Commissariat aux langues officielles Office of the Commissioner of Official Languages

Audit and Evaluation Committee

Annual Report

2013-2014

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Foreword from the External Members of the Committee

It is with great pleasure that we submit the sixth Annual Report from the external members of the Audit and Evaluation Committee (AEC) of the Office of the Commissioner of Official Languages (OCOL), for the year ended March 31, 2014. The current year was the first year the Committee experience turnover. In October, Mr. Jim Mitchell retired from the AEC after serving five years and making significant contributions in all facets of the Committee's work. Following his departure, the Committee welcomed Ms. Susan Cartwright to the AEC. Ms. Cartwright is a Commissioner of the Public Service Commission of Canada and as a former senior public service executive, she brings a wealth of government and governance experience and expertise to the Committee.

We wish to say how pleased we are with the enhancements OCOL continues to make to its management practices. The 2013-2014 year was one of challenges and change: challenges in delivering on results and priorities with a reduced budget and changes that included a move of the Headquarters to Gatineau, Quebec and the implementation of a new records management system. Enhancements to the financial forecasting processes supported management in prudently managing resources to deliver on priorities and expected results throughout the year. The soundness of OCOL's accounting and financial reporting practices is evidenced by the clean audit opinion the Office of the Auditor General rendered on the 2012-2013 financial statements. The organization continues to leverage its audit function effectively to provide the Commissioner and management with assurance on governance, risk management and control practices and offer practical and helpful recommendations to address areas for improvement. In the coming year, we look forward to receipt and review of the 2014-2017 Risk-Based Audit and Evaluation Plan, a plan that should focus OCOL's limited internal audit resources on those areas of highest risk and significance.

Over the past year we engaged the Executive team at each meeting. These conversations provided us with a valuable opportunity to learn more about OCOL's business, challenges and accomplishments and to further management's understanding of the AEC and its work. We look forward to continuing these conversations in the coming year.

Commissioner, we sincerely appreciate your continued interest in and support for the Audit and Evaluation Committee. We would also like to thank your Executive team and, in particular, the Corporate Management Branch for their continued hard work and support for the AEC. In the coming year, we will continue to review OCOL's management practices, offering advice and recommendations that support improvement while not unnecessarily taxing OCOL's limited resources.

Laurel Murray, CPA, CA   Susan MW Cartwright

1.0   Introduction

The external members of the Office of the Commissioner of Official Languages (OCOL) Audit and Evaluation Committee (AEC) prepared this annual report for the Commissioner of Official Languages and hereafter "the Commissioner" to summarize the Committee's activities and advice from April 2013 to March 2014 as well as to convey the Committee's key areas of focus for fiscal year 2014-2015.   It is also designed to provide the external members' assessment, and recommendations as needed, on the capacity, independence and performance of the internal audit function.

In its advisory role to the Commissioner, the Audit Committee provides independent and constructive advice regarding the adequacy and functioning of OCOL's risk management, control and governance practices, as well as accountability frameworks and processes. The Audit Committee also provides advice and guidance on the Office's evaluation function in addition to advice and guidance as may be requested by the Commissioner.

As specified in the Treasury Board *Directive on Internal Auditing in the Government of Canada*, the Audit Committee provides oversight in the following key areas:

- Values and Ethics
- Risk Management
- Management Control Framework
- Internal Audit Function
- External Assurance Providers
- Follow-up on Management Action Plans
- Financial Statements and Public Accounts Reporting
- Accountability Reporting

The Audit Committee's observations of, and advice on, each of the oversight areas are detailed in Section 3 of this report.

2.0   Role and membership of the Audit and Evaluation Committee

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

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

This serves as an important support to the independence of the Internal Audit (IA) Function within OCOL and the neutrality of the Evaluation function, and helps ensure

that the results of internal audits and evaluations are incorporated into the corporate priority setting and business and planning processes.

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

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

The AEC is composed of the following members[1]:
- Graham Fraser, Commissioner, Chair
- Susan Cartwright, external member
- Laurel Murray, CPA, CA, external member

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

3.0 Summary of Audit and Evaluation Committee Activities

The sections that follow highlight key AEC activities and areas of focus for 2013-2014, together with the results of reviews.

