

Two-year Risk-based Audit Plan, fiscal year 2019 to 2020 to fiscal year 2020 to 2021

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Environment and Climate Change Canada
Public Inquiries Centre
7th Floor, Fontaine Building
200 Sacré-Coeur Boulevard
Gatineau QC K1A 0H3
Telephone: 819-997-2800
Toll Free: 1-800-668-6767 (in Canada only)
Email: ec.enviroinfo.ec@canada.ca

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**Two-year Risk-based Audit Plan
FY 2019 to 2020 to FY 2020 to 2021**

Approvals

Recommended by:

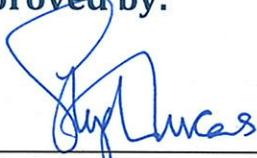


Paule-Anny Pierre
Chief Audit Executive and Head of Evaluation

MAR 28 2019

Date

Approved by:



Stephen Lucas
Deputy Minister

28/3/2019

Date



Martine Dubuc
Associate Deputy Minister

2019/03/08

Date

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List of acronyms and abbreviations

| Acronym or abbreviation | Full name |
|-------------------------|---|
| AEB | Audit and Evaluation Branch |
| CAE | Chief Audit Executive |
| CESD | Commissioner of the Environment and Sustainable Development |
| CRP | Corporate Risk Profile |
| DAC | Departmental Audit Committee |
| DRF | Departmental Results Framework |
| DRR | Departmental Results Report |
| FTE | Full-time equivalent |
| FY | Fiscal year |
| G&C | Grants and contributions |
| IA | Internal audit |
| IIA | Institute of Internal Auditors |
| IM | Information management |
| IT | Information technology |
| MAF | Management Accountability Framework |
| MAP | Management action plan |
| OAG | Office of the Auditor General |
| OCG | Office of the Comptroller General |
| PAA | Program Alignment Architecture |
| PCF | Pan-Canadian Framework on Clean Growth and Climate Change |
| PIP | Performance Information Profile |
| PMERC | Performance Measurement, Evaluation and Results Committee |
| PSC | Public Service Commission |
| RBAP | Risk-based audit plan |
| TB | Treasury Board of Canada |
| TBS | Treasury Board of Canada Secretariat |

1. Introduction

The Treasury Board [Policy on Internal Audit](#) seeks to ensure that the oversight of public resources throughout the federal public administration is informed by a professional and objective internal audit function that is independent of departmental management.

The policy requires the Deputy Minister to approve a risk-based audit plan (RBAP) that:

- spans multiple years
- focuses primarily on assurance
- considers departmental areas of high risk and significance, as well as horizontal audits led by the Comptroller General, planned audits led by external assurance providers and other oversight engagements

The Audit and Evaluation Branch (AEB) prepared this document for the Deputy Ministers. It presents audits planned for fiscal year (FY) 2019 to 2020 to FY 2020 to 2021, and supports the allocation of audit resources to those areas that represent the most significant risks to the achievement of ECCC's objectives. In considering the appropriateness of the plan, the Deputy Ministers are advised by an independent Departmental Audit Committee (DAC), composed of four members external to the federal government.

ECCC's DAC reviewed the RBAP at its March 18-19, 2019 meeting and recommended the plan to the Deputy Ministers for approval. The RBAP was subsequently approved by the Deputy Ministers on March 29, 2019.

2. The role of internal audit

The role of ECCC's internal audit function is to provide the Deputy Ministers with independent assurance on whether departmental activities are managed in a way that demonstrates responsible stewardship to Canadians. The internal audit function brings a systematic, disciplined approach to assessing and improving the effectiveness of the Department's risk management, control and governance processes. It provides assurance that:

- risks are appropriately identified and managed
- managerial, financial and operational information is accurate, reliable and timely
- compliance with policies, standards, procedures and applicable laws and regulations is achieved
- resources are acquired economically, used effectively and adequately protected
- program plans and objectives are achieved
- quality and continuous improvement are fostered in ECCC's control processes
- legislative or regulatory issues affecting ECCC are recognized and addressed properly

3. Planning context

Departmental context

ECCC's business is protecting the environment, conserving the country's natural heritage and providing weather and meteorological information to keep Canadians informed and safe. The Department engages with provinces, territories, Indigenous peoples and others to reduce greenhouse gas emissions, drive clean growth, develop efficient regulatory instruments and support adaptation and resilience to climate change domestically and internationally. Program activities support the following core responsibilities:

- taking action on clean growth and climate change
- preventing and managing pollution
- conserving nature
- predicting weather and environmental conditions

As a large and diverse organization, ECCC must respond to a wide range of risks and opportunities. The Department's approach to risk management is detailed in its Integrated Risk Management Framework, which recognizes that a solid understanding of the risk environment is key to achieving established business objectives.

ECCC management also works at identifying operational risks, assessing their potential impact and putting in place mitigation measures to bring them to an acceptable level. The main external, strategic and operational risks for ECCC are outlined in the Corporate Risk Profile (CRP). This document identifies the level of risk (likelihood and impact), mitigation strategies and key accountabilities. ECCC's branches also consider, either formally or informally, their specific risks and mitigation strategies when developing and delivering their programs and services. All of this operational information on risk is the starting point for the internal audit risk analysis.

The identified priorities and risks will continue to guide the Department for the period covered by this RBAP.

Planning considerations

A number of requirements and considerations stemming from the TB policies, directives and guidelines drive audit planning in the federal government. As per the [Policy on Internal Audit](#), the Chief Audit Executive (CAE) is required to prepare an RBAP. This document sets out the priorities of the internal audit activity that are consistent with the organization's goals and priorities, based on identified risk. The annual audit planning process ensures that internal audit activities are relevant, timely and aligned with ECCC's CRP, to support the achievement of the Department's strategic objectives.

In general terms, the AEB's approach to planning considers the following key elements and principles.

- A planning exercise is conducted before the start of each fiscal year, in consultation with senior executives, relevant ECCC governance committees and, as appropriate, with the Office of the Comptroller General (OCG).

