of Reference.

In general terms, responsibilities of the AEC fall into one of three following broad areas:

a. **Provision of advice and recommendations to the Commissioner on whether to approve or amend**:

I.   OCOL's *Policy on Internal Audit*
II.   OCOL's *Policy on Evaluation*
III. OCOL's Annual Internal Audit Plan and its Annual Evaluation Plan, including the adequacy of the resources for both Internal Audit and for Evaluation
IV.   the annual assessment of overall materiality and risks associated with the Annual Internal Audit Plan and the priority-setting for evaluation
V.   Reports on Internal Audit engagements and Evaluations, and the management action plans developed to address the recommendations made in these reports

b. Active oversight of core areas of OCOL control and accountability, **through:**

I.   monitoring the adequacy and timeliness of actions taken in relation to management action plans
II.   monitoring the performance of OCOL's IA function and its evaluation function, including the performance of the Chief Audit Executive (CAE)/Head of Evaluation
III. considering matters raised by the OAG, other Parliamentary agencies and Treasury Board Secretariat (TBS) in respect of audit and evaluation issues
IV.   reviewing with an appropriate risk-guided focus OCOL's arrangements for:
- values and ethics
- risk management
- management control framework, including management-led audits
V.   reviewing relevant plans and reports of the OAG, central agencies, and the relevant standing committees of the House of Commons and Senate, and providing advice on OCOL responses and action plans, as appropriate
VI.   reviewing OCOL's financial statements and related management letters
VII. reviewing OCOL's Corporate Risk Profile (CRP), Report on Plans and Priorities (RPP), Departmental Performance Report (DPR) and other significant accountability reports, within the framework approved by OCOL's Executive Committee
VIII. establishing a forward agenda for its members

c. Assessing its own performance and advising the Commissioner on what it considers to be key observations and recommendations, through preparation of an annual report on:

I. its activities
II. its assessment of OCOL's system of internal controls
III. any concerns on risk management, control and governance framework and processes
IV. an assessment of the IA function
V. an assessment of the evaluation function
VI. any recommendations on risk management, controls and accountability processes.

The AEC annual report will be posted on OCOL's web site

4. Authorities

The AEC has the right to:
a) request the information and documentation needed to fulfill its responsibilities;
b) meet in camera for briefings with the Commissioner, the Chief Financial Officer (CFO), the Chief Audit Executive (CAE)/Head of Evaluation, the OAG representative and any other officials the AEC may determine.

The Commissioner has the sole responsibility for the appointment of all members, including external members, of the AEC.

The Commissioner has the right to establish AEC members'
a) conditions and terms of tenure
b) required qualifications, so as to ensure continuity of operations and the appropriate collective skills and experience.

In the case of significant, irreconcilable differences of opinion between the external members of the AEC and the Commissioner, the external members have the right to report their disagreement in the annual report of the AEC.

5. Composition

5.1 External Members

The AEC for OCOL will include two (2) external members.

Members of the AEC shall be selected so that their collective skills, knowledge and experience will allow the AEC to competently and efficiently undertake its duties.

One of the members should be a financial expert whereas the other should possess detailed and recognized expertise in the area of governance and government expertise.

The appointment of members of the AEC, including external members, will be the sole responsibility of the Commissioner.

External members of the AEC shall be:
- Independent of the federal public service.
- Free of any real or perceived conflict of interest. Any conflicts are to be discussed with the Chair of the AEC.
- Willing and able to obtain an appropriate security clearance.
- Familiar with private or public sector financial reporting or undertake to become familiar within a year of appointment.
- Subject to a term of duty as established by the Commissioner.
- Willing to receive formal orientation on the AEC's responsibilities and objectives, and on the business of OCOL.

An external member shall serve no more than two terms. A full term of office is four years. However, to ensure continuity within the AEC, engagement of members by the Commissioner can be staggered. This means that the initial term of office of one external member may be less than four years.

5.2 Chair

The Chair of the AEC is the Commissioner of Official Languages.

5.3 Required attendees

I. the two (2) external members of the committee (replacements not permitted)
II. the Chair of the committee (replacements not permitted)
III. the CAE/Head of Evaluation and (who is also the CFO)
IV. the Director, Planning, Audit, and Evaluation

5.4 Advisors

In addition to decision-making members, the following officials may be asked to attend as necessary:

I. the DCFO
II. other persons identified by the AEC

5.5 Observers

In addition to regular members of the AEC, functional specialists (e.g. from Human Resources or other specific sectors) may be invited to attend an AEC meeting for specific agenda items where their expertise may be required.