3.1 Meetings

Four AEC meetings were held during the 2013-2014 fiscal year[2] and there was a 100% attendance rate at these meetings by all members.   As a regular component of each AEC meeting, the external members met individually in-camera with the CAE and the Commissioner to raise and discuss issues in confidence.

In addition to the four AEC meetings noted above, a special meeting was held with representatives from the OAG on July 23, 2013 to review and discuss the 2012-2013 audited financial statements.   As part of this meeting, the AEC members met in-camera with the OAG representatives.

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

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[1] Mr. Jim Mitchell completed his second term as an external member in October 2013
[2] April 3, 2013, June 19, 2013, November 15, 2013, and January 29, 2014

3.2 Audit and Evaluation Committee Terms of Reference and Annual Plan

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

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

The AEC has documented its role, responsibilities and operations in a *Terms of Reference* document that is approved by the Commissioner. The Terms of Reference were reviewed in 2013-2014, refining the segment on qualifications to reflect knowledge of the federal government and governance expertise rather than the current focus on linguistic duality.   Subject to this revision, the Terms of Reference were reaffirmed by the Commissioner.

To deliver on its Terms of Reference, the AEC developed a Multi-Year Activity Plan for how it will deliver on its responsibilities in 2013-2014. Progress against this plan was monitored at each meeting throughout the year.

The approved *Terms of Reference* and the *2012-2013 to 2013-2014 AEC Annual Plan* are attached as appendices.

The Audit Committee Terms of Reference require external members to be free of any conflicts of interest and should any such potential or real conflicts arise, the member(s) are required to discuss them with the Commissioner.   The external members use this report to confirm that they have performed their duties in the public interest and are free of any conflicts of interest.

3.3 Audit and Evaluation Committee 2012-2013 Annual Report

At its June meeting, the AEC reviewed its draft 2012-2013 AEC Annual Report. This report, prepared by the external members, was discussed by the Committee and, subject to minor editorial revisions, was approved by the full membership. The report is posted on OCOL's website.

3.4 Professional Development

The members of the AEC continue to undertake professional development activities to broaden their knowledge and understanding of OCOL's business and best practices in discharging their AEC role and responsibilities.   As part of each Committee meeting in 2013-2014, OCOL's executive team provided members with a briefing on various elements of their area of responsibility, thereby continuing to enhance the external

members' knowledge and understanding of OCOL's business, management practices, challenges, and accomplishments.

In November 2013 one of the external members attended the November 2013 DAC Symposium focused on providing value and embracing renewal during this period of transformation and fiscal restraint.

4.0 Audit and Evaluation Committee's Core Areas of Responsibility

4.1 Values and Ethics

At the April meeting, members were briefed on OCOL's proposed procedures for strengthening incident reporting across the organization. External members supported the implementation of these enhanced procedures and emphasized the need to identify and report to the AEC any systemic problems and incidents that could have an impact on OCOL's integrity as well as any known or suspected cases of fraud. At this meeting, members were also briefed on the implementation of the action plan in response to the 2011 Public Service Employee Survey (PSES), including the monitoring of the branch-level activities by the Human Resources Directorate. AEC members were pleased to learn about the Corporate Management Branch's implementation of a suggestion box for employees and look forward to learning about any systemic or significant issues raised by employees through this means.

At the June meeting, members reviewed and discussed the mechanisms OCOL has in place to support oversight and escalation mechanisms with respect to the organization's key business processes. This is designed to support enhanced compliance with the Organizational Code of Conduct, Treasury Board policies and applicable legislation and regulations. Members are supportive of these mechanisms and no substantive issues were noted.

4.2 Risk Management

At the April meeting, members reviewed and discussed OCOL's *2012-2016 Corporate Risk Profile (CRP)*. The AEC discussed the financial pressures facing federal departments and agencies and the potential impact on their ability to meet language requirements. Members offered advice with respect to monitoring and responding to this issue. The external members noted the absence of three key risk areas that they feel should be included in this key risk document:
- Information Management/Information Technology (IM/IT) infrastructure;
- Head office move to Gatineau, Québec; and
- OCOL's case management system.

