



Risk-based Audit Plan, fiscal year 2020 to 2021

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**Risk-based Audit Plan
FY 2020 to 2021**

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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
ECCC	Environment and Climate Change Canada
FTE	Full-time equivalent
FY	Fiscal year
G&C	Grants and contributions
IIA	Institute of Internal Auditors
IM	Information management
IT	Information technology
MAP	Management action plan
OAG	Office of the Auditor General
OCG	Office of the Comptroller General
PMERC	Performance Measurement, Evaluation and Results Committee
PSC	Public Service Commission
QAIP	Quality Assurance and Improvement Program
RBAP	Risk-based audit plan
RES	Research scientists
TB	Treasury Board of Canada
TBS	Treasury Board of Canada Secretariat

1. Introduction

The Audit and Evaluation Branch (AEB) prepared the ECCC Risk-based audit plan for the Deputy Ministers, in keeping with the Treasury Board [Policy on Internal Audit](#).

COVID-19 Considerations

Given the COVID-19 pandemic and continued global uncertainty, the ECCC RBAP presents a one-year plan, focusing on the audit engagements planned for fiscal year 2020 to 2021. In this way, internal audit can support the allocation of audit resources to those areas that represent the most significant risks to the achievement of ECCC's objectives during these unprecedented times. Over the course of the year, the AEB will review the plan and adjust it as needed to meet evolving priorities in the Department.

ECCC's DAC reviewed the RBAP at its June 17, 2020 meeting and recommended the plan to the Deputy Ministers for approval. The Deputy Minister and the Associate Deputy Minister approved the RBAP on August 3, 2020.

2. The role of internal audit

The role of internal audit in the federal government is evolving. The Office of the Comptroller General is leading the renewal of a vision for internal audit to support managing change in today's government. External factors such as technology and the environment are driving the unprecedented complexity and pace of change.

The primary objective 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. However, internal audit at ECCC must also be able to provide credible, useful and timely information and advice for decision making that takes into consideration the Department's objectives and risk tolerance.

That said, the COVID-19 pandemic has launched the Department into uncharted waters. Internal audit can play an important role by providing independent assurance as the Department changes the way work is performed to support the delivery of ECCC's mandate. As a strategic partner for senior management, internal audit can help to foster organizational learning and continuous improvement. It can also be a valuable catalyst for organizational change, leveraging audit findings to help develop best practices and forward-looking solutions that benefit all of ECCC.

3. Planning context

Departmental context

In response to the COVID-19 pandemic, ECCC has had to adapt to a rapidly changing public health, economic, and social environment.

On March 16, 2020, the Secretary of the Treasury Board of Canada advised that federal public servants would telework when possible while making sure that critical government operations and services to Canadians continue. ECCC activated its business continuity plan (BCP) and has been adapting to ensure that the Department continues to deliver on its mandate.

Throughout this time of upheaval, ECCC's core business has not changed. It is still responsible for 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 risk context and approach to risk management are detailed in its Corporate Risk Profile (CRP), which recognizes that a solid understanding of the risk environment is key to achieving established business objectives. The document outlines the main risks to which the departmental objectives are exposed and identifies the level of risk (likelihood and impact), key drivers (or root causes) and management's responses.

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. ECCC's branches also consider, either formally or informally, the specific risks and mitigation strategies when developing and delivering their programs and services.

The AEB used this operational information on risk as the starting point for conducting an internal audit risk analysis and selecting the internal audit engagements 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 [Directive on Internal Audit](#), the Chief Audit Executive (CAE) is required to establish, at least annually, a risk-based audit plan. The annual audit planning process ensures that internal audit activities are relevant, timely, aligned with ECCC's CRP and supports the achievement of the Department's strategic objectives.

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

- conducting a planning exercise 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)
- conducting an initial review based on the AEB's knowledge of program risks and priorities and consideration of key sources and documents, including the Departmental Plan, the Departmental Results Report and the CRP
- identifying any limitations or issues that could impede the delivery of programs or projects or affect the allocation of resources
- considering, where appropriate, similar risks and projects identified by key partner departments (for example, science-based departments and agencies)
- identifying opportunities for collaboration on joint audits and evaluations
- determining 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 within an organization that generally correspond to programs, functions or major organizational units. It is adjusted over time as departmental and government priorities and their associated programs change. The current ECCC audit universe is described in [Appendix B](#).