5.6 Secretariat

The Director, Planning, Audit, and Evaluation will serve as the Secretary to the AEC.

Summaries of meetings will be presented for AEC approval at each subsequent meeting, unless otherwise indicated by the AEC.

6. Meetings

6.1 Frequency of Meetings

The AEC will normally meet four (4) times a year. Additionally, AEC members may be consulted by the Commissioner or the CAE/Head of Evaluation on an 'as needed' basis to provide written or verbal feedback on various elements that fall within the scope of the AEC. Meetings which require that a decision be made or addresses several distinct issues must be held as official meetings.

6.2 Scheduling of Meetings

Meetings will be scheduled at least six months in advance so that management and the OCOL IA function and evaluation function can prepare the information and reports required to support the AEC's work. A pre-determined schedule of meetings will also aid external members in meeting requirements for Committee meetings. Rescheduling of meetings will be by exception only.

Between regular meetings, AEC approval can be obtained by means of 'hard copy' memoranda and/or email exchanges among members when a situation requires immediate consideration and an in-person meeting of members is not feasible.

6.3 Quorum

A quorum in attendance will be the Commissioner as chair plus one external member.

6.4 Review of the AEC Terms of Reference

The role, responsibilities and operations of the AEC are documented in this *OCOL Audit Committee Terms of Reference*, approved by the Commissioner. The document will be reviewed after two years by the Committee and reaffirmed by the Commissioner.

I have reviewed the Audit and Evaluation Committee Terms of Reference and approve them:

<u>Original Signed by the Commissioner</u>   <u>   April 2013   </u>
Graham Fraser
Commissioner of Official Languages   Date

ANNEX 1: **Responsibilities of OCOL's Audit and Evaluation Committee**

Key Areas of Responsibility	Description
1. Values and Ethics	Review, with an appropriate risk-guided focus and cycle, the arrangements established by management to exemplify and promote public service values and to ensure compliance with laws, regulations and policies, and standards of ethical conduct.
2. Risk Management	Review, with an appropriate risk-guided focus and cycle, the corporate risk profile and OCOL's risk management arrangements.
3. Management Control Frameworks	Review, with an appropriate risk-guided focus and cycle, OCOL's internal control arrangements, including adequacy of management-led audits.
4. Internal Audit Function	1. Review and recommend, with an appropriate risk-guided focus and cycle, OCOL's *Policy on Internal Audit* 2. Monitor the adequacy of resources for IA function 3. Review and recommend IA Plan, including risk assessment of CAE 4. Monitor and assess performance of IA Function 5. Advise on performance appraisal of CAE 6. Receive and recommend for approval IA reports and follow-up management action plans 7. Review regular reports on implementation of management action plans 8. Be aware of all audit engagements and tasks, including those not resulting in a report 9. Receive and recommend for approval an annual report from the CAE on the IA Function, including an assurance overview.
5. Evaluation Function	1. Review and advise on approving OCOL's *Policy on Evaluation* (at least once every four years) 2. Monitor the adequacy of resources for the Evaluation function 3. Review and recommend Evaluation Plan, including risk/priority assessment 4. Monitor and assess performance of Evaluation function 5. Advise on performance appraisal of Head of Evaluation 6. Receive and recommend for approval Evaluation reports and follow-up management action plans

	7. Review regular reports on implementation of management action plans 8. Be aware of all evaluation and performance measurement activities, including those not resulting in a report 9. Review use of Evaluation to support OCOL's performance measurement strategy.
6. Liaison with OAG and Central Agencies	1. Advise the Commissioner on adequacy of arrangements to support OAG audit in OCOL 2. Review OAG and other audit or evaluation reports that have OCOL or government-wide implications 3. Recommend for approval OCOL responses and action plans 4. Consult with OAG and seek its comments and advice re OCOL risk, control and governance 5. Be briefed on all OAG and other agency audit or evaluation work relating to OCOL and recommend on required action 6. Be briefed on audit- and evaluation-related issues and priorities by central agencies; and, government-wide initiatives to improve management practices. Advise the Commissioner on required action.
7. Follow-up on Management Action Plans stemming from both audit and evaluation reports	1. Ensure adequate arrangements to monitor and follow-up on management action plans, OAG recommendations, etc. 2. Receive updates from management on actions 3. Receive report of CAE/Head of Evaluation on status and effectiveness of management follow-up action
8. Financial Statements and Public Accounts Reporting	Review the audit reports of the OAG on OCOL's financial statements; recommend to the Commissioner on their acceptance.
9. Risk and Accountability Reporting	Review the CRP, RPP, DPR and any other accountability reports, to provide advice to the Commissioner and identify any material misstatements or omissions coming to his attention.
10. Annual report of the Committee	Prepare an annual report on Committee activities and provide observations, and recommendations re: AEC assessment of OCOL's system of internal control; any concerns on risk management, control and governance framework and processes; and, an assessment of both the IA and Evaluation functions.

