

# **Audit Report**

## **Audit of the Canada Business Network**

Audit and Evaluation Branch

November 2012

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# 1.0 Executive Summary

## 1.1 Introduction

The Canada Business Network (CBN) is a multi-channel (i.e. web, email, telephone, in-person) information source, which provides information and services on government programs and services and business topics such as starting and growing a business, to aspiring entrepreneurs and small- and medium-sized business owners in Canada. The CBN is under the responsibility of the Small Business Branch of the Small Business, Tourism and Marketplace Services Sector.

Governance of the CBN is shared between Industry Canada (IC) and the four other Managing Partners across Canada (Western Economic Diversification Canada, Canada Economic Development for Quebec Regions, Atlantic Canada Opportunities Agency, and Canada Northern Economic Development Agency). IC is responsible as the Managing Partner for Ontario and for activities performed by the CBN National Office. The CBN National Office supports the CBN by providing strategic leadership, facilitating and collaborating in national committees, managing the CBN web presence, and leading national awareness-building of the CBN. IC does not control all activities performed by the other Managing Partners and Service Centres. The CBN Initiative was originally established as a horizontal initiative across the Managing Partners, but is now a program for which each Managing Partner is responsible for its respective service centres and reports accordingly to its respective reporting authority.

Prior to the Deficit Reduction Action Plan, overall federal funding provided to this program was approximately \$15M, of which approximately \$6M was related to IC's portion. Funding has been renewed a number of times since the program was launched in 1994. In 2009, the CBN was approved for recurring annual ("A-Base") funding.

In accordance with the approved IC 2012-2013 Multi-Year Risk-Based Audit Plan, the Audit and Evaluation Branch (AEB) undertook an audit of the CBN. The objective of this audit was to provide reasonable assurance that the governance structure, the management controls, and the risk management processes pertaining to the operations of the CBN National Office at Industry Canada are operating effectively.

The audit examined controls for CBN activities specific to IC, as performed by the CBN National Office. Controls for activities and processes related to governance, internal control, and risk management performed by the remaining Managing Partners were not examined as part of this audit.

The audit found that IC has, with some exceptions, an appropriate management control framework with respect to the governance structure, management controls, and risk management processes for the CBN National Office with no material weaknesses. Improvements are required to address low-risk exposures in the areas of governance practices, clarification of CBN National Office role and accountabilities, performance measurement and reporting, and risk management practices.

## 1.2 Main Findings and Recommendations

During the audit, the AEB observed examples of properly designed and effectively applied controls. This led to the following positive findings:

- **Client Service:** The CBN National Office leverages information technology and works with Managing Partners in committees to enhance client service and take measures to improve its services. In addition, every year the CBN National Office supports the conduct of a client feedback survey, which has resulted in positive client feedback.
- **Budgeting and Forecasting:** The CBN National Office follows the IC Sector budgeting process, which includes formal budget preparation with an appropriate level of detail and assumptions on resource allocations. On a monthly basis, financial progress and variances are reviewed and approved by the responsible CBN National Office cost manager and any significant variances are explained.
- **Communication:** The operating structure established by the CBN National Office, as documented in the CBN Charter, allows for clear and effective lines of communication between the CBN National Office and its Managing Partners. Communication occurs primarily via email or teleconference calls, with occasional face-to-face meetings. Operational committees also provide adequate opportunities for information sharing.

The AEB also identified opportunities for the enhancement of management practices and processes, as summarized below:

### Governance and Accountability

An opportunity exists to update the Terms of Reference for key governance committees, to update CBN Charter to clarify the role of the CBN National Office with respect to strategic leadership, and to clarify accountabilities amongst the CBN Managing Partners for performance measurement and reporting.

- **Recommendation 1:** The Director General (DG) of the Small Business Branch should update the Terms of Reference for key governance committees (i.e. Managing Partners, Assistant Deputy Minister (ADM) Committee and the DG Managing Partners Committee) to reflect current expectations for these committees including meeting frequency, and key topics that should be covered (e.g. CBN risks, finances, performance measurement, status of key initiatives and action items from previous meetings, etc.).
- **Recommendation 2:** The DG of the Small Business Branch should update the CBN Charter to clarify the CBN National Office's role with respect to strategic leadership and work with the Managing Partners to clarify and ensure common understanding of accountabilities and authorities for defining and collecting required performance data.