In developing this RBAP, a review was undertaken to ensure alignment of the audit universe with the Departmental Results Framework (DRF). Research was completed to describe each DRF program and the major activities that support the delivery of program results, as well as internal services. Some risks were identified based on the performance information profiles and branch risk documentation.

The AEB also considered factors such as the materiality, the inherent risks associated with each entity, identified corporate risks and management challenges and the findings from past internal and external audits and evaluations. The AEB consulted 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
- the Departmental Corporate Risk Profile
- the latest Management Accountability Framework assessment
- the current Government of Canada priorities
- previous internal and external audits
- previous evaluations

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 engagements
- obtain the perspectives of senior management on audit coverage, as well as the timing, relevance and value of the proposed engagements
- validate the proposed highest priority audit projects in the RBAP

In March 2020, ECCC's business continuity plan was implemented in response to the COVID-19 pandemic. The changes to how the Department operates were assessed and the RBAP was adjusted to ensure that the planned engagements are aligned with the new organizational context and provide value to senior management.

The Executive Management Committee reviewed the revised plan in June 2020. DAC recommended the revised RBAP to the Deputy Ministers for approval at its June 2020 meeting.

External assurance providers

The AEB coordinates 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 also provides advice, guidance and assistance to the Deputy Ministers and senior managers throughout these projects. In addition, the external audit liaison function helps

to coordinate the Department's response to environmental petitions received from the CESD. It should be noted that ECCC receives the majority of the environmental petitions that Canadians submit to the CESD.

The present RBAP takes into account the coverage and frequency of planned external audit engagements. Wherever possible, the AEB will leverage external audits to optimize the coverage and timing of its own planned audits and minimize duplication. Table 1 identifies the known planned or ongoing external audit projects where ECCC is involved in fiscal year (FY) 2020 to 2021. The tabling dates are determined by the external assurance providers and are subject to change. The external assurance providers may adjust project timelines as needed in response to ongoing COVID-19 measures and available resources.

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

External assurance provider	Planned audits	Tabling date
Public Service Commission	Horizontal Audit on Employment Equity Representation in Recruitment	Fall 2020
	Horizontal Audit of Student Hiring under Federal Student Work Experience Program (FSWEP)	2020-2021
Commissioner of the Environment and Sustainable Development	Review of the Departmental Sustainable Development Strategy: Goal 13 – Safe and Healthy Communities	Fall 2020
	Audit of Sustainable Development Goals – Agenda 2030 (third-party involvement)	Spring 2021
	Audit of Canadian Water Basins	Spring 2021
	Audit of the Management of Marine Oil Spills	Fall 2021
Office of the Auditor General	Audit of Consolidated Financial Statements, 2019-2020	Spring 2021
	Audit of Investing in Canada Plan (IICP)	Spring 2021
Office of the Comptroller General	Audit of Departmental Implementation of Digital Standards (inclusion of ECCC in scope TBC)	Spring 2021

Project selection

Internal audit takes risks into account, to identify or to help determine potential projects. To develop the plan, entities from the audit universe were subjected to a risk-ranking exercise designed to identify potential high-value audit engagements, based on priority and significance.

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 information from corporate documents and other key sources
- other related risk assessments such as the OCG's risk-based internal audit plan
- materiality and inherent risks associated with an entity
- similar risks and projects identified by key partner departments, particularly other science-based departments and agencies
- consideration of past internal audit, external audit and evaluation coverage
- results of the consultations with senior management, DAC, the Deputy Minister and the Associate Deputy Minister
- guidance and best practices for internal audit in the COVID-19 context and the emerging risks related to COVID-19 identified by the OCG

In assigning an overall priority rating to proposed audit or review projects, 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 was 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 included in the planning cycle. Ideally, these audits should take place during the timeframe 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. Limited 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.
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 planning cycle.

Each internal audit project included in the 2020 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 obtained from discussions with ECCC senior management and their management teams were used to develop the final list of projects.

The following factors were used to assess risk and rank the auditable entities:

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

To ensure the relevance and value-add of the RBAP during the COVID-19 global pandemic, the AEB adjusted its original two-year plan and the list of audit engagements in May 2020, to take into account emerging and heightened risks impacting the Department.

