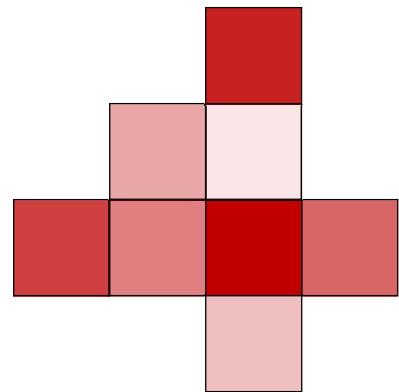




DEPARTMENTAL AUDIT COMMITTEE (DAC) 2013 – 2014 ANNUAL REPORT

ESDC



FOR THE PERIOD OF:
APRIL 1, 2013 TO MARCH 31, 2014



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Message from the Independent (External) Committee Members

The ESDC departmental Audit Committee (DAC) is pleased to present the 2013-2014 Annual Report. We believe the DAC has engaged in helpful and important discussions, has made significant recommendations in the areas of risk management, governance, and compliance, and has contributed to improved management in the department. That we have been effective in doing this is a reflection of a number of enabling factors:

- the maturation of the DAC as a good management practice, including our capacity to see and understand risk, make value added recommendations respected by management, and work as a cohesive team;
- the strong support and commitment of the Deputy Minister, his fellow Deputies, and the management cadre. We say without hesitation that they have been responsive, professional and respectful, and have engaged the DAC in a number of advisory capacities beyond the traditional responsibilities;
- the professionalism and wherewithal of the CAE and staff, who ably navigate a very complex environment with appropriate diligence and objectivity;
- an environment of open and frank discussion, encouraged and fostered by the leadership of the Deputy Minister;
- the thought, effort, and care in preparing and providing written materials and oral briefs to the DAC. The ESDC organization is large and complex, and without clarity and simplicity, we would be hugely challenged to understand; and
- an opportunity to observe, meet, and converse with ESDC staff who directly serve the public.

Notwithstanding, there have been challenges identified through the audit function. A number of audits underscored the huge task of governance and risk management in such a diverse organization. Audits of major project management, information technology and management, corporate planning, and business continuity planning, provided the DAC with ample opportunities to advise and recommend on the management actions which are integral to what we have called “*corporate coherence*”. More simply, it is all the component parts of the department aligning and pulling in the same direction. It is fundamental to risk mitigation. Management has made tremendous efforts and has had success in this regard, and we are pleased to support these governance efforts. The DAC recognizes that it is extremely challenging to navigate through risk management and governance in a complex and multi-faceted organization, requiring the open and supportive environment manifested by the Deputy Minister. We will continue to have interest, and play a helpful role, in this critical area.

One of our “*bread and butter*” responsibilities is to review compliance with the [Financial Administration Act \(FAA\)](#). The DAC has ensured that every year a number of FAA compliance elements are audited and given high visibility at committee meetings. The Chief Financial Officer (CFO) attends all DAC meetings, and we have probed with him the control framework and related improvement initiatives.

A new risk management approach has been implemented within the department. It better aligns identified risks with mitigating management actions. The DAC reviewed this new approach in conception, through to implementation. Through several iterations, we recommend adjustments and improvements, and look forward to monitoring progress in the new year.

The DAC is aware that the audits and files we review often have important connections with and impact on service delivery. Where it was appropriate to do so, and particularly with reference to information technology and human resources management, we were not shy to probe, question, and provide advice.

We had the pleasure of meeting with Michael Ferguson, the Auditor General of Canada, along with his senior staff. Both parties candidly shared observations and expectations, which we believe has strengthened this important relationship.

As a summary of our intent as an audit committee, and respectful of our mandate respecting risk, governance, and compliance, it is fair to say we always look through two important lenses: value to the taxpayer; and service to Canadians. It has been our distinct privilege to be given the opportunity to contribute to ESDC in this way.

This Report marks the completion of two terms for Mr. Jacques Valotaire, who has been an effective, insightful, and forward thinking colleague. As he completes his tenure on the DAC, we will miss his frank observations and perseverance. We wish Jacques the best in his continuing corporate responsibilities. The DAC will be welcoming a new member, Mr. Timothy Wilson, who brings tremendous experience and acumen to the DAC. We look forward to working with Mr. Wilson throughout his membership term.

We would be remiss not to acknowledge the retirement of Karen Jackson, Senior Associate Deputy Minister of ESDC and Chief Operating Officer of Service Canada. Karen was the fount of great knowledge and experience, and we are grateful to her for being a guiding light.

In concluding, the DAC is most appreciative of the excellent working relationship with and effective support from the Chief Audit Executive (CAE) and his team. It has been our pleasure to work with this group.

We look forward to the coming year.

SECTION 1: ISSUES AND OBSERVATIONS

The Departmental Audit Committee Annual Report allows the committee the opportunity to collectively present an overview of our advice and recommendations provided to the Deputy Minister (DM) throughout fiscal year 2013-2014.

The committee was privy to a broad range of briefings and presentations which further increased our knowledge and understanding of Employment and Social Development's policies and programs. Of particular mention was the work completed by the Internal Audit function, as well as by the Department which supported our Risk Management and Management Control Framework and Reporting areas of responsibilities.

The work completed by the Internal Audit (IA) function was largely assurance-based and resulted in quality audit reports aligned to the identified 2013-2014 departmental corporate risks. The IA function completed numerous assurance and advisory engagements, including preliminary surveys and assessments, compliance reviews, and continuous auditing reports, which provided senior management and the DAC with sound advice and guidance on the effectiveness and efficiencies of policies, programs and operations. This work further complimented and assisted in mitigating overall departmental risks. The work of the Internal Audit function encompassed and provided valuable insight and assurance with respect to transformation activities, information technology (IT), human resources (HR), financial risks, and privacy and information management (IM). A more complete overview of our observations, comments, and recommendations to the DM with respect to the Internal Audit Function can be found within [Section 2.1: Assessment of the Internal Audit Function](#).

The committee invested a significant amount of effort and engaged in discussions with senior management with respect to various topics related to our Risk Management and Management Control Framework and Reporting areas of responsibilities. Open discussions and targeted presentations regarding Business Continuity Planning (BCP), IM/IT Modernization, Project Management, and the new approach to identifying, reporting and mitigating Corporate Risks were both beneficial and rewarding. These pertinent discussions allowed the DAC to provide strategies and advice to senior management and the DM from our unique external perspective. Notable highlights of our advice and recommendations pertaining to the aforementioned discussions are summarized in the table below.

NOTE: As noted in previous DAC Annual Reports, and as illustrated in [Annex B](#) our Management Control Framework and Reporting area of responsibility is overarching and is explicitly linked to our Risk Management area of responsibility. Management Control is an area that the DAC feels should be managed and assessed across the complete corporate spectrum, as an integrated whole. As such, Management Control is an embedded element in our discussions with senior management and in our advice and recommendations provided to the Deputy Minister.