## Performance Measurement

An opportunity exists to further the CBN's performance measurement program by clarifying performance measures, establishing baseline targets, developing guidance on how to measure and collect required data, and clarifying the requirements and purpose of existing performance reporting.

- **Recommendation 3:** The DG of the Small Business Branch should work with Managing Partners to review the CBN's current performance measures for ongoing relevance, ensure clear understanding of all metrics, and establish baseline targets.
- **Recommendation 4:** The DG of the Small Business Branch should formalize the ongoing reporting requirements and purpose (i.e. accountability document or marketing/communication document) for the Year in Review report.

## Risk Management

An opportunity exists to strengthen the risk management practices to regularly review and manage risks.

- **Recommendation 5:** The DG of the Small Business Branch should develop a formal risk management practice to regularly review and manage risks to CBN, including updating the status of risks identified in both the Integrated Business Plan as well as the 2009 Treasury Board submission.

## 1.3 Audit Opinion

In my opinion, an appropriate management control framework with respect to governance structure, management controls, and risk management practices is in place at the Canada Business Network National Office with no material weaknesses. Improvements are required to address low-risk exposures in the areas of governance practices, clarification of the CBN National Office role and accountabilities, performance measurement and reporting, and risk management practices.

## 1.4 Conformance with Professional Standards

The audit was conducted in accordance with the Internal Auditing Standards for the Government of Canada. A practice inspection has not been conducted.

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Susan Hart  
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## 2.0 About the Audit

### 2.1 Background

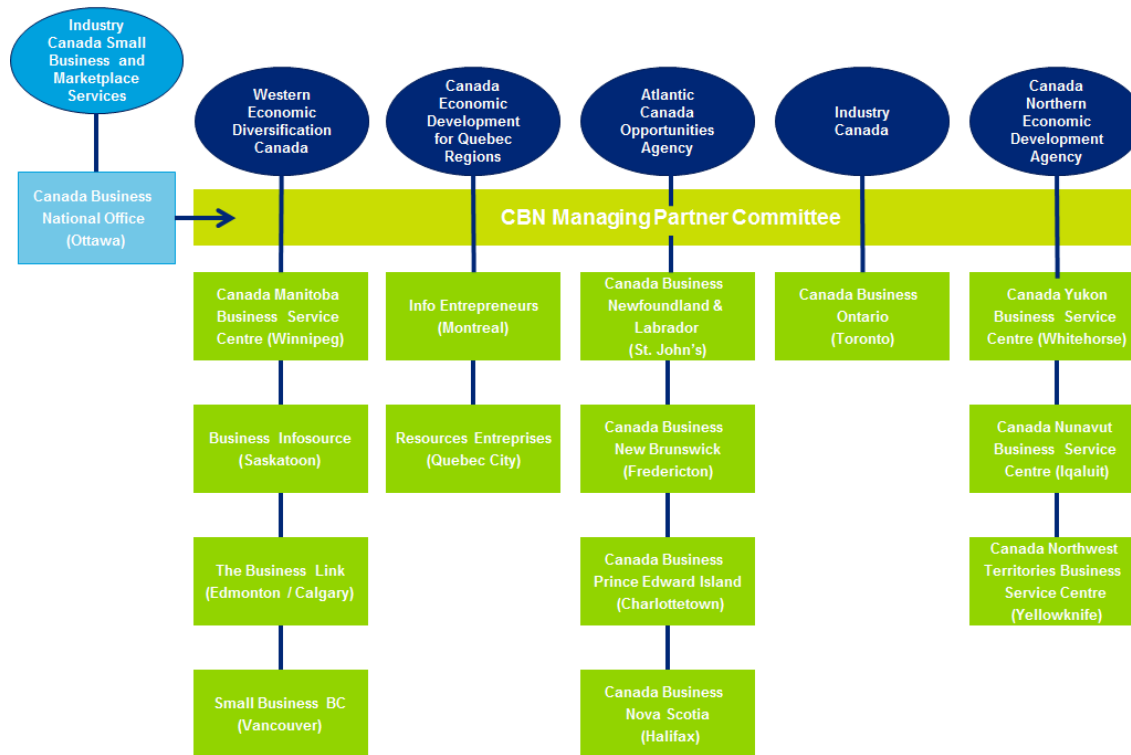
In accordance with the approved Industry Canada (IC) 2012-2015 Multi-Year Risk-Based Audit Plan, the Audit and Evaluation Branch (AEB) undertook an audit of the Canada Business Network (CBN).