Members also advised that the service standards reflected in the CRP be tested to ensure their relevance as a risk indicator; that the difference between inventory of work in process and backlog be clarified, that an 'acceptable' level for backlogs be determined; and the Commissioner be consulted semi-annually to determine the extent to which he feels there is any difficulty in being heard by key stakeholders, including Parliamentarians and track OCOL's progress in addressing these.

4.3   Management Control Framework

The Audit Committee reviewed OCOL's management control framework (MCF) in a variety of ways throughout the year. Internal audit engagements often examine one or more elements of the MCF and the associated reports tabled at the AEC meetings, including the report on the Audit of Strategic Communications and Promotion tabled at the June meeting, provide the primary means through which the members assess key aspects of the control framework. During 2013-2014, the Committee also examined and provided feedback and advice to the Commissioner on the MCF through its review and discussion of the following areas:

- Budgetary management

- Human resource management

- Performance measurement

- Information management/information technology

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

4.3.1   Internal Audits

During the year, the Committee had the opportunity to review, provide advice on and recommend for approval of the internal audit report for the *Internal Audit of Strategic Communications and Promotions*.

This report provides an independent assessment of the effectiveness of various elements of OCOL's MCF and as noted in section 4.4 that follows, this internal audit engagement noted various strengths in OCOL's MCF as well as some opportunities for improvement.

4.3.2   Budgetary Management

Budgetary management continues to be an area where the AEC provides active oversight. The external members advised the Commissioner on the need for continued prudence in financial planning and forecasting, including identifying and implementing efficiencies wherever possible. For example, the Committee recommended that travel authorizations be integrated into branch plans wherever possible, rather than establishing and operating a standalone travel authorization process. Members also reviewed progress in the continued implementation of the A-Base review recommendations and provided advice with respect to financial management processes around staffing versus operations and maintenance (O&M).

Members also supported the introduction of a more rigorous forecasting process to effectively manage and deliver on results during a period of a fiscal restraint. This process is designed to complement and build on the support Finance and Procurement Directorate staff currently provide to managers across the organization. This new

initiative entailed the Commissioner and Chief Financial Officer (CFO) meeting individually with each of the members of EXCOM to discuss the financial forecasts for their Branch. These were followed by a plenary discussion with all EXCOM members. This initiative was encouraged and supported by the AEC and, as a result, OCOL was able to deliver on its priorities and successfully move its Headquarters, all within available resources.

4.3.3   Human Resource Management

The AEC continued to pay close attention to key elements of OCOL's human resource management practices. At the June meeting, members reviewed and discussed OCOL's succession plan. During the year, members also reviewed work undertaken to understand the demographic profile of the current staff complement as well as staffing needs and planning for the future. Members also reviewed the Departmental Staffing Accountability Report (DSAR).

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

4.3.4   Performance Measurement

During the year, the AEC discussed OCOL's performance measurement practices, including those related to of OCOL's management resources and results structure (MRRS), including OCOL's Performance Measurement Framework (PMF).   External members highlighted the importance of examining and refining service standards and continued to support management in the development of relevant, cost effective qualitative indicators that, wherever possible, can be expressed in quantitative terms as recommended by the Treasury Board of Canada Secretariat (TBS).

The AEC reviewed the performance dashboard developed by the Compliance Assurance Branch (CAB) at its November meeting. Members commended the Assistant Commissioner for her work in this area and recommended that, to the extent possible, the performance indicators and targets reflected in this dashboard be integrated into OCOL's PMF.

4.3.5   Information Management/Information Technology (IM/IT)

Bolstering its information management and information technology infrastructure continues to be a priority for OCOL.   In 2012-2013, OCOL embarked on an ambitious project to enhance records management (phase 1), case management (phase 2) and web content and security (phase 3).   Phase 1 (records management) was successfully implemented in 2012-2013 and in November 2013, AEC was briefed on the implementation of phases 2 and 3. Members commended management for their work in this area and no issues or concerns were noted. AEC will continue to monitor this area over the coming year, with a focus in supporting the successful implementation of this project.