- An initial review is based on the AEB's knowledge of program risks and priorities and consideration of a number of key sources and documents, including the Departmental Plan, the Departmental Results Report (DRR) and the CRP.
- Attention is given to any limitation or issue that could impede the delivery of planned projects or affect the allocation of resources.
- Where appropriate, the AEB takes into account similar risks and projects identified by key partner departments (for example, science-based departments and agencies), and considers opportunities for collaboration and joint audits and evaluations.
- A review of the plan ensures that all mandatory requirements are met, including fulfilling commitments specified in the [Policy on Internal Audit](#), its directive and guidance.
- The plan is developed to reflect an adequate resource allocation that factors in available AEB resources, capacity and expertise and considers the capacity of ECCC branches and program areas to accommodate multiple projects.

4. Developing the risk-based audit plan

Identifying the audit universe

The audit universe is a set of all auditable entities. These entities generally correspond to programs, functions or major organizational units. In developing this RBAP, a review was undertaken to align the audit universe with the Departmental Results Framework (DRF), in compliance with the TB [Policy on Results](#) (2016). Research was completed to describe each DRF program and the major activities that support the delivery of program results. Risks were identified for each program based on the Performance Information Profiles and branch risk documentation received. Potential auditable entities were identified based on an analysis of the DRF programs and their supporting activities. Internal services were also defined and auditable entities were identified for each.

It is recognized that the audit universe will need to be adjusted over time as departmental and government priorities and their associated programs change. The current ECCC audit universe is described in [Appendix B](#).

AEB's risk analysis of the audit universe was focused on materiality, inherent risks associated with each entity, consideration of identified corporate risks and management challenges, and the number and findings from past internal and external audits and evaluations. The AEB was also attentive to risk areas identified by senior management and was informed by the AEB's internal scan, through consultations with all branch management teams. In addition, the AEB also made use of the following information sources to identify potential audits associated with high-risk elements in the audit universe:

- the priorities identified in the Departmental Plan and the ECCC Minister's mandate letter
- the Department's relevant legislation
- input to the Departmental Corporate Risk Profile
- the latest Management Accountability Framework assessment
- the current Government of Canada priorities

- previous internal and external audit results
- previous evaluation results

Consulting with ECCC senior management

The CAE and her staff engaged with senior management through consultations with all branch management teams. Joint audit and evaluation consultation sessions ensured that the planning process for both functions was effective, efficient and coordinated. Discussions sought to:

- explain the audit and evaluation planning processes
- discuss the risk analysis and other considerations
- provide a rationale for the proposed audit projects
- validate the proposed highest priority audit projects in the RBAP

The plan was reviewed at the ADM Corporate Operations Committee, the Executive Management Committee and discussed at DAC, which recommended the RBAP for approval by the Deputy Ministers.

Central agency and external assurance providers

ECCC is also subject to audits performed by external assurance providers such as the Office of the Comptroller General (OCG), the Office of the Auditor General (OAG), the Commissioner of the Environment and Sustainable Development (CESD) and the Public Service Commission (PSC). The AEB coordinates audits performed by external organizations. It also provides advice, guidance and assistance to the Deputy Ministers and senior managers throughout the duration of these projects. In addition, the external audit liaison function helps to manage responses to environmental petitions received from the CESD. The AEB allocates 2.5 full-time equivalent employees to manage all external audits and petitions.

The present RBAP takes into account the coverage and frequency of planned external audit engagements. They are factored into the identification of risks and the selection of projects. Table 1 identifies the known planned or ongoing external audit projects where ECCC is involved in FY 2019 to 2020 and FY 2020 to 2021.

Wherever possible, the AEB will leverage external audits to optimize the coverage and timing of its own planned audits and minimize duplication.

Table 1: planned external audit projects for fiscal year 2019 to 2020 and fiscal year 2020 to 2021

| External assurance provider | Planned audits | Tabling date |
|--|---|---------------|
| Commissioner of the Environment and Sustainable Development | Follow-up Audit on Control of Aquatic Invasive Species (Not in scope, third-party reference request only) | April 2, 2019 |
| | Protecting Fish from Mining Effluent | April 2, 2019 |
| | Follow-up Audit on Non-Tax Subsidies for Fossil Fuels | April 2, 2019 |
| | Review of the Departmental Sustainable Development Strategy Goal 8 – Sustainability managed lands and forests | Fall 2019 |
| | Review of the Federal Sustainable Development Strategy 2019-2022 and the 2018 Progress Report on the 2016-2019 Federal sustainable Development Strategy | Fall 2019 |
| | Audit of Canadian Water Basins | Spring 2020 |
| | Audit of Federal Public Consultation | Spring 2020 |
| | Audit of Follow-up Audit on Severe Weather Warnings | Fall 2020 |
| | Audit of Sustainable Development Goals – Agenda 2030 | Fall 2020 |
| | Follow-up audit of Departmental Progress in Implementing Sustainable Development Strategies | Fall 2020 |
| Office of the Auditor General | Audit of Consolidated Financial Statements | Fall 2019 |
| | Audit of Consolidated Financial Statements | Fall 2020 |
| | Audit of Consolidated Financial Statements | Fall 2021 |
| Office of the Comptroller General | Audit of Information for Decision Making | Spring 2022 |
| | Audit of Departmental Performance Measurement | Winter 2022 |
| Public Service Commission | Horizontal Audit on Credential Validation | Spring 2019 |
| | Horizontal Audit on Employment Equity Representation in Recruitment | Fall 2019 |

Project selection

Internal audit takes risks into account, to identify or to help determine potential projects. Risks are assessed by measuring the likelihood and the potential impact of an occurrence. Programs, management activities, processes, policies and control functions, along with departmental and government-wide initiatives, were subjected to a risk assessment and risk-ranking exercise, to select potential audit projects, by order of priority and significance.