In 1994, the CBN was launched as a joint initiative among federal departments and agencies, provincial and territorial governments and not-for-profit entities. Each service centre is accountable for operational decision-making and management of third-party partnerships and arrangements, particularly with provinces and territories. The CBN is a multi-channel (i.e. web, email, telephone, in-person) information source and service centre, which provides information on business topics such as starting and growing a business, to aspiring entrepreneurs and small- and medium-sized business owners in Canada. The CBN Initiative was originally established as a horizontal initiative across the Managing Partners, but is now a program for which each Managing Partner is responsible for its respective service centres and reports accordingly to its respective reporting authority. The CBN is under the responsibility of the Small Business Branch of the Small Business, Tourism and Marketplace Services Sector.

The CBN mandate is to provide a leading-edge service for entrepreneurs at various phases of the business cycle by acting as the primary source of timely and accurate multi-jurisdictional government programs and services and business-related information and referrals on federal and provincial/territorial programs, services and regulations, without charge, in all regions of Canada. In 2010-2011, the CBN provided services to entrepreneurs and small-businesses on more than 195,000 occasions through in-person, telephone and electronic services and recorded close to 1.9 million visits to the National Office's federal website.

Governance of the CBN is shared between IC and the four other Managing Partners across Canada (WD, ACOA, Canada Economic Development for Quebec Regions, and Canada Northern Economic Development Agency), as illustrated in the figure below.

### Canada Business Federal Governance Structure



IC is responsible for its role as the Managing Partner for Ontario and for those activities performed by the CBN National Office, which provides support to the CBN and to its Managing Partners. The following is a list of the CBN National Office responsibilities, as described in the CBN Charter:

- Provide strategic leadership to CBN;
- Facilitate and coordinate national committees for CBN;
- Lead or participate in collaboration and engagement with the 'hub' Service Centres and Managing Partners in the development of initiatives and priorities identified through the integrated planning process;
- Ensure the demands, needs and views of Service Centres and Managing Partners are taken into consideration in developing federal policies and strategies;
- Act as a coordinating body between the federal partners and Service Centres;
- Manage the CBN web presence (which includes the development of federal content, coordination of provincial content, overall quality assurance of content, translation, publishing, web design, functionality and usability of the CBN website including the national CBN social media presence);

- Manage enabling technologies, systems (including the content management system, Multi-Channel Service Delivery Assistant) and the evolving suite of CBN online services and tools;
- Coordinate the centralized purchasing of electronic databases and publications for use in the hub Service Centres; and,
- Lead on the national awareness-building of the CBN.

Managing Partners are accountable for strategic direction at the federal level for the CBN. The CBN National Office is responsible for the delivery of the online channel of the CBN (National web site). Each Centre Manager, who reports to his or her respective Managing Partner, is accountable for operational decision-making, for the management of third-party partnerships and arrangements. All activities performed by the other Managing Partners and Service Centres are not within the control of IC.

Prior to the Deficit Reduction Action Plan, overall Federal funding provided to this program was approximately \$15M, of which approximately \$6M was related to IC's portion. Funding has been renewed a number of times since 1994. Prior to 2009, the CBN had to prepare and submit funding renewal submissions to Treasury Board. In 2009, the CBN was approved for recurring annual ("A-base") funding.

## 2.2 Objective and Scope

The objective of the audit was to provide reasonable assurance that the governance structure, the management controls, and the risk management processes pertaining to the operations of the CBN National Office at IC are operating effectively.

The audit examined controls for CBN activities specific to IC, as performed by the CBN National Office. Controls for activities and processes related to governance, internal control, and risk management performed by the Managing Partners were not examined as part of this audit. Accordingly, the scope does not include an audit on the entirety of the CBN program, but only those areas performed by the CBN National Office for which IC is responsible.

## 2.3 Audit Approach

The audit was conducted in accordance with the Treasury Board Secretariat's Internal Auditing Standards for the Government of Canada, and the Policy on Internal Audit. Sufficient and appropriate audit procedures have been conducted and evidence was gathered to support the accuracy of the conclusion and opinion provided and contained in this report. The opinion is based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed on with management. The opinion is applicable only to the entities examined and within the scope described herein.