4.4   Internal Audit

As outlined in the approved *2013-2014 to 2014-2015 Risk-based Internal Audit Plan* (RBAP), in 2013-2014, OCOL completed *an Internal Audit of Strategic Communications and Promotions*.

At the June meeting, the Committee reviewed the draft audit report and the associated management response and action plan (MRAP).   This audit report highlighted strengths in terms of the utilization of a Global Communications Strategy to guide OCOL's work in this area, the management of operational risks with respect to communications and promotions, the production of an annual report, and training provided to meet the needs of staff.

Opportunities for improvement were also noted in this internal audit report:

- Integration of the role of the regional offices into the Global Communications Strategy;
- Development of relevant qualitative and quantitative performance measures for OCOL's Promotion of Linguistic Duality program activity and the active monitoring of performance;
- Approval process for strategic communication and promotion products;
- Development/update and maintenance of guidelines, tools and templates to support the ready access of materials that support the consistency of processes and a common understanding of roles and responsibilities; and
- Access to a speechwriting database.

The AEC reviewed these findings together with the associated management response and action plan. Both members of the audit team and management participated in these discussions and management expressed their appreciation of the real value added by this audit in confirming the soundness of many of existing practices while providing valuable and practical recommendations to enhance the management of the program. The report was recommended for approval and was subsequently approved by the Commissioner.

In preparation for an internal assessment and subsequent external practice inspection of the internal audit function, as required under the TB *Directive on Internal Auditing in the Government of Canada*, management undertook a high level analysis of OCOL's current internal audit documentation, practices, and processes compared to the requirements laid out in the TB Directive. At the April meeting, the AEC reviewed the results of this exercise, noting the need for management to demarcate those areas of the policy that do not apply to OCOL (i.e. oversight by TBS).   In the coming year, AEC will review the results of the assessments of the internal audit function and any associated action plan(s) that may be required.

At the June meeting, AEC provided input into the development of the 2013-2016 Risk-Based Audit and Evaluation Plan (RBAEP).   Members recommended that a summary of prior audits and evaluations be overlaid on OCOL's organizational structure and Program Alignment Architecture (PAA) to provide a strategic overview of the coverage of the audit/evaluation universe over the past five (5) years. AEC also recommended the integration of results from other assessments (i.e. MAF self-assessment) be considered in the planning process.   Due to staff turnover and a change in internal audit service providers[3], the finalization of the 2013-2016 RBAEP was suspended and focus was shifted to developing a 2014-2017 Plan. In February, the external members of the AEC

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[33] Following a competitive process, Raymond Chabot Grant Thorton (RCGT) replaced Deloitte as OCOL's internal audit service provider.

participated in a RBAEP planning process led by RCGT. The members provided advice on ensuring the process and plan zero in on mitigating OCOL's key risks and is appropriate for a very small organization.

At the June meeting, the external Committee members also provided input into performance of the CAE and reviewed and accepted the CAE's *2012-2013 Annual Assurance Report*.

4.5   External Assurance Providers

Each year, the Office of the Auditor General (OAG) carries out an audit of OCOL's financial statements with the objective of rendering an audit opinion on these statements. Representatives from the OAG attended the AEC's July 23, 2013 teleconference to review and discuss the audited financial statements. This included a review of the associated Management Representation Letter to the OAG and the OAG's report to the AEC highlighting the annual audit results for the year ended March 31, 2013. The OAG rendered a clean audit opinion on the financial statements, noting no significant internal control weaknesses and issuing no Management Letter.

Representatives from the OAG also attended the January 2014 AEC meeting to discuss their plan for the attestation audit of OCOL's 2013-2014 financial statements. No issues or concerns were noted.

4.6   Follow-up on management Action plans

The AEC monitors management's progress in implementing management action plans stemming from internal audit reports until all recommendations have been satisfactorily implemented or are no longer relevant. While the AEC normally receives semi-annual reporting on the implementation of management's actions, due to staff turnover, only one follow-up report was received by the Committee during 2013-2014.