DAC Areas of Responsibility RISK MANAGEMENT and MANAGEMENT CONTROL FRAMEWORK	
DAC Meeting Date	Agenda Item/Subject
April 30, 2013	Cyber Incident Table Top Exercise
DAC Advice/Recommendations	
<ul style="list-style-type: none"> In addition to planning for recovery from an extended IT outage, the DAC recommended that the Department also consider continuity crisis management as part of the ESDC Business Continuity Plan and Departmental Strategic Emergency Management Plan. For example, the Department should consider the possibility of an entire business line in jeopardy and the potential implications and mitigation strategies. We recommended that as many people as possible be involved and consider the “what ifs”. In addition, and being cognisant of the shared IT and business continuity responsibilities between ESDC and Shared Services Canada (SSC), we advised the Department that it will be essential that a clear understanding of accountabilities between ESDC and SSC be formally developed and documented. 	
DAC Meeting Date	Agenda Item/Subject
April 30, 2013	Privacy and Information Management (Securing Sensitive Information)
DAC Advice/Recommendations	
<ul style="list-style-type: none"> The DAC complimented the actions taken to respond to and address the recent security incidents (USB and External Hard Drive losses in 2012), noting the thoroughness and disciplined approach. The DAC observed that the Department, as is the case for all large information rich organizations, could potentially be at risk for similar incidents in the future, however noted that the proactive approach employed when addressing these specific security incidents should be leveraged and utilized as a foundation to build upon and address similar incidents in the future. 	
DAC Meeting Date	Agenda Item/Subject
November 12, 2013	Internal Controls – Update <ul style="list-style-type: none"> Preliminary Assessment of the Implementation of the Policy Internal Control (PIC) Update on the Policy Internal Control and Departmental Internal Control Framework for ESDC
DAC Advice/Recommendations	
<ul style="list-style-type: none"> The DAC observed that some of the language in the Policy Internal Control generates confusion, and drew reference to the definition of compliance with legislation versus the objective of the <i>Policy</i>. In particular, the DAC stressed the importance of differentiating and addressing separately controls over financial reporting, on the one hand, and controls to ensure compliance with the Financial Administration Act (FAA), on the other hand. As such, the DAC suggested that clarifications in the form of questions and answers be prepared to support the DM in his capacity as Accounting Officer, particularly regarding FAA compliance. 	

DAC Areas of Responsibility RISK MANAGEMENT and MANAGEMENT CONTROL FRAMEWORK	
DAC Meeting Date	Agenda Item/Subject
November 12, 2013	Auditability Assessment of Emergency Management and Business Continuity Planning (BCP)
DAC Advice/Recommendations	
<ul style="list-style-type: none"> • The Internal Audit Services Branch (IASB) conducted and completed an Auditability Assessment of Emergency Management and Business Continuity Planning (BCP) in September 2013. The results revealed that the Department is still in the design phase of developing a revised framework for Emergency Management and Business Continuity Planning and as such the audit project was deferred to the third-quarter of fiscal year 2014-2015. • The DAC supported senior management in the redevelopment of an Emergency Management and BCP Framework, however recommended that the potential for cyber-attacks and 'black swan' scenarios be considered and embedded within the revised Framework. • In response to the potential 'black swan' scenarios, the DAC suggested that the CAE review the existing framework documents and report back to the committee in Spring 2014. 	
DAC Meeting Date	Agenda Item/Subject
November 12, 2013	Information Technology Security <ul style="list-style-type: none"> • Audit of Information Technology Security Phase III • Departmental IT Security Program 2013-2017
DAC Advice/Recommendations	
<ul style="list-style-type: none"> • In reviewing the Audit of Information Technology Security Phase III coupled with an overview and presentation of the Departmental IT Security Program 2013-2017, the DAC recommended that an overview context piece be developed and included in the Audit Report to clearly identify and to better clarify the issues that require attention. We discussed our desired revisions openly with management and as a result, it was agreed that (a) the audit report would be amended to better articulate the issues requiring attention; (b) the management response will be amended to clearly state management's agreement with the recommendation; (c) a context piece on the cross walk done between the various internal and external reports against the IT Security Program 2013-2017 would be added to the report to align planned actions both vertically and horizontally; and (d) timelines will be included in the management responses. • Based on our advice and recommendations, the DAC requested that a revised Audit of Information Technology Security Phase III be tabled for review and recommendation at our February 4, 2014 meeting. 	

DAC Areas of Responsibility RISK MANAGEMENT and MANAGEMENT CONTROL FRAMEWORK	
DAC Meeting Date	Agenda Item/Subject
February 4, 2013	<ul style="list-style-type: none"> • Business Continuity Planning (BCP)
DAC Advice/Recommendations	
<ul style="list-style-type: none"> • As requested by the DAC, the CAE in collaboration with the Departmental Security Officer (DSO), returned to the committee to present the results of a review assessment of departmental Emergency Management and Business Continuity Plans (EMBCP), governance and associated activities. This involved identifying whether key EMBCP components are well designed and documented. • The DAC collectively supported the assessment and the direction of the revised BCP framework noting that cyber-attacks should remain at the forefront as an ongoing area of focus and attention. Similarly, the committee encouraged the department to ensure readiness for the possibility of having to revert back to the manual processing of payments and claims given the recent and future automation of the statutory programs. • The DAC further underscored the necessity to establish clear roles and responsibilities for disaster recovery plans with Shared Services Canada and as well as with Public Works and Government Services Canada to ensure the continuity of Receiver General payments. Additionally, it was recommended to ensure alignment of the departmental EMBCP approach to the organizational risks facing the department; specifically those linked to IT. 	
DAC Meeting Date	Agenda Item/Subject
February 4, 2013	<ul style="list-style-type: none"> • Audit of the Management of Projects within Employment and Social Development Canada
DAC Advice/Recommendations	
<ul style="list-style-type: none"> • The committee collectively underscored the importance of project management and complimented the CAE for conducting, and the auditees for supporting, the audit. The committee highlighted that accountability/accountabilities remain important. • The DAC suggested and encouraged management to fully embedded, at the corporate-level, the project management process to ensure a more holistic understanding and strategic integration of risks. We understood and discussed the cultural challenges in moving towards a more integrated (basket) approach, as opposed to silos, to project management and observed that the establishment of an integrated Project Management Framework will ensure that interdependencies are accounted for at the enterprise level and will further assist in establishing unified case and data management solutions. • The DAC collectively supported the move towards enterprise-level project management noting the benefits of this approach in a large organization. We further recommended that follow-up audit work be conducted within the next 6-12 months to provide additional assurance on the status and achievement of objectives in implementing the PMF while considering and verifying if the PMF assists with the tracking of project costs. 	

DAC Areas of Responsibility RISK MANAGEMENT and MANAGEMENT CONTROL FRAMEWORK	
DAC Meeting Date	Agenda Item/Subject
February 4, 2013	<ul style="list-style-type: none"> • Audit of Entity Level Controls (ELC)
DAC Advice/Recommendations	
<ul style="list-style-type: none"> • The DAC observed the corporate cohesiveness of the audit report and the various cultural issues identified via the corresponding findings (strengths and opportunities for improvements). The committee encouraged management to continue to monitor and improve upon the control activity elements and control environment principles of the department's ELC framework. • The committee thoroughly welcomed the audit report and associated findings. We recommended that key elements and topics of the ESDC ELC Framework be embedded within the DAC Forward Agenda for continuous discussion at future meetings. 	

MAJOR THEMES FOR 2013-2014

Reflecting on the activities and operations of the committee throughout 2013-2014, several major themes surfaced in which the DAC provided advice and recommendations to senior departmental officials and the DM as follows:

- **INFORMATION MANAGEMENT / INFORMATION TECHNOLOGY (IM/IT)**
ESDC continued modernizing the IM/IT function by making improvements to project management and ensuring that resources are and continue to be directed to the highest business priorities, specifically service and compliance. Senior management's efforts in managing associated IM/IT risks and in ensuring the security and protection of personal information is commendable and merits mention. The DAC received regular IM/IT updates throughout 2013-2014 which demonstrated management's commitment and responsiveness to the DAC's ongoing interest in this area. The DAC's attention has supported improved IM/IT governance and management, and has assisted the department in developing a clearer and more precise understanding of its needs. To this end, the DAC feels that the department has been very responsive to our collective views, advice, and recommendations in this area.