To develop the plan, potential audit projects were assigned a risk rating. The independent risk analysis conducted by the AEB included the following considerations:

- an initial review based on the AEB's knowledge of ECCC's programs and priorities and the consideration of a number of key sources and documents, including the CRP and branch risk identification.
- consideration of other related risk assessments such as the OCG's risk-based internal audit plan and the AEB's previous Fraud Risk Assessment
- consideration of similar risks and projects identified by key partner departments, such as science-based departments and agencies
- consultations with senior executives, as well as with DAC, the Deputy Minister and the Associate Deputy Minister

In assigning an overall priority rating to a proposed audit or review project, risks were considered according to the likelihood of occurrence and the potential impact of an occurrence. Where both were rated as high, the overall risk rating and audit priority ranking were high. Although either the likelihood or the impact may be rated as only moderate, if the corresponding impact or likelihood is high, the overall risk rating and audit priority ranking may in certain cases also be classified as high. Table 2 describes the audit priority ranking that the AEB used to choose audit projects.

Table 2: audit priority ranking

| Audit priority | Description |
|-----------------|--|
| High | Audit projects associated with these auditable entities are considered important audit priorities and should be audited within the identified multi-year planning cycle. Ideally, these audits should take place during the two fiscal years of this RBAP. |
| Moderate | Audit resources may be expended on audit projects that are associated with these auditable entities; however, these areas are only of moderate audit priority. Little justification exists to expend a significant level of audit resources on the audit projects associated with these auditable entities within the current cycle. As such, consideration will be given to auditing these projects during the next planning cycle of the RBAP (that is, outside of the current two-year plan). |
| Low | Little to no justification exists to expend a significant level of audit resources on the audit projects associated with these auditable entities. A re-evaluation of the risks associated with this component of the audit universe may be undertaken for the next RBAP cycle. |

Each internal audit project included in the 2019 to 2021 RBAP was selected based on its potential to add value to ECCC's strategic outcomes and operational objectives through the continuous improvement of governance, risk management and control processes. Professional judgment and the information gained from discussions with ECCC senior management and their management teams were used to assess risk and rank the auditable entities. Before completing the final list of projects, several factors were taken into consideration, including:

- the significance of the audit to the Department's overall strategic outcomes and operational objectives
- the readiness of the program area or corporate service function for the audit to occur
- the availability of resources to complete the audit at the designated time
- management priorities
- the timing of known external audits and planned evaluations

5. ECCC internal audit projects for fiscal years 2019 to 2020 and 2020 to 2021

All internal audit projects included in the FY 2019 to 2021 RBAP were ranked as having an overall high priority. Table 3 presents an overview of the planned projects, by fiscal year of tabling. Three audit projects were carried over from FY 2018 to 2019:

- Assessment of pay-related controls
- Audit of occupational health and safety
- Joint audit/evaluation of the management of the Pan-Canadian Framework

The plan also includes the potential for other joint audit and evaluation efforts during the course of an audit or a review. Collaborative efforts may range from conducting joint interviews and collecting and sharing information, to conducting joint engagements. Details and additional information on the audit projects selected for FY 2019 to 2020 and FY 2020 to 2021 are provided in [Appendix A](#).

Table 3: overview of planned ECCC internal audit projects, by fiscal year of tabling to the Departmental Audit Committee

| Tabling in FY 2019 to 2020 | Tabling in FY 2020 to 2021 | Tabling in FY 2021 to 2022 |
|---|---|--|
| Assessment of pay-related controls (June 2019) | Audit of the management of the Low Carbon Economy Fund (June 2020) | Audit of information management (November 2021) |
| Audit of occupational health and safety (November 2019) | Audit of the implementation of the Nature Legacy Initiative (March 2021) | Audit of the implementation of the action plan for Greening Government Operations (March 2022) |
| Joint audit/evaluation of the management of the Pan-Canadian Framework on Clean Growth and Climate Change (November 2019) | Audit of information technology governance (March 2021) | |
| Audit of project management (March 2020) | Audit of the management of consultations with Indigenous peoples (March 2021) | |

6. Related activities

Follow-up on past audit recommendations

The AEB is required by Treasury Board policies to regularly monitor and report on the implementation of management actions and commitments made in response to internal and external audit recommendations. The follow-up process allows management to provide, on an ongoing basis, evidence of actions taken and deliverables completed in response to the audit recommendations. The audit team is responsible for validating the implementation of actions and completion of deliverables. The CAE reports to the Deputy Ministers, DAC and the Performance Measurement, Evaluation and Results Committee (PMERC) on progress in implementing management responses to recommendations. Any significant delays or changes to action plans and planned deliverables, as well as any associated risks, are flagged. The quarterly follow-up reports are approved by the Deputy Ministers and provided to the OCG.

Quality assurance and improvement program

The AEB Quality assurance and improvement program (QAIP) is in place and DAC is regularly briefed on its status.

The primary objective of a QAIP is to promote continuous improvement. It is an ongoing and periodic assessment of the entire spectrum of audit and consulting work performed by the internal audit (IA) function. It includes both internal and external assessments, which are performed to:

- evaluate and express an opinion on the IA function's conformance with the [Policy on Internal Audit](#) and its related [Directive on Internal Audit](#) and with the [International Standards for the Professional Practice of Internal Auditing](#)
- evaluate whether internal auditors apply the [Values and Ethics Code for the Public Sector](#) and the [IIA Code of Ethics](#)
- assess, from a progressive maturity perspective, the efficiency and effectiveness of the IA function and identify opportunities for improvement

In compliance with the Treasury Board of Canada's policies, which includes the Institute of Internal Auditors' International Professional Practices Framework, an external assessment of the audit function must be performed every five years. An external practice inspection of the ECCC audit function was completed in March 2019. It consisted of a self-assessment done by the AEB's Professional Practices and Liaison Division in February 2019, followed by a validation by an external validator. The external validator confirmed the global rating of "generally conforms".