5. ECCC internal audit projects for fiscal year 2020 to 2021

Six audit engagements are planned for FY 2020 to 2021. All audit engagements included in this plan are ranked as having an overall high priority. As well, to audit projects begun in FY 2019 to 2020 will be tabled at DAC in FY 2020 to 2021:

- Audit of project management
- Audit of the administration of grants and contributions for the Low Carbon Economy Fund

No formal joint audit and evaluation engagements are planned for FY 2020 to 2021. However, the potential exists for other audit and evaluation activities during the course of an audit or a review. For example, collaborative efforts could include conducting joint interviews and collecting and sharing information to conducting joint engagements.

Because of the COVID-19 pandemic, ECCC has had to adapt to a rapidly changing public health, economic and social environment. Throughout the year, the AEB will undertake various engagements designed to provide accurate and timely information to inform decision making. In this way, internal audit can support the work on areas at ECCC that represent the most significant risks to the organization during these unprecedented times.

These engagements will cover topics that emerge as the COVID-19 situation evolves. The objective and scope of each sub-engagement will be determined in consultation with the Deputy Ministers. As part of these ongoing consulting engagements, the AEB will :

- Review, summarize and analyze the information provided by the branches
- Research and document emerging and heightened risks to departmental operations
- Perform other tasks as evolving priorities require and as determined by the Deputy Ministers

Table 3 sets out ECCC internal audit engagements, by date of tabling to DAC.

Table 3: planned ECCC internal audit engagements, by date of tabling to the Departmental Audit Committee

Audit	DAC Tabling Date
Audit of project management	September 2020
Audit of the administration of grants and contributions for the Low Carbon Economy Fund	September 2020
Review of the ECCC's research scientists (RES) career progression committee structure	September 2020
Preliminary assessment of ECCC's Business Continuity Management Planning	December 2020
Risk assessment of the TerraCanada Cluster of Laboratories Canada	December 2020
Risk assessment of the Atlantic Science Enterprise Centre Cluster of Laboratories Canada	December 2020
Audit of the administration of grants and contributions for the Canada Nature Fund	March 2021
Review of the management of sensitive information	December 2021

Details and additional information on the audit engagements selected for FY 2020 to 2021 are provided in [Appendix A](#).

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 evaluations and 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 audit deliverables. The CAE reports to the Deputy Ministers, DAC and the Performance Measurement, Evaluation and Results Committee (PMERC) on progress in implementing management actions to address 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.

Quality assurance and improvement program

The AEB Quality assurance and improvement program (QAIP) is in place and DAC is regularly briefed on the maturity level of the ECCC audit function.

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 and the Institute of Internal Auditors' International Professional Practices Framework, an external assessment of the audit function must be performed every five years. The last external assessment of the ECCC audit function was completed in March 2019, where the audit function received a 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 2020 to 2021 planned budget of \$4.3 million and estimated 31.21 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 2020 to 2021

Divisions	FY 2020 to 2021 Planned Budget ¹			
	Salary	O&M	Total	FTEs
Office of the Chief Audit Executive and Head of Evaluation	\$331,569	\$23,620	\$355,189	2.98
Branch Administration	\$166,420	\$95,650	\$262,070	2.00
Internal Audit	\$883,279	\$332,384	\$1,215,663	9.53
Professional Practice and Liaison	\$502,768	\$12,340	\$515,108	6.00
Evaluation	\$1,131,216	\$120,314	\$1,251,530	10.70
Total Divisions	\$3,015,252	\$584,308	\$3,599,560	31.21
Departmental Audit Committee	\$92,550	\$26,737	\$119,287	0.00
Sub-Total	\$3,107,802	\$611,045	\$3,718,847	31.21
² Predetermined Projects	\$0	\$595,000	\$595,000	0.00
Total Branch	\$3,107,802	\$1,206,045	\$4,313,847	31.21

¹The fiscal year 2020 to 2021 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 \$1.88 million, with 16.02 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 2020 to 2021

Activities	FY 2020 to 2021 Planned Budget
Salaries ¹	\$1,469,062
Professional Services ²	\$290,500
Training ³	\$14,691
Operations and Maintenance ⁴	\$107,689
Total planned budget	\$1,881,942
Full-time equivalents	FY 2020 to 2021
Number of FTEs - Indeterminate	14.91
Number of FTEs - Term (include students and casuals)	1.11
Total FTEs	16.02

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 the per diems for DAC members.