2011-2012 to 2012-2013 AEC Annual Plan

AEC Action Item Description	Purpose/Action	Frequency	2011-2012					2012-2013				Comments
			Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
			Apr-June	July-Sept	Oct-Dec	Jan-March		Apr-June	July-Sept	Oct-Dec	Jan-March	
Audit and Evaluation Committee (AEC) Infrastructure												
AEC ToR	Review and recommend for approval	Periodically				1						Updated ToR approved in 2009-10 thus recommend in last quarter of 2011-2012
AEC Multi-Year Activity Plan (for upcoming FY)	Review and recommend for approval	Annually				1					1	Required annually to establish committee work required for the year
Establish AEC meeting schedule	Approve	Annually	1		1			1		1		Annually or semi-annually
Orientation/ongoing Professional Development (PD) requirements	Determine	Periodically										Suggest that formal PD requirements determined bi-annually but PD undertaken on an ongoing basis as per the timing of relevant offerings
Internal Audit Oversight Responsibilities												
Internal Audit Policy	Review and recommend for approval	Periodically				1						
Adequacy of internal audit resources	Monitor	Annually				1						
Risk assessment and the multi-year Internal Audit Plan	Review and recommend for approval	Annually	1					1				
Performance of the internal audit function and CAE	Monitor and assess	Annually				1						
Internal Audit Reports and corresponding Management Action Plans to address internal audit recommendations	Review and recommend for approval	Ongoing										
Reports on the progress against the internal audit plan	Receive and review	Semi-annually			1					1		

AEC Action Item Description	Purpose/Action	Frequency	2011-2012					2012-2013				Comments
			Q1 Apr-June	Q2 July-Sept	Q3 Oct-Dec	Q4 Jan-March		Q1 Apr-June	Q2 July-Sept	Q3 Oct-Dec	Q4 Jan-March	
CAE's Annual Overview Report	Receive and recommend for approval	Annually		1								
Special or forensic investigations, audit engagements or tasks that do not result in a report to the AEC	Be made aware of	As required										
Additional Responsibilities												
Values and Ethics	Review	In accord with risk guided focus and cycle										
Corporate risk profile (CRP) and risk management arrangements	Review	In accord with risk guided focus and cycle			1							
Management Control Framework Review tailored MAF self-assessment	Review	In accord with risk guided focus and cycle			1							
OAG, Agents of Parliament and central agencies, including audit issues and reports that impact OCOL or gov't wide implications and accompanying management responses and action plans	Review and recommend for approval/advise Commissioner	Arrangements -Annually; Reports -As referred by Commissioner				1						
Follow-up on Management Action Plans: Arrangements and reports to monitor and follow-up on related management action plans	Review	Arrangements - Annually; Reports- Periodically	1		1			1				
Departmental Public Accounts and/or **Financial Statements**	Unaudited-Review and advise; Audited-recommend Commissioner acceptance	Annually		1								

AEC Action Item Description	Purpose/Action	Frequency	2011-2012					2012-2013				Comments
			Q1 Apr-June	Q2 July-Sept	Q3 Oct-Dec	Q4 Jan-March		Q1 Apr-June	Q2 July-Sept	Q3 Oct-Dec	Q4 Jan-March	
Accountability Reporting, i.e. RPP (Q3), DPR (Q2)	Received, review and, over time, provide advice (by email)	Annually		1	1							
Additional items as requested by the Commissioner	Review and comment	As requested										
Committee self-assessment	Review	every 2 yrs	1									
External practice inspection	Undergo/Review	Every 4 yrs										
Committee Assessment												
AEC Annual Report	Prepare and brief Commissioner prior to finalization	Annually	1					1				