The planning phase for this audit took place from May 2012 to July 2012. A risk assessment was performed to confirm the audit objective and areas that warranted further examination in the conduct phase of the audit. Based on the identified risks, the AEB developed audit criteria by focusing on the requirements of the related Treasury Board policies, directives and guidelines. Appendix A of this audit report lists the audit criteria.

The conduct phase for this audit took place at IC headquarters from August 2012 to September 2012. The AEB reviewed documents and conducted interviews with individuals from the CBN National Office and other Managing Partners.

In October 2012, the AEB met with CBN National Office senior management to validate the accuracy of the findings contained in this report.

## 3.0 Findings and Recommendations

### 3.1 Introduction

This section presents detailed findings from the audit of the CBN. The findings are based on evidence and analysis from both the initial risk assessment and the detailed audit work.

In addition to the findings below, the AEB has communicated findings of conditions that were non-systemic and of low risk to management, verbally and in a management letter, for consideration.

### 3.2 Client Service

The CBN National Office leverages information technology and collaborates with Managing Partners to enhance client service and to take measures to improve its services. In addition, every year the CBN National Office supports the conduct of a client feedback survey, which has resulted in positive client feedback.

As noted in the CBN Charter, the CBN National Office works with multiple Managing Partners across Canada in order to carry out its supportive role for the CBN. Given CBN's client-focused mandate, it is essential that the CBN National Office leverage information technology and collaborate with other Managing Partners to enhance client service and take ongoing measures to improve CBN services.

In the course of the audit, the AEB conducted interviews with CBN management and staff to confirm that practices are used by the CBN National Office to leverage information technology to enhance client service and monitor CBN performance against client service standards. The AEB assessed the adequacy of the CBN National Office's measures to improve its services through interviews with CBN management and staff and an examination of supporting documentation, including meeting minutes, IC's Departmental Performance Report, social media channels, and reported results on client feedback.

The audit found that the CBN National Office has established a variety of information technology mechanisms to enhance client service and improve communication between the CBN and its users/clients. Examples of such information technology mechanisms include the CBN web site (including the CBN blog), CBN Helpline, and social media channels (e.g. Facebook and Twitter accounts).

In addition to making use of information technology to improve client service, the audit also found that the CBN National Office seeks opportunities to collaborate with other Managing Partners and share ideas on improving client service through mechanisms such as the CBN Content Coordinators Committee.

Lastly, the audit found that the CBN National Office monitors its client service performance through the conduct of an annual client feedback survey. Results from the 2011 Client Survey reported that 95% of the clients surveyed received all or most of the information and/or service they needed from the CBN.

### 3.3 Budgeting and Forecasting

The CBN National Office follows the IC Sector budgeting process, which includes formal budget preparation with an appropriate level of detail and assumptions on resource allocations. On a monthly basis, financial progress and variances are reviewed and approved by the responsible CBN National Office cost manager and any significant variances are explained.

The audit team interviewed CBN management and staff to understand the CBN National Office's process for developing its budget, allocating resources, and monitoring forecasts on a regular basis. In the course of the audit, the AEB assessed the adequacy of the CBN National Office's process for establishing its budget, monitoring progress and variances, and regularly communicating variances in order to support management decision making. The AEB also examined the Small Business Branch budget plans and a sample of monthly budget variance reports to perform this assessment.

The audit found that the CBN National Office follows the Industry Canada Sector budgeting process, which includes formal budget preparation with an appropriate level of detail and assumptions on resource allocations. The CBN National Office Business Unit managers develop an estimate of budget spending for the year and update the Integrated Business Plan with this information. Annual budget reviews are completed within the Small Business Branch and may result in the reallocation of CBN funding to other entities within the Branch, upon approval from the Director General, Small Business Branch.

The audit also found that, on a monthly basis, financial progress and variances against the approved budget are reviewed and approved by the responsible CBN National Office cost manager. The Director responsible for the CBN National Office also reviews and approves a variance report detailing the budgeted amounts against actual expenditures. In the event that a significant variation arises between the budgeted and actual amounts, an explanation is documented in the variance report.

### 3.4 Communication

The operating structure established by the CBN National Office, as documented in the CBN Charter, allows for clear and effective lines of communication between the CBN National Office and its Managing Partners. Communication occurs primarily via email or teleconference calls, with occasional face-to-face meetings. Operational committees also provide adequate opportunities for information sharing.