²Amounts only include consultant fees related to audit engagements. They do not include translation and editing fees.

³Training is based on 1% of the salary requirements.

⁴Operations and Maintenance include 50% of the Chief Audit Executive and Head of Evaluation's office, 50% of the administrative function and 50% of Professional Practices and Liaison, as well as 100% of students working in the Internal Audit Division. The total excludes DAC expenditures.

The AEB's management team is committed to delivering the audit engagements planned for FY 2020 to 2021. 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 audit engagements

Appendix A provides details on the preliminary objective, scope and rationale for each new internal audit engagement included in the RBAP. The objective and the scope of each engagement will be updated at the end of the planning phase. Over the course of FY 2020 to 2021, the AEB will review the RBAP and adjust the plan as required to meet evolving priorities. As well, 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. In this way, the internal audit team can support the work of ECCC in those areas that represent the most significant risk during these unusual times

Two audit projects are carried over from the 2019 to 2020 RBAP: Audit of project management and Audit of the administration of grants and contributions for the Low Carbon Economy Fund. Both audit projects are scheduled for tabling to the Departmental Audit Committee in September 2020. In addition, six new audit engagements are planned, as follows:

1. Review of ECCC's research scientists (RES) career progression committee structure
2. Preliminary assessment of ECCC's Business Continuity Management Planning
3. Risk assessment of the TerraCanada Cluster of Laboratories Canada
4. Risk assessment of the Atlantic Science Enterprise Centre Cluster of Laboratories Canada
5. Audit of the administration of grants and contributions for the Canada Nature Fund
6. Review of the management of sensitive information

1. Review of ECCC's research scientists (RES) career progression committee structure	Audit priority: High
<p>Lead branch: Science and Technology Branch (STB)</p> <p>Office of secondary interest: N/A</p> <p>Start date: Q4 of FY 2019 to 2020</p> <p>DAC tabling date: Q2 of FY 2020 to 2021 (September 2020)</p> <p>Core Responsibility: Internal Services</p> <p>Materiality: N/A</p> <p>Age/Stage: Ongoing commitment</p> <p>Core/Supporting: Supports the process to manage RES career progression</p>	
Preliminary objective and scope	<p>The preliminary objective of this review is to assess whether the committee structure in place for overseeing the career progression of ECCC's research scientists (RES) meets the needs of senior management and supports effective decision making.</p> <p>The preliminary scope of the review could look at the governance structure and the roles and responsibilities of the key stakeholders. As well, the review could look at the following questions:</p> <ul style="list-style-type: none"> • Is there an effective risk and issues management process in place to support the management of RES career progression? • How do ECCC's RES career progression process and committee structure compare with best practices identified at other science-based departments and agencies (SBDA)?
Background/ Rationale	<p>The research (RE) classification group is unique in the Public Service. It is the only incumbent-based group where the classification of a specific position depends on the output of the incumbent. Most members of the RE group are research scientists. Career progression, standards and the general implementation of the promotion process for the 185 scientists at ECCC is governed by the Career Management Progression Framework for Federal Researchers.</p> <p>In 2019, at the request of management in the Science and Technology Branch, the Audit and Evaluation Branch completed a benchmarking study of good practices in RES promotion processes. The study focused on identifying good practices used in other departments to implement the Framework. The proposed review would build on the results of the 2019 study.</p> <p>Departmental risks identified</p> <ul style="list-style-type: none"> • Inadequate administration and oversight of the Framework and an ineffective career progression and promotion process could lead to the loss of the research scientists needed to support ECCC's mandate • Negative media coverage and loss of reputation