- **CORPORATE COHERENCE**

The committee reviewed many audit products that observed on the alignment of various facets of ESDC. In other words, are all the various components of ESDC pulling and working together to achieve corporate alignment both horizontally and vertically. The DAC reviewed audit work in the areas of project management, business continuity planning, entity-level controls and internal control, all of which emphasized the need for focussed corporate management to align the efforts of the various departmental components. The DAC provided advice on strategies to achieve this, requested updates as necessary, and observed on how to continually improve corporate governance.

- **RISK MANAGEMENT**

The department implemented a new and improved risk management process in 2013-2014. The DAC reviewed and commented on the new process which better links risk management with business processes. The DAC commented on and requested stronger linkages between the new risk mitigation strategies and the risks set out in the 2014-2017 Risk-Based Internal Audit Plan (RBAP). It is our opinion that the new approach is a significant improvement in both identifying risk and associated mitigations.

- **COMPLIANCE AND CONTROL**

The DAC requested regular updates on the improvements to controls over financial reporting. The DAC has also clearly differentiated between controls over financial reporting and compliance with the [Financial Administration Act \(FAA\)](#). We have requested regular and ongoing briefings in these areas to support sound financial management. The department has implemented plans for improvement in both of these areas.

In sum, the DAC has had considerable influence, and the department has responded, in the areas of risk management, control, and governance.

SECTION 2: SPECIFIC FOCUS OF COMMITTEE ACTIVITIES

The specific work undertaken by the DAC in 2013-2014 can be found within [Annex B](#), which depicts, illustrates, and links our work (agenda items and briefings) to our respective areas of responsibility. We feel that our areas of responsibility have been appropriately addressed by the department, specifically the areas of Risk Management and Management Control Framework and Reporting (as outlined in [Section 1](#)).

Over and above our areas of responsibility, we established, as part of last year's Annual Report, that Information Management and Information Technology (IM/IT), including IT Security and Privacy, will remain an ongoing area of interest for 2013-2014. In addition, following briefings and discussions that occurred in 2012-2013, we also emphasized the need for strong, comprehensive Business Continuity Planning (BCP) across the entire organization. Our comments pertaining to our identified areas of ongoing interest and focus, as well as the commitment of senior management to these areas, can be found within [Section 2.9: 2013-2014 Areas of Ongoing Interest/Focus](#).

As with any external advisory committee, it is imperative that the foundation of any and all committee business be in line with the organization's mission, objectives, priorities, and risk profile.

The mission of Employment and Social Development Canada (ESDC) is to build a stronger and more competitive Canada, to support Canadians in making choices that help them live productive and rewarding lives and to improve Canadians' quality of life. The Department delivers a range of programs and services that affect Canadians throughout their lives through three business lines:

- Employment and Social Development;
- Labour Program; and
- Service Canada.

ESDC Objectives and Priorities

As outlined within the [2013 – 2014 Report on Plan and Priorities](#), the department's [organization priorities](#) were as follows:

- Business transformation and modernization of core business;
- Improving policies and programs; and
- Building a high-performing organization

ESDC Risk Profile:

As outlined within the [2013 – 2014 Report on Plan and Priorities](#), the department's [risk profile](#) included the following:

- Transformation;
- Information Technology;
- Human Resources;
- Privacy and Information Management; and
- Financial Risk (to transform and implement increased efficiency targets)

The DAC commends senior management for continually striving to attain and deliver on the department's objectives and priorities, while keeping the established objectives and priorities at the forefront of departmental transformation and modernization activities.

The work of the internal audit function supported and examined elements of all of the key risk areas and the DAC also reviewed departmental plans, initiatives, and performance, in these areas via the Report on Plans and Priorities (RPP), the Departmental Performance Report (DPR) and the Corporate Risk Profile (CRP).

2.1 Internal Audit Function

The Internal Audit Function at ESDC resides within the Internal Audit Service Branch (IASB) and is under the leadership and direction of the Chief Audit Executive (CAE), who reports directly to the Deputy Minister.

The IASB completed a total of 19 audit engagements throughout 2013-2014, a significant increase from previous years. This demonstrates the continuous improvement, as well as the capacity, of the internal audit function to deliver on its planned audit engagements. Internal Audit projects with a supporting management action plan (MAP), per DAC meeting date that were approved by the Deputy Minister (DM), following the recommendation of the DAC were as follows:

April 30, 2013
<ol style="list-style-type: none"> 1. Preliminary Survey of the Implementation of the <i>Government Employees Compensation Act</i> 2. Compliance Review of the Evaluation Function 3. Pre-Implementation Review of Old Age Security (OAS) / Guaranteed Income Supplement (GIS): Service Improvement Strategy – Phase I 4. Audit of Employment Insurance Phase I – Intake Processes
November 12, 2013
<ol style="list-style-type: none"> 1. Continuous Auditing Report 2. Preliminary Assessment of the Implementation of the <i>Policy Internal Control</i> 3. Audit of the Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan (CPP) Account by HRSDC, March 31, 2013 4. Audit of the Canada Student Loans Program (CSLP) 5. Audit of the Implementation of the <i>Code of Conduct</i> 6. Audit of Workforce Adjustment (WFA) 7. Auditability Assessment of Emergency Management and Business Continuity Planning (BCP) 8. Audit of Employment Insurance (EI) Phase II – Adjudication and Processing
February 4, 2014
<ol style="list-style-type: none"> 1. Audit of Section 33 of the <i>Financial Administration Act</i> (FAA) Phase 1A – Priority Payments 2. Audit of Automatic Enrolment for an Old Age Security (OAS) Pension Phase 1A 3. Audit of the Management of Projects within Employment and Social Development Canada 4. Audit of Procurement Practices 5. Audit of Section 33 of the <i>Financial Administration Act</i> (FAA) Phase 1B – Operating Expenditures 6. Audit of Entity Level Controls (ELC) 7. Audit of Information Technology (IT) Security Phase III

In addition to the above audit engagements, the committee engaged in a very beneficial and informative discussion with senior management when the Audit of the Implementation of the Aboriginal Skills and Employment Training Strategy (ASETS) was tabled at our meeting of February 4, 2014. We observed the implementation challenges, specifically the capacities of the recipients and sub-agreement holders to meet reporting and financial requirements and accountabilities. Furthermore we collectively viewed the ASETS, given the high monetary value of the program, coupled with national program delivery and numerous recipients and third-parties, as a significant departmental program. We discussed the cultural diversity of the ASETS program with management and encouraged consultations with Aboriginal Affairs and Northern Development Canada (AANDC) regarding cultural diversity issues and challenges. We also noted that complete national consistency of the program will prove to be challenging. As such, we recommended that both the audit report and MAP be revised to reflect the balance of complying with controls and the risks and complexities associated with the client groups and requested that a revised audit report and MAP be circulated secretarially for our review and recommendation for DM approval. We further recommended that follow-up audit work be conducted within the next 6-12 months to provide additional assurance to the DAC and senior management on the state and status of the ASETS program

We reviewed a revised and updated Internal Audit (IA) Charter, which was redesigned and restructured to respect and more clearly demonstrate compliance with the Treasury Board (TB) [Policy on Internal Audit](#). As standard practice, the IA Charter is tabled annually for review by the committee.