7. Resources and capacity

As shown in Table 4, the implementation of the present RBAP is included in the AEB's FY 2019 to 2020 planned budget of \$4.1 million and estimated 30.58 FTEs. The Internal Audit Division shares resources with the Evaluation Division for the provision of support to committees, document editing and web publication, follow-up on recommendations and advice on practices and methodologies.

Table 4: Audit and Evaluation Branch planned budget for fiscal year 2019 to 2020

| Divisions | FY 2019 to 2020 Planned Budget ¹ | | | |
|--|---|--------------------|--------------------|--------------|
| | Salary | O&M | Total | FTEs |
| Office of the Chief Audit Executive and Head of Evaluation | \$336,710 | \$42,135 | \$378,845 | 3.14 |
| Branch Administration | \$163,961 | \$114,350 | \$278,311 | 2.92 |
| Internal Audit | \$842,658 | \$390,110 | \$1,232,768 | 9.00 |
| Professional Practice and Liaison | \$470,379 | \$65,220 | \$535,599 | 5.52 |
| Evaluation | \$960,692 | \$85,061 | \$1,045,753 | 10.00 |
| Total Divisions | \$2,774,400 | \$696,876 | \$3,471,276 | 30.58 |
| Departmental Audit Committee | \$134,787 | \$20,250 | \$155,037 | 0.00 |
| Sub-Total | \$2,909,187 | \$717,126 | \$3,626,313 | 30.58 |
| ² Predetermined Projects | \$0 | \$525,000 | \$525,000 | 0.00 |
| Total Branch | \$2,909,187 | \$1,242,126 | \$4,151,313 | 30.58 |

¹The fiscal year 2019 to 2020 planned budget represents the resources required to maintain the AEB's core capacity and deliver the Risk-Based Audit Plan and the Departmental Evaluation Plan. It includes both A-base and B-base funds.

²Predetermined projects represent B-base funds identified in TB submissions for the conduct of specific evaluations. These funds cannot be used for other purposes and normally vary from year-to-year, depending on the specific programs and approvals.

As shown in Table 5, the budget for internal audit is \$1.9 million, with 18.44 FTEs to provide audit and advisory services. If an audit project requires a specific expertise, the AEB will use contracted experts to complete the audit team.

Table 5: audit-related activities, planned budget for fiscal year 2019 to 2020

| Activities | FY 2019 to 2020 Planned Budget |
|--|---|
| Salaries ¹ | \$1,411,741 |
| Professional Services ² | \$313,925 |
| Training ³ | \$14,117 |
| Operations and Maintenance ⁴ | \$165,153 |
| Total planned budget | \$1,904,936 |
| Full-time equivalents | FY 2019 to 2020 |
| Number of FTEs - Indeterminate | 12.75 |
| Number of FTEs - Term (include students and casuals) | 5.69 |
| Total FTEs | 18.44 |

¹The salaries include casuals, as well as 50% of the Chief Audit Executive and Head of Evaluation's office, 50% of the administrative function, 50% of Professional Practices and Liaison and 100% of the External Audit function. The total excludes per diems for DAC members.

²Amounts only include consultant fees related to audit/review projects. They do not include translation and editing costs.

³The training budget is based on 1% of the salary requirements.

⁴Operations and Maintenance (O&M) includes 50% of the Chief Audit Executive and Head of Evaluation's office, 50% of the administrative function and 50% of Professional Practice and Liaison, as well as 100% students working in the Internal Audit Division. The total excludes DAC expenditures.

The AEB's management team is committed to delivering the audit projects planned for FY 2019 to 2020. Should the feasibility of delivering on the RBAP be constrained by available resources or other factors, the CAE will bring the issue to DAC's attention, and will recommend any necessary changes to the Deputy Ministers.

Appendix A: description of ECCC planned audits

Appendix A provides details on the preliminary objectives, scope and rationale for each internal audit project included in the RBAP. The objectives and the scope of each audit project will be updated at the end of the planning phase of the audit. The order of the implementation of the projects may change to accommodate resource requirements and availability, changing priorities, the occurrence of external audits that require ECCC's participation and other circumstances beyond the AEB's control.

Tabling in fiscal year 2019 to 2020

| | | |
|--|---|-----------------------------|
| 1. Assessment of pay-related controls | | Audit priority: High |
| <p>Lead branch: Human Resources Branch (HRB); Corporate Services and Finance Branch (CSFB) Office of secondary interest: All branches Start date: Q3 of FY 2018 to 2019 DAC tabling date: Q1 of FY 2019 to 2020</p> | | |
| Preliminary objective and scope | <p>The assessment will:</p> <ul style="list-style-type: none"> • assess the adequacy and effectiveness of the controls within ECCC's responsibility that are in place for the delivery of pay-related services, to support the accurate and timely pay to ECCC employees, with a particular focus on Phoenix issues • examine the alignment of controls with applicable Acts, regulations and policies, including the TBS Guideline on Financial Management of Pay Administration • include the assessment of controls within ECCC's responsibility, both to mitigate the risk of Phoenix pay errors and to address Phoenix issues <p>Given that pay is a shared responsibility, the scope of the assessment will include consultations with the Human Resources Branch, Corporate Services and Finance Branch and a sample of responsibility centre managers and employees across a representative cross-section of sectors.</p> | |
| Rationale | <p>Processes and controls related to pay administration have undergone significant change over the past two years. As such, the roles and responsibilities of ECCC and the Public Services and Procurement Canada's Pay Centre continue to evolve. Within the past year, TBS has published new guidelines for pay administration, to which ECCC is required to adhere.</p> <p>While ECCC has taken measures to improve pay administration, there continues to be a significant volume of pay-related issues affecting ECCC employees. The impact of pay issues is extensive, both on affected employees and on management and staff who are working to resolve pay issues and improve pay processes.</p> <p>Departments provide certain pay-related services to their employees, including the administration of hiring, transfer and separation processes; the establishment and maintenance of employee records (for example, pay rates, payroll deductions, direct deposit information, leave, and pensionable service); the management and processing</p> | |