As outlined in the table that follows, there were 21 outstanding audit recommendations as at March 31, 2013. Eighteen (18) of these recommendations were implemented in 2013-2014, an implementation rate of 86%. During the year, a further 6 audit recommendations came on stream from the *Audit of Strategic Communications and Promotions* that was approved in June 2013. While the AEC will closely monitor the 8 audit recommendations outstanding as at March 31, 2014, members will pay particular attention to those recommendations associated with the 2010-2011 *Audit of Integrated Planning*. The remaining management action deals with the finalization of OCOL's strategic Performance Measurement Framework (PMF), the framework that underpins OCOL's strategic planning and accountability reporting, including the organization's Parliamentary appropriation. In January, the AEC was briefed on the plan to review and finalize the PMF and looks forward to reviewing the finalized framework in 2014-2015.

Table 1 – 2013-2014 MRAP Implementation Status

Project Title	Year	# Recs Issued	# Outstanding at Mar 31, 2013	2013-2014 Status			
				Fully Implemented	On-Track	Delayed	# Outstanding at Mar 31, 2014
Integrated Planning	2011-2012	11	1	0		1	1
Regional Pilot Project	2011-2012	6	6	6			0
Investigative Practices	2012-2013	10	10	8		2	2
Management of Studies	2012-2013	4	4	4			0
Strategic Communications and Promotions	2013-2014	6	0	1		5	5
Total		37	21	19		8	8

4.6   Financial Statements

4.6.1   Year-end Financial Statements

As the Commissioner is an Agent of Parliament, the financial statements of the organization are audited by the OAG each year. As noted in section 4.5, the AEC met with the OAG to review and discuss the Office of the Commissioner of Official Language's 2012-2013 audited financial statements. The external members recommended the approval of the 2012-2013 financial statements and they were subsequently approved by the Commissioner.

4.7   Accountability reports

AEC members reviewed OCOL's draft 2012-2013 Departmental Performance Report (DPR) and the draft 2014-2015 Report on Plans and Priorities (RPP). AEC members provided advice and recommendations to management prior to their approval by the Commissioner.

5.0   Additional areas of oversight

In addition to providing oversight of the core areas of responsibility, the AEC provided the Commissioner with strategic advice in two key areas during 2013-2014:

5.1   Agents of Parliament

The AEC continued to be apprised of discussions among the Agents of Parliament, including the pursuit of possible areas of enhanced collaboration. With the move of the Headquarter in March 2014, management worked closely with Agents located in the same building to identify and seize opportunities to share space and services. For example, OCOL has arranged to utilize Election Canada training rooms while providing opportunities for other Agents to utilize OCOL's internal audit contract with Raymond Chabot Grant Thorton.

5.2 Move to Gatineau

The AEC closely monitored activities underway to move the Headquarters to Gatineau. The extensive planning and active communication across the organization were critical factors in a very successful move to the new offices.