The IASB underwent a re-organization in 2013-2014, with the ultimate goal of streamlining the function. The CAE consulted the DAC on key organizational changes and implications to ensure the capacity and sufficiency of the function. The DAC is satisfied that the current capacity of the IA function is appropriate and sufficient. This is evidenced by audit projects being completed on time and the ability of the function to respond to both senior management and DAC requests. Audit coverage is broad, comprehensive, and as referenced earlier, encompassed and provided valuable insight and assurance with respect to transformation activities, information technology (IT), human resources (HR), financial risks, and privacy and information management (IM). It is evident that the work of the IA function directly supports, and assists the department in managing and mitigating, corporate risks. The DAC is satisfied that all internal audit work is compliant with professional audit standards and that independence is maintained. We are cognizant of the upcoming external Practice Inspection in 2016, and appreciated the 2011 external practice inspection update that was tabled for discussion.

The CAE regularly reported to the DAC against progress in implementing the 2013-2016 Risk-Based Internal Audit Plan (RBAP). Internal Audit Project Status Reports remained as a standing discussion item at all of our meetings, and assisted us in monitoring and overseeing the work of the IA function. These regular updates also permitted the DAC to note any pertinent changes to the departmental risk environment as well as to engage in discussions pertaining to new or emerging risks. In addition to regular progress updates, the CAE also engaged and consulted the DAC with respect to the new approach and methodology for the development of the 2014-2017

RBAP. We were impressed with the proposed approach and methodology and noted that the more concerted and scientific approach was innovative and possibly a best practice for other departments to follow.

The performance of the IA function within ESDC (a large, complex, and challenging environment), is successful and audit coverage is comprehensive. All completed audit projects as well as the multi-year RBAPs have had high-value impact within the department. This is most evident in the work completed by the IA function with respect to project management, business continuity planning, entity-level controls and internal control, which emphasized the need for focused corporate management to align the efforts of the various departmental components.

Overall, the IA function continues to meet, and in certain instances, exceeds our expectations. We appreciate the high degree of professionalism of the CAE and his staff and have no specific recommendations for the DM regarding the audit function.

2.2 Follow-Up on Management Action Plans (MAPs)

The CAE tabled the results of the IASB's annual internal and external management action plan (MAP) follow-up exercises at our April 30 and November 12, 2013, meetings respectively.

IASB's December 2012 Annual Follow-up on Internal Audit Management Action Plans, tabled at our April 30, 2013 meeting examined all outstanding internal audit MAPs tabled with the DAC and approved by the DM since November 2008 (included incomplete and new MAPs/recommendations since the September 2011 internal audit MAP follow-up exercise). This MAP follow-up exercise provided the DAC with an update on the status of implementation of actions to address recommendations included in Internal Audit Reports and included a total of twenty-one (21) MAPs comprising one hundred and eight (108) recommendations. Of the twenty-one (21) MAPs, nine (9) MAPs comprising forty-three (43) recommendations were assessed as 'Fully Implemented'. The remaining twelve (12) MAPs, comprising of 65 recommendations, were assessed as follows:

- 31 recommendations were assessed as 'completed'
- 2 recommendations were assessed as 'obsolete';
- 16 recommendations were assessed as 'on schedule';
- 2 recommendations were assessed as 'late - requires attention'; and
- 14 recommendations were assessed as 'late - 'no concerns' due to the circumstances/nature of the outstanding action items reviewed.

IASB's June 2013 Annual Follow-up Exercise on External Audit Entities Management Action Plans (MAPs), tabled at our November 12, 2013 meeting, examined all outstanding external audit MAPs tabled with the DAC and/or approved by the DM since May 2006 (included incomplete and new MAPs/recommendations since the March and August 2012 external MAP follow-up exercises). This MAP follow-up exercise provided the DAC with an update on the status of implementation of actions to address recommendations included in external audit reports and included a total of eighteen (18) MAPs comprising of eighty-seven (87) external audit recommendations. Of the eighteen (18) MAPs, a total of seven (7) MAPs comprising of twenty-six (26) recommendations were assessed as 'Fully Implemented' and three (3) recommendations were assessed as 'Obsolete'. The remaining eleven (11) MAPs, comprised of fifty-eight (58) recommendations, were assessed as follows:

- 38 recommendations were assessed as 'complete'
- 1 recommendation was assessed as 'obsolete';
- 3 recommendations were assessed as 'on schedule'; and
- 16 recommendations were assessed as 'late - 'no concerns' due to the circumstances/nature of the outstanding action items reviewed.

We engaged in discussions with respect to specific recommendations which required information technology (IT) actions/solutions or that have been transferred to Shared Services Canada (SSC) and were informed that the IT/SSC recommendations are part of ongoing discussions between the ESDC and SSC. We are of the opinion and confident that the MAP Follow-Up Exercises demonstrate that audit findings and recommendations are implemented with appropriate diligence and vigour by senior management. IASB is to be commended for, and the DAC continues to appreciate, the detailed and thorough analysis of the follow-up exercises. The level of detail presented provides an additional layer of comfort.

Our sole recommendation to the DM, and to IASB, is to provide the responsible senior officials the opportunity to speak to and address any recommendations deemed as 'unable to asses' with the committee. This would be beneficial to the DAC to further understand the context and determining factors leading to such an assessment.

2.3 Values and Ethics (V&E)

ESDC implemented a new Code of Conduct (the Code) specific to the Department on April 2, 2012. The IA function completed an [Audit of the Implementation of the Code of Conduct](#) and this served as our annual V&E discussion. Of particular mention was that the CAE, in his capacity as the ESDC V&E Co-Champion, recused himself from the audit engagement to avoid any appearance of potential conflict of interest.

We commended the department when we first received and reviewed the Code upon its finalization and further acknowledge the commitment and dedication of senior management regarding V&E within the organization. This commitment and dedication was further demonstrated by the 'Strong' rating achieved as part of the 2012-2013 Management Accountability Framework (MAF) results.

It is evident to the DAC that the Department approached a number of issues through the lens of values and ethics. Improvements to the protection of personal information and IT Security have appropriate focus on professionalism and a culture of care and compliance, which are significant elements of values and ethics. The work completed by the IA function both provides the DAC with proper assurance that departmental systems and practice are operating in compliance with laws, regulations, policies and standards as well as recommends appropriate enhancements to ensure compliance. Concrete examples of this work was demonstrated by the Compliance Review of the Evaluation Function, the Preliminary Survey of the Implementation of the *Government Employees Compensation Act*, the review of departmental Emergency Management and Business Continuity Plans (EMBCP), governance and associated activities, and the various Audits of Employment Insurance (Phases I and II respectively).

2.4 Risk Management

We were privy to, and engaged in a fulsome discussion regarding the 2013-2014 Corporate Risk Profile (CRP). As previously mentioned, a new approach to the governance and accountability for corporate risks was established for the 2013-2014 fiscal year. Risks and related mitigation strategies were monitored and governed by the appropriate and various portfolio governance committees, which we believe sufficiently and directly links risk identification, management, and mitigation within and to the ESDC governance structure. Senior branch officials were also been identified as the responsible lead for each risk theme and are directly accountable for managing risk under their responsibility with the understanding that where there was shared accountabilities, multiple senior officials were identified. The DAC commented on and requested stronger linkages between the new risk mitigation strategies and the identified risk. It is our opinion that the new approach is a significant improvement in both identifying risk and associated mitigations.