| | |
|--|--|
| | <p>of overtime, acting and leave without pay transactions; and information and advisory services to employees regarding pay-related provisions.</p> <p>Within ECCC, responsibility for pay administration is shared among:</p> <ul style="list-style-type: none"> • Human Resources Branch (HR Pay Liaison, Integrated Classification and Staffing Solutions and HR Business Transformations) • Corporate Services and Finance Branch (Corporate and Operational Accounting and Financial Policy, Systems and Controls) • responsibility centre managers • employees |
| 2. Audit of occupational health and safety | |
| Audit priority: High | |
| <p>Lead branch: Human Resources Branch (HRB)</p> <p>Office of secondary interest: Enforcement Branch, Canadian Wildlife Service, Science and Technology Branch and Meteorological Service of Canada Branch</p> <p>Start date: Q3 of FY 2018 to 2019</p> <p>DAC tabling date: Q3 of FY 2019 to 2020</p> | |
| Preliminary objective and scope | <p>The audit will assess the adequacy of ECCC's Occupational Health and Safety (OHS) program. Specifically, the audit will assess whether:</p> <ul style="list-style-type: none"> • an adequate governance framework has been established with respect to OHS • adequate OHS operational planning and management processes have been established • an adequate monitoring and reporting framework has been established to ensure that the OHS program is administered in compliance with legal requirements, appropriately responds to any arising issues and enables decision making. |
| Rationale | <p>Legislation is in place to ensure the health and safety of Public Service employees. Criminal charges can be laid under the Canada Labour Code for employers who do not comply with legislation.</p> <p>Departmental risks identified:</p> <ul style="list-style-type: none"> • Work carried out by ECCC staff is among some of the most hazardous in the federal government (20 fatalities in the past 46 years). • There is a potentially high impact should serious incidents occur. • Mental health is an emerging priority. • Obsolete infrastructure related to hydrological services is an important risk to both employee and public safety. <p>Other considerations:</p> <p>There has not been an internal audit of OHS in recent years. An audit at this time would provide management with a snapshot of the effectiveness of its OHS efforts.</p> |

| | |
|--|--|
| 3. Joint audit/evaluation of the management of the Pan-Canadian Framework on Clean Growth and Climate Change | Audit priority: High |
| Lead branch: Pan-Canadian Framework Implementation Office Office of secondary interest: TBD Start date: Q4 of FY 2018 to 2019 DAC tabling date: Q3 of FY 2019 to 2020 | |
| Preliminary objective and scope | <p>The audit will assess the design and effectiveness of the governance structure and related processes put in place to oversee and manage the implementation of the Pan-Canadian Framework on Clean Growth and Climate Change (PCF).</p> <p>The scope of the audit will include an assessment of the governance structure, processes and controls in place to provide governance and oversight on the PCF.</p> <p>Areas to be examined include:</p> <ul style="list-style-type: none"> • governance frameworks • risk management processes • information for decision making • reporting mechanisms • internal and external communications designed to engage stakeholders and partners • project management |
| Rationale | <p>The PCF is a comprehensive national plan developed with the provinces and territories and through engagement with Indigenous peoples. It is designed to meet emissions reduction targets, grow the economy and build resilience to a changing climate.</p> <p>The plan is a key commitment of the government and is identified in the Minister's mandate letter. It includes a pan-Canadian approach to pricing carbon pollution, as well as measures to achieve reductions across all sectors of the economy. It aims to drive innovation and growth by increasing technology development and adoption, to ensure that Canadian businesses are competitive in the global low-carbon economy. It also includes actions to advance climate change adaptation and build resilience to climate impacts across the country.</p> <p>The national plan has about \$2.0 billion in funding over five years, beginning in FY 2017 to 2018, to address climate change and enable Canada to meet its 2030 greenhouse gas emissions target. The PCF commits to reporting regularly and transparently to Canadians on progress.</p> <p>Departmental risks identified:</p> <ul style="list-style-type: none"> • Other levels of government may not agree to participate in the pillar actions. • Funding may not be sufficient to support significant opportunities. • Public expectations are high regarding federal leadership on climate services and the equitable access to climate-related information, data and products. • Data may not be available or different data on the same topic may be provided from multiple sources. |

| | |
|--|--|
| | <p>Other considerations:</p> <p>Provincial, territorial, non-governmental and Indigenous organizations have indicated that there is a significant potential for the scope of the PCFIO's mandate to steadily expand. This could place tremendous pressure on current resources allocated to PCFIO to deliver on its priorities. Additional risks may be introduced through court decisions and pending litigation.</p> |
| <p>4. Audit of project management</p> | |
| <p>Audit priority: High</p> | |
| <p>Lead branch: Corporate Services and Finance Branch (CSFB)/Chief Information Officer (CIO) Office of secondary interest: All branches Start date: Q1 of FY 2019 to 2020 DAC tabling date: Q4 of FY 2019 to 2020</p> | |
| <p>Preliminary objective and scope</p> | <p>The audit will assess ECCC's project management framework, to ensure that there is a systematic approach to managing its projects and associated interdependencies, in compliance with the Treasury Board (TB) Policy on the Management of Projects. As well, the audit will assess whether projects are managed in compliance with the Departmental Project Management Framework and its related tools, and are monitored against established milestones and expected results.</p> <p>The scope of the audit will include an examination of:</p> <ul style="list-style-type: none"> • the effectiveness of the governance and monitoring practices that support clear accountability, oversight, scrutiny and challenge functions • the effectiveness of risk management processes for identifying the key risks facing projects • the operational processes and controls that enable the consistent application of a common project management framework • the tools, training and information management practices that support informed project management decisions |
| <p>Rationale</p> | <p>The Treasury Board gave notice that it would be issuing a new Policy on the Management of Projects in April 2018; however, the new policy has not yet been released. The OCG has indicated that project management is a high priority and has provided departments with recent information and tools on project management. At ECCC, a new governance framework was implemented as a result of the 2017 AEB Review of Governance. As well, CSFB has implemented a new project management framework and related processes and tools.</p> <p>Departmental risks identified:</p> <p>Insufficient project management increases the risk of untimely delivery, excessive costs or project and program failure. There are important new initiatives under the Pan-Canadian Framework and the Nature Legacy Initiative, which require robust project management. Many initiatives are underway to improve ECCC project management, since it is currently not well integrated into the new governance framework. CSFB is working to get a top-down view of the priority of all projects being proposed and their sources of financing.</p> |