AEC Terms of Reference

Office of the Commissioner of Official Languages

Audit and Evaluation Committee

Terms of Reference

Updated: April, 2013

Table of Contents

1. Introduction

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

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

2. Purpose

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

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

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

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

3. Responsibilities

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

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

- Values and Ethics

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

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

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

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

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

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

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

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

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

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

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

4. Authorities

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

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

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

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

5. Composition

5.1 External Members

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

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

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

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

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

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

5.2 Chair

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

5.3 Required attendees

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

5.4 Advisors

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

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

5.5 Observers

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

5.6 Secretariat

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

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

6. Meetings

6.1 Frequency of Meetings

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

6.2 Scheduling of Meetings

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

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

6.3 Quorum

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

6.4 Review of the AEC Terms of Reference

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

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

_____   _____

Graham Fraser
Commissioner of Official Languages   Date

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

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

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

2013-2014 to 2014-2015 AEC Annual Plan

AEC Action Item Description	Purpose/Action	Frequency	2013-2014					2014-2015				Comments/ Issues for Consideration
			Q1 Apr-June	Q2 July-Sept	Q3 Oct-Dec	Q4 Jan-March		Q1 Apr-June	Q2 July-Sept	Q3 Oct-Dec	Q4 Jan-March	
Audit and Evaluation Committee (AEC)												
AEC ToR	Review and recommend for approval	Periodically						X				
AEC Multi-Year Activity Plan (for upcoming FY)	Review and recommend for approval	Annually	X					X				Required annually to establish committee work required for the year
Establish AEC meeting schedule	Approve	Annually	X					X				Annually or semi-annually. Meetings to be held in June, October, January and April, with consideration for the availability of members.
Orientation/on going Professional Development (PD) requirements	Determine	Periodically										Suggest that formal PD requirements determined bi-annually but PD undertaken on an ongoing basis as per the timing of relevant offerings.
Internal Audit Oversight Responsibilities												
Internal Audit Policy	Review and recommend for approval	Every 2 yrs										Reviewed OCOL's Policy on Internal Audit as per TBS's policy effective April 1, 2012.
Adequacy of internal audit resources	Monitor	Annually	X					X				Integral part of approval of the Multi-Year Internal Audit Plan.
Risk assessment and the multi-year Internal Audit Plan	Review and recommend for approval	Annually	X					X				Requires annual review and recommend approval to the Commissioner.
Performance of the internal audit function and CAE	Monitor and assess	Annually	X			X		X			X	AEC input feeds into the CAE's performance on an annual basis.
Internal Audit Reports and corresponding Mangagement Action Plans to address internal audit recommendati	Review and recommend for approval	**Ongoing**										As available for tabling Progress report presented at June and January AEC meetings

AEC Action Item Description	Purpose/Action	Frequency	2013-2014					2014-2015				Comments/ Issues for Consideration
			Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
			Apr-June	July-Sept	Oct-Dec	Jan-March		Apr-June	July-Sept	Oct-Dec	Jan-March	
ons												
Internal Audit Oversight Responsibilities (Cont'd)												
Reports on the progress against the internal audit plan	Receive and review	Semi-annually			X					X		Most relevant if this comes mid-way through the fiscal year. More frequent progress reports could be provided as required. CAE provides verbal update at every meeting.
Reports on the progress of management action plans			X			X		X		X		
CAE's Annual Overview Report	Receive and recommend for approval	Annually	X					X				
Special or forensic investigations, audit engagements or tasks that do not result in a report to the AEC	Be made aware of	As required										Timing will depend on when or if these investigations or engagements are undertaken.
Additional Responsibilities												
Values and Ethics	Review	In accord with risk guided focus and cycle										Timing - as per requirements.
Corporate risk profile (CRP) and risk management arrangements	Review	In accord with risk guided focus and cycle			X					X		
Management Accountability Framework Review tailored MAF self-assessment	Review	In accord with risk guided focus and cycle				X						
OAG, Agents of Parliament and central agencies, including audit issues and reports that impact OCOL or gov't wide implications and	Review and recommend for approval/advise Commissioner	Arrangements-Annually; Reports -As referred by Commissioner		X		X			X		X	OAG to come to AEC to discuss the audited financial statements (audit plan and tabling of the statements). Additional discussions with AEC will be tied

AEC Action Item Description	Purpose/Action	Frequency	2013-2014					2014-2015				Comments/ Issues for Consideration
			Q1 Apr-June	Q2 July-Sept	Q3 Oct-Dec	Q4 Jan-March		Q1 Apr-June	Q2 July-Sept	Q3 Oct-Dec	Q4 Jan-March	
accompanying management responses and action plans												to further work OAG may carry out at OCOL.
Departmental Public Accounts and/or **Financial Statements**	Unaudited-Review and advise; Audited-recommend Commissioner acceptance	Annually		X					X			Tied to Parliamentary reporting timelines.
Accountability Reporting, i.e. RPP (Q3), DPR (Q2)	Received, review and, over time, provide advice (by email)	Annually		X	X				X	X		Tied to Parliamentary reporting timelines.
Additional items as requested by the Commissioner	Review and comment	As requested										Dependent on the nature and timing of Commissioner requests.
Committee self-assessment	Review	every 2 yrs	X									
Management Assessment of AEC	Review	every 2 yrs									X	Conducted in February 2013
External practice inspection	Undergo/Review	Every 5 yrs										
Committee Assessment												
AEC Annual Report	Prepare and brief Commissioner prior to finalization	Annually	1					1				