In addition to internal risks and to our advice and recommendations outlined in Section 1 with respect to Risk Management, the Office of the Auditor General (OAG) conducted performance audits implicating the department that identified risk in the area of *Financial Administration Act* (FAA) compliance ([2013 Spring Report of the Auditor General of Canada – Chapter 1 - Status Report on Evaluating the Effectiveness of Programs](#)), the risk of loss associated with Employment Insurance income benefit overpayments ([2013 Spring Report of the Auditor General of Canada – Chapter 9 – Employment Insurance Overpayments](#)), and risks related to the stewardship of public resources and the effectiveness of internal controls over their financial reporting ([2013 Fall Report of the Auditor General of Canada – Chapter 1 – Follow-up Audit on](#)

[Internal Controls Over Financial Reporting](#)). In reviewing and recommending the supporting MAPs related to these external engagements, the DAC is confident that the department will address and mitigate these identified external risks appropriately and in due time. Furthermore, in several instances, it was evident that work had already commenced, was already underway, or that existing work could be leveraged and expanded upon to address these risk areas identified by the OAG.

We recommend that ESDC senior departmental officials continue toward holistic corporate management of risks identified through these processes. In addition, we encourage the department to build upon and to continually improve on the means, methods, and processes in place to the new approach to the governance and accountability for corporate risks and to utilize new employee orientation to generate potential new or additional risk information and discussions.

2.5 Management Control Framework

In addition to our advice and recommendations outlined in [Section 1](#) with respect to Management Control Framework, the DAC would like to take this opportunity to reiterate that Management Control is an area that the DAC feels should not be viewed in a silo; rather it should be viewed corporately and holistically. Appropriate management control considerations should be considered and coordinated across all areas of the department, as a means of encouraging and supporting corporate coherence.

The DAC requested and received regular updates on the improvements to controls over financial reporting. The DAC has also clearly differentiated between controls over financial reporting and controls ensuring compliance with the [Financial Administration Act \(FAA\)](#). We have requested regular and ongoing briefings in these areas to support sound financial management moving forward. The department has implemented plans for improvement in both of these areas.

The DAC also met with senior OAG and ESDC officials as part of our Technical Briefing process to review the complete suite of financial statements and the related control frameworks associated with financial reporting and the FAA. The DAC queried areas where controls should be improved, and requested appropriate explanations from the OAG and management when necessary. The DAC requested and has received regular updates on this ongoing work.

We are confident that the Department's Internal Control Framework and the implementation strategy for Internal Controls at ESDC will meet, if not exceed, policy requirements and our expectations.

2.6 External Assurance Providers

The DAC was regularly briefed on the status of external audit activity implicating/impacting the department. Regular external audit status reports remained as a standing discussion item at all of our meetings, and assisted us in monitoring and overseeing the work of the various external providers.

As previously identified (refer to [Section 2.4: Risk Management](#)), the Office of the Auditor General (OAG) conducted assurance engagements as part of their annual 2013 Spring and Fall Auditor General of Canada Reports. The committee was privy to presentations and briefings regarding the [2013 Spring Report of the Auditor General of Canada – Chapter 1 - Status Report on Evaluating the Effectiveness of Programs](#), [2013 Spring Report of the Auditor General of Canada – Chapter 9 – Employment Insurance Overpayments](#), and the [2013 Fall Report of the Auditor General of Canada – Chapter 1 – Follow-up Audit on Internal Controls Over Financial Reporting](#). We thoroughly reviewed the corresponding MAPs in response to the external engagements, to address the recommendations. It is becoming more and more evident by the quality and professionalism of the MAPs that ESDC is maturing in clearly addressing the external audit recommendations. The external audit MAP follow-up exercise further demonstrates this maturity.

The DAC had the opportunity to meet with and engage in a discussion with Michael Ferguson, the Auditor General (AG) of Canada, and senior OAG officials during our February 4, 2014 meeting. This discussion not only allowed the DAC to further enhance the relationship between the OAG and ESDC, but also permitted us to seek the AG's views on how we can assist with the effort and approach to risk (including risk identification, management, and mitigation). We also capitalized on this opportunity to seek the AG's views and recommendations to assist with improving committee operations and focus. The AG underscored our advisory role to the DM and the important challenge function entrusted to us and encouraged the DAC to continuously challenge departmental management by employing and providing our unique and independent views and advice. We truly believe that our open and candid discussion with the AG has assisted in improving the OAG and ESDC relationship, as the OAG has since been proactive in identifying matters to bring to our attention for discussion.

2.7 Financial Statements and Public Accounts Reporting

In an effort to further support our Financial Statements and Public Accounts Reporting area of responsibility, the [Directive on Internal Auditing in the Government of Canada](#) now specifically includes the DAC's review of quarterly financial reports (QFR) and allows the committee to provide advice to the DM on the QFRs. ESDC was responsive to this matter, and included a standing agenda item at every meeting to allow the committee the opportunity to review the QFRs. We appreciated the overview briefing provided regarding the QFRs upon their first tabling and took the opportunity to request additional context and clarifications from the CFO

with respect to increases/decreases in operating expenditures and revenues, as well as any potential matters of concern for the quarter being reviewed.

We convened two half-day meetings on August 9 and August 19, 2013, to review and discuss the Departmental Consolidated Financial Statements (F/S) (Unaudited) as well as the results of the annual OAG financial audits of the Employment Insurance Operating Accounts (EIOA), the Canada Pension Plan (CPP), the Government Annuities Account (GAA), and the ESDC portion of the Public Accounts of Canada. Our August 9, 2013 meeting allowed for open discussions with ESDC management, whereas our August 19, 2013 meeting allowed for the responsible senior OAG officials to brief the DAC and present the results of their four (4) annual financial audits.

The *Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting* was reviewed and discussed as part of our review of the Departmental Consolidated F/S. We have observed that a significant amount of work has been completed with respect to the design effectiveness testing for the existing scheduled business processes including Employment Insurance (EI) and Canada Pension Plan (CPP). In addition, it is evident that significant progress has been made towards the operating effectiveness testing of key controls, where management responsibility action plans were produced, and fully remediated by process owners. ESDC is positioned to complete the first full risk-based assessment of its system of internal control over financial reporting (ICFR) by the end of 2015-16. While full completion of the department's ICFR Framework has been delayed, the DAC supports the added attention and rigour by management in this area. We recommend and kindly request that briefings and presentations continue to be brought forward to the DAC with respect to ICFR and the results of the various design and operating effectiveness reviews of the business processes.

We provided a targeted and specific recommendation to the DM and the CFO regarding the Departmental Consolidated F/S following our in-depth review and discussion. We recommended that management clearly articulate the accounting disclosure for the Old Age Security (OAS) benefit, similar in nature to the disclosure of Canada Pension Plan (CPP) benefits (as the DAC considers the OAS to be a liability and a debt that is not accounted for in the Public Accounts of Canada). As the CPP is treated and accounted for as a social program, we feel that the same treatment should be applied to the OAS benefit. Noting that all audited financial statements receive an unmodified opinion from the Auditor General, we nonetheless encourage management to review and evolve the accounting disclosure of the CPP and OAS programs.

The Departmental Consolidated F/S were previously subject to an independent third-party review, per the DAC's request. This independent review did not occur in 2012-2013, and we were consulted and briefed accordingly regarding the decision to discontinue this practice. While the independent review allows for additional assurance and is a good management practice, balance must be achieved vis-à-vis cost, benefit and resource allocation. In order to support achieving this balance, and recognizing the significant resource requirements to support the independent review, the DAC agreed to discuss and provide advice with respect to

the potential for the conduct of an independent third-party review engagement on an annual basis; specifically if major changes to financial reporting, methodologies, materiality and/or risks become apparent.