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| | <p>Other considerations:</p> <p>All branches and the regions may not have the governance structure and management controls in place to properly implement the TB policy and the new departmental project management framework for all their planned and ongoing projects. An AEB audit in FY 2019 to 2020 would allow time for the recent ECCC changes in governance and project management to take effect. The next Organizational Project Management Capacity Assessment (OPCMA) will be in FY 2020 to 2021.</p> |
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Tabling in fiscal year 2020 to 2021

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| 5. Audit of the management of the Low Carbon Economy Fund | | Audit priority: High |
| <p>Lead branch: Pan-Canadian Framework Implementation Office (PCFIO)</p> <p>Office of secondary interest: Corporate Services and Finance Branch (CSFB)</p> <p>Start date: Q1 of FY 2019 to 2020</p> <p>DAC tabling date: Q1 of FY 2020 to 2021</p> | | |
| Preliminary objective and scope | <p>The audit will assess the effectiveness of the management of the Low Carbon Economy Fund (LCEF).</p> <p>The scope of the audit will include the governance, risk management and controls in place to manage the grants and contributions program.</p> | |
| Rationale | <p>The \$2 billion LCEF is one of the four pillars of the Pan-Canadian Framework on Clean Growth and Climate Change (PCF).</p> <p>The LCEF has two components:</p> <ul style="list-style-type: none"> • the Low Carbon Economy Leadership Fund, which provides a total of \$1.4 billion to provinces and territories that have adopted the PCF (\$30 million, plus additional funding based on population) • the Low Carbon Economy Challenge Fund, which provides a total of more than \$500 million for projects that aim to reduce emissions and generate clean growth in support of the PCF <p>Departmental risks identified:</p> <ul style="list-style-type: none"> • multiple and diverse stakeholders, including the provinces and territories and Indigenous people • complex and high-level governance (Deputy Ministers Steering Committee) • new and distinct grants and contributions framework • high media attention <p>Other considerations:</p> <ul style="list-style-type: none"> • Concurrent to the audit of the PCF. | |

| 6. Audit of the implementation of the Nature Legacy Initiative | | Audit priority: High |
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| <p>Lead branch: Canadian Wildlife Service (CWS)</p> <p>Office of secondary interest: All branches</p> <p>Start date: Q4 of FY 2019 to 2020</p> <p>DAC tabling date: Q4 of FY 2020 to 2021</p> | | |
| <p>Preliminary objective and scope</p> | <p>The audit will assess the adequacy and effectiveness of the management control framework in place to ensure that the Nature Legacy Initiative’s objectives are met and that relevant authorities and policies are complied with.</p> <p>The scope of the audit will include the following elements of the Nature Legacy Initiative:</p> <ul style="list-style-type: none"> • governance structure and process • management control framework • risk management strategies and methods <p>The audit will also include mechanisms established to manage the Canada Nature Fund grants and contributions programs.</p> | |
| <p>Rationale</p> | <p>The Government of Canada’s Nature Legacy Initiative will invest \$1.35 billion in nature conservation in Canada. This funding is intended to help Canada achieve its goal of protecting at least 17% of terrestrial areas and inland waterways by 2020 and transform how Canada works to recover species at risk.</p> <p>ECCC is a key player, along with other departments such as the Department of Fisheries and Oceans, Natural Resources Canada, Parks Canada and Crown-Indigenous Relations and Northern Affairs Canada.</p> <p>The Canada Nature Fund is an umbrella fund with two principal funding streams:</p> <ul style="list-style-type: none"> • Spaces-stream funding to support the establishment of new protected and conserved areas • Species-stream funding focused on activities designed to protect and recover wildlife and migratory birds listed as species at risk <p>To satisfy the obligations of the Species at Risk Act (SARA) and achieve better conservation outcomes for species at risk, the pragmatic and transformative approach proposes to:</p> <ul style="list-style-type: none"> • advance protection and recovery action for up to 200 terrestrial species at risk through multi-species and ecosystem-based approaches, focusing on seven terrestrial priority places that have high biodiversity, on priority species like Boreal Caribou and on priority sectors such as agriculture, forestry and urban development • advance partnerships for protection and recovery through a new Indigenous Species at Risk Partnership initiative and through the Canada Nature Fund that supports and leverages conservation funding and actions of partners to address priority issues | |

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| | <ul style="list-style-type: none"> • stabilize sunsetting funding for species assessment, listing and recovery planning <p>Departmental risks identified:</p> <ul style="list-style-type: none"> • Non-compliance with obligations under SARA could result in damage to ECCC's reputation. • An inability to effectively and thoroughly consult with Indigenous partners • Species could become extinct. <p>Other considerations:</p> <ul style="list-style-type: none"> • Current program changes and reorganization • Legal liabilities • Findings from the 2013 and 2018 audits of the Commissioner of the environment and sustainable development and the 2018 ECCC-led horizontal evaluation <p>One of the priorities for ECCC is to continue to implement SARA by responding quickly to science-based advice and by taking action to implement the recovery strategies. The Minister is required to report every five years on results under the action plan for each species.</p> <p>There is an opportunity for the audit to be undertaken jointly with an evaluation of the program.</p> |
| 7. Audit of information technology governance | |
| <p style="text-align: right;">Audit priority: High</p> <p>Lead branch: Corporate Services and Finance Branch (CSFB)/Chief Information Officer (CIO) Office of secondary interest: All branches Start date: Q4 of FY 2019 to 2020 DAC tabling date: Q4 of FY 2020 to 2021</p> | |
| <p>Preliminary objective and scope</p> | <p>The audit will provide reasonable assurance that ECCC has an adequate IT governance structure in place to support the management of IT across the Department.</p> <p>The audit will determine whether:</p> <ul style="list-style-type: none"> • an adequate IT governance framework is in place to support transparent, risk-based decision making related to IT activities • ECCC's IT strategy is aligned with the departmental business strategy and investment plan • the IT strategy is effectively delivered through clear resource allocation decisions, clear expectations and performance measurement and monitoring • the IT strategy adequately considers and is consistent with the whole-of-government IT direction and policy requirements <p>The scope of the audit will include a review of the IT strategic and operational plans, IT governance structures, IT-enabled project oversight, alignment with business and investment planning and governance mechanisms.</p> |