	Other considerations <ul style="list-style-type: none"> Benchmarking Study of Good Practices in RES Promotion Processes (August 2019)
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2. Preliminary assessment of ECCC's Business Continuity Management Plan		Audit priority: High
Lead branch: Corporate Services and Finance Branch, Human Resources Branch Office of secondary interest: N/A Start date: Q1 of FY 2020 to 2021 DAC tabling date: Q3 of FY 2020 to 2021 (December 2020) Core Responsibility: Internal Services Materiality: N/A Age/Stage: Ongoing commitment Core/Supporting: Supports the process for establishing key priorities		
Preliminary objective and scope	This engagement covers topics that have emerged as ECCC activated and implemented the Pandemic Response Plan to manage business continuity. The objective and scope of the preliminary assessment is to review key actions taken by the department and identify best practices and areas for improvement in the ECCC's business continuity management during a pandemic, with a view to inform decision making for the recovery phase.	
Background/ Rationale	Because of the COVID-19 pandemic, ECCC has had to adapt to a rapidly changing public health, economic and social environment. On March 12, 2020, ECCC activated its Pandemic Response Plan at Level 3, in response to measures or infections in Canada having a direct impact on the Department, such as widespread school closures, curtailment of public gatherings, or clusters of cases within the Department. This level of response consists of actions taken during and immediately after an event, for the purposes of managing its consequences. The first priority in this phase is the safety of employees. The second priority is the maintenance of critical services and the critical service function, in accordance with departmental priorities. On March 15, 2020, the Secretary of the Treasury Board of Canada advised that federal public servants would telework when possible, while ensuring that critical government operations and services to Canadians continue. The next phase will be recovery and continuity, which consists of actions taken after the emergency to re-establish, rebuild or replace conditions and services to an acceptable level. Although the threat of COVID-19 is still present, ECCC is currently developing a framework for the resumption of work that goes beyond the critical services and critical service functions.	

	Other considerations The need to: <ul style="list-style-type: none"> take into consideration the advice from public health authorities document non-standard applications of Treasury Board policies to oversight bodies (Office of the Auditor General) develop plans to ensure the smooth transition to normal business operations, including the adoption of new processes as required
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3. Risk assessment of the TerraCanada Cluster of Laboratories Canada		Audit priority: High
Lead branch at ECCC: Science and Technology Branch (STB) Office of secondary interest at ECCC: TBD Start date: Q1 of FY 2020 to 2021 DAC tabling date: Q3 of FY 2020 to 2021 (December 2020) Core Responsibility: Clean Growth and Climate Change Materiality: About \$1.3 billion over five years (Phase 1) Age/Stage: Phase 1 of a 25-year strategy Core/Supporting: ECCC plays a supporting role in the TerraCanada Cluster		
Preliminary objective and scope	<p>The National Research Council and Natural Resources Canada are the co-leads for this assessment. ECCC will conduct the assessment internally and will share the findings with the co-leads and the other partners, namely Health Canada and the Canadian Nuclear Safety Commission.</p> <p>The preliminary objective of the risk assessment is to provide an independent and objective assessment of the risks for the TerraCanada Cluster of Laboratories Canada.</p> <p>The preliminary scope of the assessment could include a review of the governance structure and the roles and responsibilities of the key stakeholders. As well, the assessment could look at the following questions:</p> <ul style="list-style-type: none"> Is there an effective risk management process in place to identify risks to Laboratories Canada and develop mitigation strategies? Are the existing controls in place sufficient to mitigate the program risks? 	
Background/ Rationale	<p>Laboratories Canada is a cross-government, 25-year strategy to build a stronger, more collaborative federal science and technology ecosystem. Budget 2018 launched phase 1 of this initiative with an investment of \$2.8 billion over five years in Canada's science infrastructure and real property portfolio.</p> <p>Phase 1 activities have been grouped into five clusters, based on science program synergies. The TerraCanada Cluster conducts research and development to support sustainable land and resource development, a low-carbon economy and the safety and health of Canadians. The cluster is</p>	