The CBN is a multi-jurisdictional program with joint participation between Industry Canada, Western Economic Diversification Canada (WD), the Atlantic Canada Opportunities Agency (ACOA), Canada Economic Development for Quebec Regions, and the Canadian Northern Economic Development Agency (CanNor). Given the range and variety of the entities involved in CBN, it is important to have a clear and effective operating structure for the CBN National Office that permits clear and effective lines of communication and reporting between the CBN National Office and Managing Partners.

In the course of the audit, the AEB assessed the clarity and effectiveness of the organizational structure of the CBN National Office through interviews with CBN management, CBN staff and Managing Partners as well as through examination of the organizational chart and records of decisions from committee meetings.

The audit found that the CBN National Office's organizational structure permits clear and effective lines of communication and reporting between Managing Partners and the CBN National Office. The CBN National Office operates in a facilitator role to encourage communication between Managing Partners, and Team Leads within the CBN National Office maintain frequent communication via email and meetings. Teleconferences and face-to-face meetings are held for committee members and are attended by representatives from each of the Managing Partners to share information.

The audit also found that the CBN Charter, which includes the organization structure, was developed and shared with Managing Partners.

### 3.5 Governance and Accountability

There is an opportunity to update the Terms of Reference for key governance committees.

An effective governance mechanism is necessary to actively and efficiently manage and oversee activities. In that regard, it is essential that CBN governance roles be clearly defined and communicated and that CBN governance oversight bodies request and receive sufficient, complete, timely and accurate information.

Through examination of the CBN Charter and Terms of Reference, meeting minutes, and records of decisions for oversight committees, the audit assessed the adequacy of governance mechanisms to actively manage and oversee CBN National Office activities through interviews with CBN management, staff, and Managing Partners. Through interviews with CBN management and staff and examination of supporting documentation from oversight committee meetings (e.g. agenda, minutes, records of decisions, etc.) the audit also assessed the adequacy of management practices to ensure governance oversight bodies both request and receive sufficient, complete, timely and accurate information.

The audit found that the CBN National Office's governance structure is primarily operational in nature and meetings are held primarily for the purpose of information sharing. The Managing Partners Working Group and other Committees have been established to manage the CBN and these committees are composed of representatives from the Managing Partners. Committee meetings are held via teleconference and occasionally face-to-face. Interviewees reported that directors general are frequently debriefed by each Managing Partner Working Group member; however, the audit noted that the DG Managing Partners Committee only met once in the past year.

The audit also found that the CBN Charter, which was created with the participation of the Managing Partners, clearly documents the mandate, values, service strategy, governance structure, and roles and responsibilities for the Managing Partners, the CBN National Office, Service Centres, and oversight committees. Terms of Reference for some of the committees are included in the CBN Charter; however, the Terms of Reference could not be located for the Managing Partners ADM Committee, the DG Managing Partners Committee, or the Managing Partners Working Group.

When there is a lack of clarity in the definition of, and communication of, governance oversight bodies' roles and the expectations for committees, including meeting frequency and topics to be covered, it increases the risk that the CBN will be unable to demonstrate adequate management and oversight of CBN activities and results. Given the multi-jurisdictional nature of the CBN, there is an increased need for oversight bodies to obtain the appropriate information in order to provide adequate oversight and direction for key decisions.

### ***Recommendation 1***

***The DG of the Small Business Branch should update the Terms of Reference for key governance committees (i.e. Managing Partners ADM Committee and the DG Managing Partners Committee) to reflect current expectations for these committees including meeting frequency, as well as key topics that should be covered (e.g. CBN risks, finances, performance measurement, status of key initiatives and action items from previous meetings, etc.).***

There is an opportunity to update the CBN Charter to clarify the role of the CBN National Office with respect to strategic leadership, and to clarify accountabilities amongst the CBN Managing Partners for performance measurement and reporting.

It is important that authorities and accountabilities be clearly understood and documented. Specific to the CBN National Office, it is essential that authorities and accountabilities in support of collaborative initiatives, such as performance measurement, be defined and understood in order for CBN National Office to be in a position to adequately report on the achievement of CBN objectives.