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| Rationale | <p>IT governance is an integral part of enterprise governance. It consists of the leadership and organizational structures and processes designed to ensure that an organization's IT sustains and extends that organization's strategies and objectives.</p> <p>The primary goal of a sound IT governance framework is to ensure that the investments in information management and technology generate business value. It also helps to mitigate the risks associated with IT, such as cyber-security threats and misalignment of IT and business priorities. Because IT governance forms an integral part of enterprise-wide governance, it should be viewed as a shared responsibility among the organization's executive management, the business leaders throughout the Department and the IT function.</p> <p>Departmental risks identified:</p> <p>Ineffective IT governance increases the risk that:</p> <ul style="list-style-type: none"> • IT resources and activities could be allocated to lower priority initiatives • business units could lose confidence in IT management • IT projects could be late and over budget • IT issues and challenges could be unresolved for an extended period <p>Other considerations:</p> <p>Branch management has expressed concern over the degree to which end-user tools support science and technology specialists.</p> |
| 8. Audit of the management of engagement with Indigenous peoples | Audit priority: High |
| <p>Lead branch: Public and Indigenous Affairs and Ministerial Services Branch (PIAMSB)</p> <p>Office of secondary interest: Canadian Wildlife Service, Enforcement Branch, Environmental Protection Branch, Meteorological Service of Canada, Science and Technology Branch and Strategic Policy Branch</p> <p>Start date: Q1 of FY 2020 to 2021</p> <p>DAC tabling date: Q4 of FY 2020 to 2021</p> | |
| Preliminary objective and scope | <p>The audit will assess the adequacy and effectiveness of the governance and the management of engagement frameworks and other tools to support engagement activities with Indigenous peoples.</p> <p>The scope of the audit will include the process and the engagement mechanisms in place to oversee and track all engagement activities carried out across different branches, to ensure consistency with best practices and the evolving policy context. The legal duty to consult with Indigenous peoples will not be included in the scope of the audit.</p> |
| Rationale | <p>ECCC engages with Indigenous groups in delivering on its statutory and regulatory mandate, including decisions related to conservation, wildlife management and pollution prevention.</p> <p>Some branches are more involved than others, particularly the Public and Indigenous Affairs and Ministerial Services Branch, the Environmental Protection Branch, the</p> |

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| | <p>Canadian Wildlife Service, the Strategic Policy Branch, the Meteorological Service of Canada, the Enforcement Branch and the Science and Technology Branch.</p> <p>Departmental risks identified:</p> <p>ECCC may not be fully able to meet the expectations of Indigenous groups with respect to engagement, or to provide sufficient resources to support effective engagement.</p> <p>Failing to effectively engage with Indigenous peoples may impact the ability of the Department to deliver on results.</p> |
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Tabling in fiscal year 2021 to 2022

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| 9. Audit of information management | | Audit priority: High |
| <p>Lead branch: Corporate Services and Finance Branch (CSFB)/Chief Information Officer (CIO)</p> <p>Office of secondary interest: All branches</p> <p>Start date: Q4 of FY 2020 to 2021</p> <p>DAC tabling date: Q3 of FY 2021 to 2022</p> | | |
| Preliminary objective and scope | <p>The audit will assess whether governance and monitoring control frameworks over information management (IM) are in place.</p> <p>The scope of the audit includes the IM governance and monitoring control frameworks in place at the start of the audit. The audit will also focus on the management of the implementation of the GCdocs application, including planning to:</p> <ul style="list-style-type: none"> • structure branch information content • transition and migrate or integrate information from shared drives and ECollab or other shared information repositories • establish default attributes for access to and sharing of information holdings • train and provide support to departmental staff <p>The ECCC Data Strategy may be the subject of a separate audit.</p> | |
| Rationale | <p>Government legislation such as the Library and Archives of Canada Act and the Security of Information Act, as well as established policies on the management of information, demonstrate that it is a priority for the government. The TB Policy on information management was amended in April 2018. The Department is responsible for complying with legislation and policies. The effective management of information is essential to achieving ECCC's mandate.</p> <p>Among other requirements, the Deputy Minister is responsible for:</p> <ul style="list-style-type: none"> • ensuring that departmental programs and services integrate information requirements into development, implementation, evaluation and reporting activities • ensuring that electronic systems are the preferred means of creating, using and managing information • approving the departmental information management plan, which may be included as part of an integrated IM and information technology (IT) plan | |