	<p>establishing a network of facilities to enhance research and development collaboration, with a campus in the National Capital Region and six regional locations.</p> <p>Departmental risks identified</p> <ul style="list-style-type: none"> • Ineffective or inefficient management of funding • Inability to adequately administer the strategy due to complexity of working concurrently in seven locations and with multiple and diverse stakeholders • Untimely or inadequate information communicated to stakeholders <p>Other considerations</p> <ul style="list-style-type: none"> • The Office of the Comptroller General's vision for Internal Audit includes involvement in transformation programs such as Laboratories Canada. • The identification of risks will provide support to decision makers and help focus the development of an assurance plan and any other subsequent assurance work.
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4. Risk assessment of the Atlantic Science Enterprise Centre Cluster of Laboratories Canada		Audit priority: High
<p>Lead branch at ECCC: Science and Technology Branch (STB)</p> <p>Office of secondary interest at ECCC: TBD</p> <p>Start date: Q1 of FY 2020 to 2021</p> <p>DAC tabling date: Q3 of FY 2020 to 2021 (December 2020)</p> <p>Core Responsibility: Clean Growth and Climate Change</p> <p>Materiality: About \$300 million over five years (Phase 1)</p> <p>Age/Stage: Phase 1 of a 25-year strategy</p> <p>Core/Supporting: ECCC plays a supporting role in the ASEC Cluster</p>		
Preliminary objective and scope	<p>The Department of Fisheries and Oceans is the lead for this assessment. ECCC will conduct the assessment internally and will share the findings with the lead and the other partners, namely the Canadian Food Inspection Agency and the National Research Council.</p> <p>The preliminary objective of the risk assessment is to provide an independent and objective assessment of the risks for the Atlantic Science Enterprise Centre (ASEC) Cluster of Laboratories Canada.</p> <p>The preliminary scope of the assessment could include a review of the governance structure and the roles and responsibilities of the key stakeholders. As well, the assessment could look at the following questions:</p> <ul style="list-style-type: none"> • Is there an effective risk management process in place to identify risks to Laboratories Canada and develop mitigation strategies? • Are the existing controls in place sufficient to mitigate the program risks? 	

Background/ Rationale	<p>Laboratories Canada is a cross-government, 25-year strategy to build a stronger, more collaborative federal science and technology ecosystem. Budget 2018 launched phase 1 of this initiative with an investment of \$2.8 billion over five years in Canada's science infrastructure and real property portfolio.</p> <p>Phase 1 activities have been grouped into five clusters, based on science program synergies. The ASEC cluster is focused on becoming a world-class centre for ocean science research, improving onsite collaborations and increasing the sharing of science infrastructure.</p> <p>Departmental risks identified</p> <ul style="list-style-type: none"> • Ineffective or inefficient management of funding • Inability to adequately administer the program due to complexity of working with multiple and diverse stakeholders • Untimely or inadequate information communicated to stakeholders • IM/IT requirements and science needs may not be sufficiently integrated or articulated in project plans and requirements or fully understood by Shared Services Canada <p>Other considerations</p> <ul style="list-style-type: none"> • The Office of the Comptroller General's vision for Internal Audit includes involvement in transformation programs such as Laboratories Canada. • The identification of risks will provide support to decision makers and help focus the development of an assurance plan and any other subsequent assurance work.
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5. Audit of the administration of grants and contributions for the Canada Nature Fund		Audit priority: High
<p>Lead branch: Canadian Wildlife Service (CWS)</p> <p>Office of secondary interest: Corporate Services and Finance Branch</p> <p>Start date: Q1 of FY 2020 to 2021</p> <p>DAC tabling date: Q4 of FY 2020 to 2021 (March 2021)</p> <p>Core Responsibility: Conserving Nature</p> <p>Materiality: About \$440 million in grants and contributions</p> <p>Age/Stage: Five-year commitment</p> <p>Core/Supporting: Core process that conserves and protects species and spaces</p>		
Preliminary objective and scope	<p>The preliminary objective of this audit is to assess the adequacy and effectiveness of ECCC's administration of the grants and contributions (G&C) under the Canada Nature Fund (CNF).</p> <p>The preliminary scope of the audit could include a review of the governance structure and the roles and responsibilities of the key stakeholders. As well, the audit could look at the following questions:</p>	

	<ul style="list-style-type: none"> • Are the processes and tools in place adequate to support the administration of the grants and contributions? • Is there an effective process in place for identifying risks to program delivery and developing mitigation strategies? • Do the controls in place to manage the CNF G&C program effectively mitigate risks?
Background/ Rationale	<p>Budget 2018 announced \$1.35 billion in spending over five years, starting in FY 2018 to 2019, to support Canada's biodiversity through protecting species and spaces. 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>The announcement included about \$440 million to ECCC for G&Cs under the CNF, to support the achievement of Canada's goals for protected and conserved areas, protecting species at risk and maintaining biodiversity. ECCC is therefore a key stakeholder, along with other departments such as Parks Canada, the Department of Fisheries and Oceans and Natural Resources Canada.</p> <p>Departmental risks identified</p> <ul style="list-style-type: none"> • Inability to efficiently manage the funding and adequately administer a complex program involving multiple and diverse stakeholders could result in ECCC not achieving the biodiversity targets or not protecting species at risk • Potential legal liabilities • Negative media coverage and loss of reputation • Inadequate controls following the streamlining of processes due to the COVID-19 situation may lead to fraud, financial losses or operational constraints • Lapsing funds because of the COVID-19 situation • Funding challenges due to future budget cuts as a result of COVID-19 stimulus spending <p>Other considerations</p> <ul style="list-style-type: none"> • 2013 and 2018 CESD audits of the Species at Risk Program and climate change action, as well as the 2018 ECCC-led Horizontal evaluation of the Species at Risk Program. • Fraud risk assessments are underway for the CNF's Spaces and Species streams.