In the course of the audit, the AEB assessed the adequacy of the CBN National Office's defined accountabilities and authorities in support of collaborative initiatives through interviews with

CBN management staff and through examination of the CBN Charter. The CBN Charter defines roles and responsibilities for the CBN National Office, Managing Partners, and Service Centres. The AEB also examined Memorandums of Understanding (MOUs) and Letters of Understanding (LOUs) in place with some Managing Partners to identify collaborative efforts towards achievement of common goals.

As documented in the CBN Charter, one of the CBN National Office responsibilities is to provide strategic leadership to the CBN. Interviewees reported, however, that the CBN National Office does not have the required authorities or accountabilities to fully carry out this strategic leadership role and that the CBN National Office's role is better described as a steward of the program.

Additionally, interviewees reported that one of the key challenges faced by the CBN National Office is that not all Managing Partners capture performance information in a comparable manner. Each Managing Partner has his or her own reporting requirements; therefore, Managing Partners sometimes take different approaches in how performance information is collected. The audit found no documentation that clearly defines the accountability or authority relationship established between the CBN National Office and the Managing Partners for the collection, measurement, and reporting of performance measurement data. As a result, there is a risk that the CBN National Office does not have clear and/or sufficient authority to obtain comparable and accurate performance data from the Managing Partners which increases the risk that the CBN cannot adequately and accurately report on performance results.

### ***Recommendation 2***

***The DG of the Small Business Branch should update the CBN Charter to clarify the CBN National Office's role with respect to strategic leadership and work with the Managing Partners to clarify and ensure common understanding of accountabilities and authorities for defining and collecting required performance data.***

## **3.6 Performance Measurement**

There is an opportunity to further the CBN's performance measurement program by clarifying performance measures, establishing baseline targets, developing guidance on how to measure and collect required data.

It is essential that clear performance measures be in place and understood and that there be clear guidance on how to measure performance. In the course of the audit, the AEB assessed the adequacy of the CBN's performance measurement practices through interviews with CBN National Office management and staff, and through examination of supporting documentation. Examination of supporting documentation included the Performance Measurement and Evaluation Strategy (which summarizes the CBN's performance measures), the CBN Charter, the Departmental Performance Report, the Report on Plans and Priorities, and the CBN Year in Review report.

The audit found that the CBN has identified performance measures linked to planned results which are described in the Performance Measurement and Evaluation Strategy. There are 19 performance measures which address outputs, initial outcomes, intermediate and ultimate outcomes. The audit noted that these performance measures were developed in 2009 and have not been reviewed or updated since that time.

The audit also found that the Performance Measurement and Evaluation Strategy does not include baseline targets for performance measures. In addition, some performance measures are not clearly defined (e.g. ‘quality of service’) which can result in an inconsistent understanding by Managing Partners with regards to how performance data should be collected and reported.

When there is a lack of clarity or certainty on key performance measures, performance targets, or how to report performance, there is increased risk that performance reporting will be incomplete or inaccurate.

### **Recommendation 3**

***The DG of the Small Business Branch should work with Managing Partners to review the CBN’s current performance measures for ongoing relevance, ensure clear understanding of all metrics, and establish baseline targets.***

There is an opportunity to further the CBN’s performance measurement program by clarifying the requirements and purpose of existing performance reporting.

In the course of the audit, the AEB assessed the CBN National Office’s processes and mechanisms to gather performance data and examined how and where the CBN reports on its performance. This was performed through interviews with CBN management and through examination of operational plans and management reports.

To report on annual performance, the CBN has developed an annual Year in Review report which summarizes and highlights key performance achievements such as promotional events, media opportunities, marketing products, outreach activities, HR training, and other Managing Partner accomplishments from the previous year. The Year in Review report had been prepared initially to meet performance measurement requirements that existed prior to the 2009 CBN strategic renewal. The Year in Review report is based on data collected by the CBN National Office from Managing Partners and the Service Centres, as well as on CBN performance measures, as stated in the CBN Performance Measurement and Evaluation Strategy. The report is made available to the general public.

The audit noted that while there is no longer a requirement to formally report on CBN performance, the CBN National Office continues to complete and distribute the Year in Review report. In that context, the audit found that there is some uncertainty as to the ongoing requirements and continued purpose of the CBN Year in Review report. Specifically, it is not clear whether the Year in Review report is being developed for accountability or marketing/communication purposes.



There is a risk that if the CBN does not have a clear and defined purpose for its performance reporting, the CBN National Office may not be reporting on CBN performance in a manner that meets stakeholder needs.