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| | <ul style="list-style-type: none"> • maximizing the release of departmental information under an open and unrestrictive unless otherwise specified, authority designated by TBS <p>Departmental risks identified:</p> <ul style="list-style-type: none"> • Implementation of IM and records management priorities may lose momentum if an integrative change management approach is not completed • Lack of effective records management system and practices • Current implementation of GCdocs • MAF results indicated that ECCC is encouraged to implement a designated corporate repository, to better support collaboration and evidence-based decision making • Management practices for information management in the Department are not consistent or harmonized • Information management is not well integrated into the new governance framework <p>Other considerations:</p> <p>The EDRMS Project is currently in the early implementation phase. It includes both GCdocs and ECollab platforms. The EDRMS Project is part of the broader Transformation@EC initiative undertaken by CSFB. An audit would provide assurance that ECCC is able to properly protect secure data and information. The Department's IM plan should support Access to Information and Privacy requirements.</p> |
| <p>10. Audit of the implementation of the Action Plan for Greening Government Operations</p> | |
| <p>Audit priority: High</p> | |
| <p>Lead branch: Corporate Services and Finance Branch (CSFB) Office of secondary interest: All branches Start date: Q4 of FY 2020 to 2021 DAC tabling date: Q4 of FY 2021 to 2022</p> | |
| <p>Preliminary objective and scope</p> | <p>The audit will assess the management control framework over ECCC's actions to contribute to a low-carbon government goal.</p> <p>The scope of the audit will include:</p> <ul style="list-style-type: none"> • the governance and accountability framework that is in place and its alignment with government priorities • risk assessment mechanisms and controls • reporting on the implementation strategy for Greening Government Operations |
| <p>Rationale</p> | <p>Reporting on the reduction of greenhouse gas emissions, including climate change adaptation through adequate departmental assets, services and operations, was found to be a high priority, not only for ECCC's senior management but also for the federal government as a whole.</p> <p>The Greening of Government Operations Strategy will support Canada's sustainability goals established under the Paris Agreement on climate change and in the Pan-Canadian Framework on Clean Growth and Climate Change. The departmental</p> |

implementation strategy should be aligned with the United Nation's 2030 Agenda for Sustainable Development and the Federal Sustainable Development Strategy.

Under the [Federal Sustainable Development Act](#), departments are required to develop sustainable development strategies. These strategies should include each department's own objectives and plans and set out how it will contribute to meeting the government's overall commitments. As a lead-by-example department, ECCC will take action to meet the low carbon government goal. ECCC is currently setting in motion its implementation strategy for Greening Government Operations.

The TBS [Policy on Green Procurement](#) identifies ECCC as supporting TBS in implementing the policy government-wide by providing:

- scientific, technical and environmental policy expertise
- advice on environmental aspects and impacts and environmental standards
- setting environmental performance measures
- information on performance data and availability of environmental goods and services

Departmental risks identified:

There is a risk that ECCC'S implementation strategy for Greening Government Operations will not effectively address various and increasingly stringent government requirements, such as:

- current ECCC activities and equipment that pose potential risks to the environment
- travel practices that contribute to greenhouse gas emissions
- partners who may not yet have assessed or managed their own climate-change risks

The Greening Government Operations Initiative is subject to political and public pressures that could change if there is a change in government or if there is a shift in public opinion or priorities.

Other considerations:

Departmental leadership is critical for the achievement of Canada's environmental and sustainability development goals. Introduced in 2017, the federal government's Greening Government Operations Strategy sets an ambitious target of reducing greenhouse gas emissions from federal operations by 40% by 2030 relative to 2005 levels.

Appendix B: potential auditable elements

The audit universe is a set of all the auditable entities that generally correspond to programs, functions or major organizational units. The following is not meant to be an exhaustive list of auditable entities at ECCC. Rather, it presents some of the elements that could be considered as auditable.

| Core Responsibilities | |
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| Program/Function | Potential Auditable Elements |
| Taking action on clean growth and climate change <ul style="list-style-type: none"> Clean growth and climate change mitigation International climate change action Climate change adaptation | Governance, risk management and internal controls related to : <ul style="list-style-type: none"> Structure and reporting relationship Budgeting and resource allocation Expenditure management Transfer payments (including grants and contributions) Project management Compliance with laws and regulations Compliance with central agency policies Values and ethics Stakeholders relations and client satisfaction Partnerships Program delivery |
| Preventing and managing pollution <ul style="list-style-type: none"> Air quality Community eco-action Water quality and ecosystems partnership Substances and waste management Compliance promotion and enforcement – pollution | |
| Conserving nature <ul style="list-style-type: none"> Species at risk Migratory birds and other wildlife Habitat conservation and protection Biodiversity policy and partnerships Environmental assessment Compliance promotion and enforcement – wildlife | |
| Predicting weather and environmental conditions <ul style="list-style-type: none"> Weather and environmental observations, forecasts and warnings Hydrological services | |

| Internal Services | |
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| Program/Function | Potential Auditable Elements |
| Management and oversight | <ul style="list-style-type: none"> • Greening government Initiative • Management of consultations with Indigenous peoples • Governance • Risk management • Standards and regulatory development process • Performance measurement • External reporting on performance |
| Communications | <ul style="list-style-type: none"> • Communications management |
| Legal services | Not an ECCC auditable entity |
| Human resources | <ul style="list-style-type: none"> • Occupational health and safety • Labour relations • Classification and staffing • Employment equity • Mental health • Organizational culture • Pay |
| Financial management | <ul style="list-style-type: none"> • Management of grants and contributions • Capital assets management • Budgeting and forecasting • Investment planning • Financial reporting • Financial management advisory services • Financial internal controls • Delegation of authorities |
| Information management | <ul style="list-style-type: none"> • Privacy management • Information management • Business analysis • Access to information and privacy (ATIP) • Information management systems |
| Information technology – data | <ul style="list-style-type: none"> • Data governance • Data analytics • Digital plan |
| Information technology – technology | <ul style="list-style-type: none"> • IT governance • IT service delivery |

| Internal Services | |
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| Program/Function | Potential Auditable Elements |
| | <ul style="list-style-type: none"> • IT security • IT investment planning • IT project management • Enterprise architecture • Management of external service provider relationship |
| Material management | <ul style="list-style-type: none"> • Manage assets • Operate, repair and maintain equipment • Asset disposal |
| Acquisition management | <ul style="list-style-type: none"> • Management and delivery of procurement |
| Real property | <ul style="list-style-type: none"> • Capital assets management • Safety and security of real property holdings |
| Security | <ul style="list-style-type: none"> • Business continuity management • Physical security management • Personnel security management |