The OAG completed and tabled their annual financial audit results of the Employment Insurance Operating Accounts (EIOA), the Canada Pension Plan (CPP), the Government Annuities Account (GAA), and the ESDC portion of the Public Accounts of Canada for the year ending March 31, 2013. Again this year, unmodified audit opinions were received and no adjustments were required to the statements as a result of the OAG audits. ESDC management was fully cooperative and supported the OAG in the conduct of their work and as a result, no difficulties or disputes were encountered with management during the course of the audits.

The OAG issued corresponding Management Letters at the conclusion of their audit work for the CPP with respect to Information Technology General Computer Controls. A Management Letter was also issued by the OAG with respect to the ESDC Public Accounts Audit pertaining to opportunities to strengthen existing systems of internal control, streamline operations and/or enhance financial reporting practices. Management promptly responded to the OAG management letters by implementing remedial actions to address the recommendations. The DAC was presented with and briefed on the management letters as well as the responses and planned actions. The DAC was also privy to updates as to the status of the corrective actions to address the management letter recommendations as these recommendations were assessed and included in IASB's Annual Follow-up Exercise on External Audit MAPs, as and where appropriate.

The OAG audit findings and recommendations, notwithstanding those identified via the CPP and Public Accounts Management Letters, concluded that no fraud involving senior management or employees with or without a significant role in internal control, or that would cause a material misstatement in the financial information, came to their attention as the result of their audit procedures. This horizontal statement and observation further contributes to the issuance of unmodified audit opinions.

The DAC was instrumental in arranging a new and improved all-inclusive one day meeting amongst the responsible senior ESDC and OAG officials to streamline our review of the complete suite of F/S and OAG audit results. We thank management for their efforts in making this happen, and look forward to our comprehensive Technical Briefing proceedings next year. This streamlined process will reduce reporting burden and contribute to the overall effectiveness of our annual Technical Briefing.

2.8 Accountability Reporting

As part of regular and ongoing committee business, we reviewed, commented on, and provided advice to the department regarding the 2013-2014 Report on Plans and Priorities (RPP), the 2012-13 Departmental Performance Report (DPR), the Corporate Risk Profile, and the results of the 2012-2013 Management Accountability Framework (MAF) assessment.

Overall, our general recommendation and advice to the DM with respect to these important corporate reports, is to continuously employ and utilize plain language. As both the RPP and DPR are made publicly available, it is important to consider the target audience; namely the general public (uninformed readers). Being external to the department, and to a certain extent, the target audience of the various departmental/corporate reports, we continued to encourage that additional context be added or provided to justify and to clarify the choice of performance indicators.

In addition, and in support of the department's efforts toward becoming a high performing organization, the DM sought the DAC's advice and input in how to engage employees and embed organizational performance throughout the organization. We underscored that employees need to feel important and that their jobs (what they do) makes a difference. In addition, employees should also have the opportunity to make decisions and their workplace/physical environment should be inviting. We collectively agreed and recommended that the Department consult and discuss performance management with high-performing organizations and suggested organizations with whom discussions would be beneficial.

2.9 2013 – 2014 Areas of Ongoing Interest/Focus

As previously indicated, and in addition to our eight key areas of responsibility, we identified areas of ongoing interest and focus for 2013 – 2014 (as part of last year's annual reporting process) as follows:

- Information Management (IM) and Information Technology (IT), including IT Security and Privacy; and
- Strong and comprehensive Business Continuity Planning (BCP) across the entire organization.

Our areas of ongoing interest/focus were discussed at our various committee meetings, and senior ESDC management provided comprehensive and targeted briefings directly related to these areas. The Chief Audit Executive, via regular assurance engagements, further contributed to our areas of ongoing interest/focus. It is evident that our identified areas of ongoing interest/focus were aligned to key business lines and core operations of the department throughout 2013-2014.

Our identified areas of ongoing interest/focus were largely addressed and discussed via our Risk Management and Management Control Framework and Reporting areas of responsibility (as outlined in [Section 1](#), [Section 2.4](#), and [Section 2.5](#) respectfully).

SECTION 3: DAC Assessment

Consistent with previous years, we completed self-assessments in order to gauge the performance of the committee in terms of our ability to effectively perform our advisory role and deliver on our areas of responsibility. The overall results of our self-assessment continue to be positive – a reflection of the commitment of the Deputy Minister and dedication of senior management and staff to the DAC.

Collectively, and as a result of our self-assessments, we will continue to work with the Deputy Minister, the Chief Audit Executive, and the DAC Secretariat to streamline and modernize our committee proceedings to promote and encourage balanced meeting agendas with the appropriate focus allotted to our key areas of responsibility and our ongoing areas of interest/focus for 2014-2015 (refer to [Section 4: Moving Forward](#)). In addition, we will continue our efforts and provide guidance and advice with respect to compliance with the [Financial Administration Act \(FAA\)](#), including the Department's Internal Control Framework and the implementation strategy for Internal Controls at ESDC.

We were provided with a detailed update on the status of corrective actions taken to address the June 2011 recommendations as a result of the External Practice Inspection at our November 2013 meeting. We are confident and are supportive of the Internal Audit function's action plan to address the original June 2011 recommendations prior to the next External Practice Inspection in 2016. We will embed the 2016 External Practice Inspection within our Assessment of the Internal Audit Function area of responsibility and ensure that any resulting recommendations are properly responded to and addressed via a supporting management action plan.

SECTION 4: MOVING FORWARD

As we move forward into 2014-2015, we have meetings scheduled for May and November 2014, as well as for March 2015. Our annual DAC Technical Briefing will occur in August 2014 and will be an all-inclusive and comprehensive full-day session amongst the DAC and the responsible senior ESDC and OAG officials. We look forward to this streamlined approach to reviewing the departmental F/S as well as the results of the annual OAG financial audits.

As previously contextualized and outlined, we will utilize the major themes identified for 2013-2014 as our ongoing areas of interest/focus for 2014-2015. To reiterate, these areas are as follows:

- **Information Management (IM) / Information Technology (IT)**
Continued focus and attention on IM/IT risks and risk mitigations strategies as well the ongoing work with respect to protecting and securing personal information.
- **Corporate Coherence**
We will continue to pursue efforts and provide advice and guidance to the DM and senior management with respect to the importance and necessity of horizontal and vertical alignment to improve corporate governance and risk management and mitigation strategies/measures.
- **Risk Management, Compliance and Control**
We will bring increased attention to our Risk Management and Management Control Framework and Reporting areas of responsibility, given the inherent linkages and interconnectivity of these areas. We will continuously question and challenge the department as necessary and when and where required with respect to risk, risk management, management control frameworks, and compliance and controls. This will ultimately assist the DAC in providing valuable and explicit advice to the DM.

By maintaining and carrying forward these major themes into 2014-2015, we will be able to build upon our advice previously provided to the DM and also present a more holistic and comprehensive overview as part of our 2014-2015 DAC Annual Report.

SECTION 5: CONCLUSION

The 2013-2014 year was both successful and challenging. The DAC met its mandate responsibilities regarding, risk, governance, and compliance. As well we were engaged in a number of additional advisory capacities.

The DAC would like to acknowledge the very diverse and complex challenges faced every day by ESDC management. Management both supported and respected the DAC, while ably and professionally meeting the tasks at hand.