6. Review of the management of sensitive information	Audit priority: High
<p>Lead branch: Corporate Services and Finance Branch (CSFB)</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 (December 2021)</p> <p>Core Responsibility: Internal Services</p> <p>Materiality: FY 2019 to 2020 budget for information management is about \$13 million</p> <p>Age/Stage: Ongoing commitment</p> <p>Core/Supporting: Supports the process for managing and protecting ECCC's sensitive information</p>	
<p>Preliminary objective and scope</p>	<p>The preliminary objective of the review is to assess the adequacy of information management (IM) and security practices put in place to protect sensitive information at ECCC, in accordance with applicable policies and related guidelines.</p> <p>The preliminary scope of the review could look at the governance structure and the roles and responsibilities of the key stakeholders. As well, the review could look at the following questions:</p> <ul style="list-style-type: none"> • Are there effective mechanisms and controls in place for the secure handling, storing and transmission of sensitive information? • Is there an adequate risk management process in place for identifying risks related to the implementation and use of new and emerging IM technology (including telework and cloud technology)? • Are IM frameworks, tools and training for managing sensitive information adequate for safeguarding sensitive information, particularly in light of the special measures put in place as a result of the COVID-19 situation?
<p>Background/ Rationale</p>	<p>Treasury Board defines sensitive information as information that if compromised would reasonably be expected to cause an injury. As a science-based department, ECCC collects and manages sensitive information.</p> <p>Branches and employees rely more and more on technology, with the digitization of processes, teleworking and cloud services.</p> <p>In particular, the COVID-19 context brought to light certain challenges regarding the adequate management of sensitive information. Employees needed to be able to work remotely, supported by the rapid implementation of new communication technologies. However, even outside of particular situations, the Department needs to be able to ensure that risk and exposure to potential breaches are minimized and that it complies with access to information and privacy requirements.</p> <p>In light of the ongoing implementation of the department-wide Electronic Document and Records Management Solutions (EDRMS) project and other</p>

	<p>IM/IT-related initiatives, it is important that ECCC have in place the mechanisms and controls to properly safeguard, handle and transmit sensitive information.</p> <p>Departmental risks identified</p> <ul style="list-style-type: none">• Improper storage, transmittal or handling of sensitive information could result in loss, theft or unauthorized access to sensitive information and damage to ECCC and the Government of Canada's reputation• Inadequate IM controls following implementation of EDRMS• Non-compliance with legislation, regulations and policy (for example, <i>Privacy Act</i>)• Potential legal liability• Heightened vulnerabilities resulting from the sudden reliance on telework and cloud or third-party platforms• Insufficient technological capacity, resilience and support <p>Other considerations</p> <ul style="list-style-type: none">• Organizational and process changes as a result of COVID-19• Office of the Comptroller General identified information management as a government-wide high-risk area• Treasury Board Policy on Government Security (July 2019)• The new April 2020 Treasury Board Policy on Service and Digital• The 2019-2020 ECCC Digital Plan identified IM infrastructure and information for decision making as risks• ECCC Review and benchmarking of privacy management (December 2015)
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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	
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	
Program/Function	Potential Auditable Elements
Management and oversight	<ul style="list-style-type: none"> • Governance • Risk management and controls • Standards and regulatory development process • Management of consultations with Indigenous peoples • Performance measurement • Integrated and strategic planning • External reporting on performance
Communications	<ul style="list-style-type: none"> • Communications management • Official languages • Federal identity
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 • Accounting and 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

Internal Services	
Program/Function	Potential Auditable Elements
Information technology – technology	<ul style="list-style-type: none"> • IT governance • IT service delivery • IT security • IT investment planning • IT project management • Enterprise architecture • Management of external service provider relationships
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 • Greening government initiative • Acquisition cards
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