#### ***Recommendation 4***

***The DG of the Small Business Branch should formalize the ongoing reporting requirements and purpose (i.e. accountability document or marketing/communication document) for the Year in Review report.***

### **3.7 Risk Management**

There is an opportunity to strengthen the risk management practices to regularly review and manage risks.

In order to ensure the achievement of the CBN National Office's objectives, it is important that management have an approach to risk management that includes: identification of risks that may preclude the achievement of its objectives; assessment of risks identified and a response to these risks; and, appropriate communication and monitoring of risks and risk management strategies with key stakeholders to ensure proper management of the risks.

In the course of the audit, the AEB assessed the reasonableness of the process used by management to identify and manage risks as well as the adequacy of reporting on risks facing the CBN National Office. To confirm that strategic and operational risks have been identified, the audit team conducted interviews with CBN management and staff and reviewed supporting documentation, including the Integrated Business Plan, the 2009 program renewal documents, and IT service monitoring reports.

The audit found that risks are identified in the CBN National Office Integrated Business Plan; however, there was no documentation evidencing a process to update the risks identified, confirm mitigation strategies, or to assess the effectiveness of strategies employed to mitigate risks. Based on interviews with management, the reporting on risks is managed informally through CBN National Office management meetings and discussions. The audit also found that CBN identified and reported risks in the 2009 program renewal documents; however, there was no evidence that the risks identified are regularly reviewed, managed, or updated to reflect status changes. Management noted that risks are informally discussed with Managing Partners through committee meetings.

When there is no formal risk management practice to routinely review and monitor risks and mitigation actions, there is increased likelihood that risk exposures will not be appropriately mitigated.



***Recommendation 5***

***The DG of the Small Business Branch should develop a formal risk management practice to regularly review and manage risks to the CBN, including updating the status of risks identified in both the Integrated Business Plan and the 2009 Treasury Board submission.***

**3.8 Management Response**

The findings and recommendations of this audit were presented to CBN management. Management has agreed with the findings included in this report and will take action to address all recommendations by March 31, 2014. CBN National Office will consult with Managing Partners and review the terms of reference of committees, the CBN Charter and the performance measurement and evaluation framework. CBN NO will also review and adopt a formal risk management practice.

## 4.0 Overall Conclusion

The audit found that IC has, with some exceptions, an appropriate management control framework with respect to the governance structure, management controls, and risk management processes for the CBN National Office with no material weaknesses. Improvements are required to address low-risk exposures in the areas of governance practices, clarification of the CBN National Office role and accountabilities, performance measurement and reporting, and risk management practices.

## Appendix A: Audit Criteria

Criteria	Met / Not Met / Met with exceptions
<b>Governance</b>	
1. Effective governance mechanisms to actively manage and oversee CBN National Office (CBN NO) activities are established and clearly communicated.	Met with exceptions
2. The CBN NO developed and has in place operational plans and objectives aimed at achieving its strategic objectives.	Met with exceptions
3. The oversight body/bodies request and receive sufficient, complete, timely and accurate information.	Met with exceptions
<b>Accountability</b>	
4. A clear and effective operating structure for CBN NO is established and permits clear and effective lines of communication and reporting between Managing Partners.	Met
5. The CBN NO's accountability(ies), including accountabilities in support of collaborative initiatives, are formally defined.	Met with exceptions
<b>Results and Performance</b>	
6. Management has identified appropriate performance measures linked to planned results.	Met with exceptions
7. Management gathers performance data and monitors actual performance against planned results and adjusts course as needed.	Met with exceptions
<b>Stewardship</b>	
8. A formal process is in place to prepare the budget with an appropriate level of detail and to challenge the assumptions and related resource allocations.	Met
9. Financial progress and variances are adequately monitored and communicated on a regular basis and effectively used to support management decision making.	Met
10. The CBN NO has established processes to develop and manage agreements.	Met with exceptions
<b>Citizen-focused Service</b>	
11. Lines of communication exist between the CBN NO and its users/clients.	Met
12. The CBN NO leverages collaborative opportunities and information technology, where appropriate, to enhance citizen service and meet client service standards.	Met
13. The CBN NO takes measures to improve its services.	Met
<b>Risk Management</b>	
14. Management formally identifies the existing risks that may preclude the achievement of its objectives, assesses and responds to its risks.	Met with exceptions