The DAC looks forward to the upcoming year. We will continue to focus on corporate governance, as a critical element of risk mitigation and 'corporate coherence'. Information technology is necessary for service delivery, and we will both monitor efforts in this area and engage management. Compliance with the [Financial Administration Act \(FAA\)](#) will also always have our attention. We will be interested in how these files implicate service delivery.

As in previous years, we thank the Deputy Minister, senior management, and CAE and staff, for their ongoing engagement and commitment.

Annex A: DAC Composition, Operations, and Biographies

Composition

The ESDC DAC is comprised of three (3) independent, external members recruited from outside of the federal public administration as well as one (1) internal member, the Deputy Minister of ESDC, for a total of four (4) members.

The DAC Chair is Mr. Rod Monette (an independent, external member), and the other two independent, external members are Ms. Jalynn Bennett and Mr. Jacques Valotaire. All of the independent, external members were recruited and appointed via the established Office of the Comptroller General process for recruiting and appointing departmental audit committee members. The approach was selected following consultations with representatives of the former Public Appointments Commission Secretariat, which confirmed that the approach meets the requirements of a fair, transparent and merit-based selection process. Embedded within the DAC member recruitment and appointment process is a validation phase which ensures that appointed DAC members are free of any potential conflicts of interest. In addition, ESDC DAC members review and attest to the *ESDC Code of Conduct*.

Operations

The DAC complies with the [Directive on Internal Auditing in the Government of Canada](#) by ensuring that our DAC Charter clearly outlines the committees' roles, responsibilities and operations as well as those of senior management pertaining to DAC matters.

We convened five (5) in-person meetings during fiscal year 2013-2014 as follows:

- April 30, 2013;
- August 9, 2013 (half-day Technical Briefing – PART I);
- August 19, 2013 (half-day Technical Briefing – PART II);
- November 12, 2013; and
- February 4, 2014

In addition to the above, the DAC participated and thoroughly benefitted from a Regional Site Visit to Toronto, Ontario in October 2013. Conference calls were organized on two specific occasions on September 11, 2013 and January 30, 2014, to review and comment on the 2012-2013 Departmental Performance Report (DPR) and the 2013-2014 Report on Plans and Priorities respectfully.

An integral part of in-person DAC meetings are the in-camera sessions with the Deputy Minister, the Chief Financial Officer and the Chief Audit Executive. In-camera sessions with the DM occur at every in-person meeting (either at the onset or conclusion), whereas CAE and CFO in-camera sessions occur on a rotational basis.

Biographies

Jalynn H. Bennett, C.M.



Ms. Jalynn Bennett is a Member of the Order of Canada, recognized for decades of distinguished service in the field of finance. She is a seasoned Corporate Director with experience spanning numerous prominent organizations in the public, private and not-for-profit sectors. Ms. Bennett is a former Corporate Director of The Canadian Imperial Bank of Commerce (CIBC). In 1989, she established the consulting firm Jalynn H. Bennett and Associates Ltd., which she operated for twenty years.

Seeking additional challenges, Ms. Bennett accepted several Board Directorships, including Sears Canada Ltd., Bombardier Inc., Ontario Power Generation, The Ontario Teachers' Pension Plan, the Bank of Canada and Trent University. She currently sits as a Member of the Board of The Cadillac Fairview Corp., Teck Resources Ltd., and The Hospital for Sick Children Foundation.

In addition to her Board responsibilities, Ms. Bennett serves as a Member of the Lawrence National Centre for Policy & Management Advisory Council, Richard Ivey School of Business, and is also an External Member of the Departmental Audit Committee of Employment and Social Development Canada.

Ms. Bennett holds an honorary degree, Doctor of Sacred Letters (Honoris Causa), from Trinity College, University of Toronto, as well as an economics degree from the University of Toronto.

Outside the boardroom, Ms. Bennett is a hands-on Grandmother and passionate gardener.

Jacques Valotaire, FCPA, FCA, ICD.D

Jacques Valotaire is a Corporate Director (ICD.D) with extensive experience in the insurance industry. Mr. Valotaire is a member of the Board of Directors of Assumption Life, SCM insurance services and CAA Québec. He is a member of the Departmental Audit Committee at Employment and Social Development Canada and the Independent Review Committees of National Bank Securities Mutual Funds and Global Diversified Investment Grade Income Trust. He also chairs the Actuarial Standards Oversight Council of the Canadian Institute of Actuaries.

Prior to becoming fully engaged as a Corporate Director, Jacques Valotaire was Executive Vice President of ING Canada (now Intact Financial Corporation). For more than 15 years, he has held various senior management functions with the ING Group including the positions of President and Chief Executive Officer of ING Groupe Commerce and of Belairdirect.

A Fellow Chartered Accountant, Mr. Valotaire holds Bachelor's degrees in Business Administration and in Accounting from Université Laval and has attended the Wharton School Advanced Executive Education Program.

Rod Monette, FCPA-FCA, BSc, MBA

Rod Monette has over 35 years of experience in management and administration. He was a federal public servant for 28 years, 17 of which were at the levels of Deputy Minister and Assistant Deputy Minister in regional and national positions in various program, policy, and management areas. He serves on a number of Boards and Committees, including Chair of the Public Sector Accounting Board of the Canadian Chartered Professional Accountants.

Mr. Monette is a Fellow Chartered Professional Accountant and holds a Bachelor of Science degree from Carleton University, as well as a Masters of Business Administration from the University of Ottawa.

He completed his public service career as the Comptroller General of Canada. The Comptroller General is responsible for government-wide direction and leadership for financial management and audit. Notably, Mr. Monette was the architect of the financial accountability measures for Canada's \$62 Billion Economic Action Plan.

Prior to Comptroller General of Canada, Mr. Monette was Associate Deputy Minister of National Defence, where he worked on long-term defence strategy, procurement, and program issues.

Mr. Monette began his career with Clarkson Gordon Chartered Accountants, now Ernst and Young, in 1978.

Born in Regina, he now lives in Toronto with his wife and enjoys playing music and motorcycling.

Annex B: DAC Operations per Key Area of Responsibility

This table depicts the various DAC agenda items/presentations to their corresponding area(s) of responsibility. Since the DAC’s areas of responsibility are not independent, linkages between these areas must be achieved to allow the committee to succeed in its advisory role. As a result of these linkages, some agenda items are reported under more than one area of responsibility.

2013 – 2014 DAC Meetings					
Area of Responsibility	April 30, 2013	August 9, 2013 / August 19, 2013	November 12, 2013	February 4, 2014	Other (Conference Calls and Consultations)
Values and Ethics	<ul style="list-style-type: none">2012-2013 Management Accountability Framework (MAF)		<ul style="list-style-type: none">Audit of the Implementation of the Code of Conduct		October 30, 2013 <ul style="list-style-type: none">Regional Site Visit to Toronto, Ontario
Risk Management	<ul style="list-style-type: none">Budget 2013Cyber Incident Table Top Exercise2012-2013 Management Accountability Framework (MAF)2013-2014 Corporate Risk Profile (CRP)Privacy and Information ManagementInformation Technology – Update		<ul style="list-style-type: none">Preliminary Assessment of the Implementation of the Policy Internal ControlUpdate on the <i>Policy on Internal Control</i> and Departmental Internal Control Framework for ESDCAuditability Assessment of Emergency Management and Business Continuity Planning (BCP)Departmental IT Security Program 2013-2017	<ul style="list-style-type: none">Quality Assurance and Program Integrity within Service Canada’s Statutory ProgramsBusiness Continuity Planning (BCP)Audit of the Management of Projects within Employment and Social Development CanadaAudit of Entity Level Controls (ELC)Policy on Internal Control (PIC) Implementation (<i>Verbal Update</i>)	October 30, 2013 <ul style="list-style-type: none">Regional Site Visit to Toronto, Ontario

2013 – 2014 DAC Meetings					
Area of Responsibility	April 30, 2013	August 9, 2013 / August 19, 2013	November 12, 2013	February 4, 2014	Other (Conference Calls and Consultations)
Management Control Framework and Reporting	<ul style="list-style-type: none"> • Cyber Incident Table Top Exercise • 2012-2013 Management Accountability Framework (MAF) • Privacy and Information Management • Information Technology – Update • Performance Management at HRSDC 		<ul style="list-style-type: none"> • Preliminary Assessment of the Implementation of the Policy Internal Control • Update on the <i>Policy on Internal Control</i> and Departmental Internal Control Framework for ESDC • Auditability Assessment of Emergency Management and Business Continuity Planning (BCP) • Departmental IT Security Program 2013-2017 	<ul style="list-style-type: none"> • Quality Assurance and Program Integrity within Service Canada's Statutory Programs • Business Continuity Planning (BCP) • Audit of the Management of Projects within Employment and Social Development Canada • Audit of Entity Level Controls (ELC) 	October 30, 2013 <ul style="list-style-type: none"> • Regional Site Visit to Toronto, Ontario
Assessment of the Internal Audit Function	<ul style="list-style-type: none"> • Internal Audit Charter – Update • Preliminary Survey of the Implementation of the <i>Government Employees Compensation Act</i> • Audit of the Common Experience Payment (CEP) Designated Amount Fund – Management Action Plan (MAP) • Risk-Based Internal Audit Plan (RBAP) – Update • Internal Audit Projects Status Report • Compliance Review of the Evaluation Function 		<ul style="list-style-type: none"> • Update of the 2013-2016 Risk-Based Internal Audit Plan (RBAP) • 2014-17 RBAP: Approach and Methodology • External Practice Inspection (Update) • Continuous Auditing Report • Preliminary Assessment of the Implementation of the Policy Internal Control • Update on the <i>Policy on Internal Control</i> and Departmental Internal Control Framework for ESDC • Internal Audit Projects Status Report 	<ul style="list-style-type: none"> • Internal Audit Projects Status Report • Audit of the Implementation of the Aboriginal Skills and Employment Training Strategy (ASETS) • Audit of Section 33 of the <i>Financial Administration Act</i> (FAA) Phase 1A – Priority Payments • Audit of Automatic Enrolment for an Old Age Security (OAS) Pension Phase 1A • Audit of the Management of Projects within Employment and Social Development Canada 	February 3, 2014 <ul style="list-style-type: none"> • 2014 – 2017 RBAP Consultation

2013 – 2014 DAC Meetings					
Area of Responsibility	April 30, 2013	August 9, 2013 / August 19, 2013	November 12, 2013	February 4, 2014	Other (Conference Calls and Consultations)
Assessment of the Internal Audit Function (continued)	<ul style="list-style-type: none">• Pre-Implementation Review of Old Age Security (OAS) / Guaranteed Income Supplement (GIS): Service Improvement Strategy – Phase I• Audit of Employment Insurance Phase I – Intake Processes		<ul style="list-style-type: none">• Audit of the Consolidated Statement of Administrative Costs Charged to the Canada Pension Plan (CPP) Account by HRSDC, March 31, 2013• Audit of the Canada Student Loans Program (CSLP)• Audit of the Implementation of the Code of Conduct• Audit of Workforce Adjustment (WFA)• Auditability Assessment of Emergency Management and Business Continuity Planning (BCP)• Audit of Employment Insurance (EI) Phase II – Adjudication and Processing• Audit of Information Technology Security Phase III	<ul style="list-style-type: none">• Audit of Procurement Practices• Audit of Section 33 of the <i>Financial Administration Act</i> (FAA) Phase 1B – Operating Expenditures• Audit of Entity Level Controls (ELC)• Audit of Information Technology (IT) Security Phase III	
External Assurance Providers	<ul style="list-style-type: none">• External Audit Project Status Report• OAG – Audit of Employment Insurance Overpayments		<ul style="list-style-type: none">• Results of the 2012-2013 OAG Financial Statement Audits• External Audit Project Status Report• OAG Follow-up Audit on Internal Controls• OAG – Audit of Access to Online Government Services	<ul style="list-style-type: none">• External Audit Project Status Report• Office of the Auditor General of Canada (OAG) – Consolidated Financial Statements of the Government of Canada (Public Accounts of Canada) 2012-2013	

2013 – 2014 DAC Meetings					
Area of Responsibility	April 30, 2013	August 9, 2013 / August 19, 2013	November 12, 2013	February 4, 2014	Other (Conference Calls and Consultations)
				<ul style="list-style-type: none"> Office of the Auditor General of Canada (OAG) – The Auditor General of Canada – Discussion 	
Follow-up on Management Action Plans (MAPs)	<ul style="list-style-type: none"> IASB's December 2012 Annual Follow-up on Internal Audit Management Action Plans Exercise 		<ul style="list-style-type: none"> Results of IASB's June 2013 Annual Follow-up Exercise on External Audit Entities Management Action Plans (MAPs) 		
Financial Statements and Public Accounts Reporting	<ul style="list-style-type: none"> Quarterly Financial Report (Q3) for the Quarter ended December 31, 2012 	<p>August 9, 2013</p> <ul style="list-style-type: none"> 2012-13 Departmental Financial Statements Draft EI Operating Account Financial Statements 2012 – 2013 Draft CPP Consolidated Financial Statements 2012 – 2013 Draft GAA Financial Statements 2012 – 2013 2012 –2013 Departmental Public Accounts <p>August 19, 2013</p> <ul style="list-style-type: none"> OAG – Canada Pension Plan (CPP) Annual Audit for the year ending March 31, 2013 Employment Insurance (EI) Operating Account Annual Audit for the year ending 	<ul style="list-style-type: none"> Quarterly Financial Reports (Q1) for the Quarter starting April to June 2013 	<ul style="list-style-type: none"> Office of the Auditor General (OAG) Annual Financial Audit Plans Quarterly Financial Reports (Q2) for the Quarter from July to September 2013 	

2013 – 2014 DAC Meetings					
Area of Responsibility	April 30, 2013	August 9, 2013 / August 19, 2013	November 12, 2013	February 4, 2014	Other (Conference Calls and Consultations)
Financial Statements and Public Accounts Reporting (continued)		March 31, 2013 <ul style="list-style-type: none"> Government Annuities Account (GAA) Annual Audit for the year ending March 31, 2013 2012 –2013 Departmental (HRSDC) Public Accounts – Annual Audit for the year ending March 31, 2013. 			
Accountability Reporting	<ul style="list-style-type: none"> Budget 2013 2012-2013 Management Accountability Framework (MAF) 				September 11, 2013 <ul style="list-style-type: none"> 2012-2013 Departmental Performance Report (Conference Call) January 30, 2014 <ul style="list-style-type: none"> 2013-2014 Report on Plans and Priorities (Conference Call)
DAC Operations	<ul style="list-style-type: none"> DAC Charter – Update 2012-2013 DAC Annual Report – Outline Chief Audit Executive (CAE) Annual Report DAC Forward Agenda 		<ul style="list-style-type: none"> 2012-2013 DAC Annual Report DAC Charter DAC Forward Agenda 	<ul style="list-style-type: none"> DAC Forward Agenda 	October 30, 2013 <ul style="list-style-type: none"> Regional Site Visit to Toronto, Ontario