



A&CS Assurance Review

**Accounting Policy Division –
Rule Making
Participation in Standard Setting**

Report

April 2010



OSFI
BSIF

Canada 

Table of Contents

Background	1
Engagement Objectives, Scope and Approach	1
Overall Assurance Conclusion.....	2
Management’s Response.....	3
Observations and Recommendations	4
Objective Setting and Operating Environment	4
Risk Management	4
Core Process and Controls	6
Information and Communication.....	9
Monitoring, Performance Management and Reporting	10
Appendix 1 - Evaluation Criteria	11

Background

ADP's Mandate, Responsibilities

1. Per A&CS's 2008/09 approved plan, this assurance report provides an assessment OSFI's Accounting Policy Division's (APD) rule-making activity (participation in standard-setting) management control framework for the 2005-2007 period and the application in the assessment and actions taken in light of the Fair Value Option accounting rules.
2. The legislation governing all federally regulated entities (FREs) requires that financial information provided to OSFI be prepared in accordance with Canadian Generally Accepted Accounting Principles (CGAAP), except as otherwise specified by OSFI. Through its legislative authority, OSFI may specify additional accounting guidance or additional disclosure be followed for regulatory reporting purposes, however, OSFI prefers regulatory financial information to be consistent with Canadian GAAP reporting and, therefore, makes these specifications in rare situations. In developing these requirements and guidance, OSFI consults with many internal and external stakeholders including accounting standard setters, FREs, audit firms and industry associations both domestically and internationally.
3. Accounting and auditing standards are set by the appropriate professional bodies. OSFI's primary role, led by APD, is to identify key standard changes and assess whether changes to OSFI's regulatory and supervisory regime and processes might be needed. Some of the accounting standards changes are complex, and may have a significant impact on financial reporting and, therefore, on regulatory, supervisory and monitoring activities as well as data collection and analysis in OSFI. As well, the increasing global complexity puts pressure on OSFI to respond by developing rules and guidance that are globally competitive while ensuring that OSFI's regulatory and supervisory framework remains prudentially sound.
4. The focus of this review is APD's participation in standard-setting including:
 - Monitoring global environment to identify accounting standards projects with potential significant impacts on financial institutions and OSFI's ability to regulate or supervise them;
 - Consulting, developing, recommending and communicating positions to OSFI's management, internal and external stakeholders and standard-setters; and
 - Maintaining ongoing relationships and ensuring effective communications by taking an active role to influence standard-setters, stakeholders and external regulatory working groups where there are issues of concern in the context of OSFI's objectives.

Engagement Objectives, Scope and Approach

Type of Assurance

5. The audit is of APD's management control framework (i.e. policies, procedures and practices). This includes an assessment of its rule-making core process and controls and management oversight built into the core process that help ensure that APD is appropriately managed to enable it to achieve its objectives. Management oversight includes an assessment of objective setting, governance, resource management, risk management, monitoring and performance management. Also, the audit includes an assessment of the extent to which its management control framework was applied with particular focus on one of APD's projects.
-

Objectives and Scope

6. The audit objective was to provide an independent assessment and comment on the APD's management control framework for:
 - Monitoring and developing OSFI accounting rules and guidance that is timely, clear, relevant and appropriately reflects industry, market and international standards and practices;
 - Appropriate consultation with standard-setters and stakeholders; and
 - Transfer of knowledge to Supervision.
 7. To gain a better understanding of the framework's application we reviewed APD's development of the *Fair Value Option Guideline D10* for the period July 2005- 2007.
 8. Activities out of scope are OSFI's project for the conversion to International Financial Reporting Standards (IFRSs) by Federally Regulated Entities (FREs) as well as Regulation and Supervisory support.
-

Evaluation Criteria, Methodology and Approach

Evaluation Criteria

9. The evaluation criteria (described in **Appendix 1 – Evaluation Criteria**) sets the basis for assessing the APD's framework. These criteria are based on internationally recognized *Enterprise Risk Management – Integrated Framework* recommended by the *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* adapted to OSFI. A&CS looked for the existence of the control elements and components and their application (i.e. communicated, understood and embedded in the processes and practices).

Standards and Approach Highlights

10. The audit was conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, consistent with the Treasury Board Policy on Internal Audit.

11. To facilitate A&CS's understanding of the activity, A&CS reviewed process descriptions, input and output documentation, interviewed operational and sector management, compared APD with other rule-making divisions and OSFI's organization-wide management framework (Enterprise-wide Risk Management, Planning, and Performance Management Framework), and conducted research on sound practices. APD was asked to perform a self-assessment on development process for the *Fair Value Option Regulatory Guideline (D-10)* using OSFI's standard *Regulatory Guidance Checklist*.

Overall Assurance Conclusion

12. We found that the APD's rule making activity management control framework is satisfactory. Many areas of the framework are in place incorporating elements and components of fundamentally sound management in terms of both the Management Oversight and Process and Control Activities. As outlined in this report, there are areas where certain improvements are recommended to enhance and formalize the current policies and practices as well as to clarify accountabilities thereby strengthening the management control framework.

A&CS would like to thank all participants for their cooperation and contribution to this engagement.

Senior Director,
Audit & Consulting Services

Date

Management's Response

Overview

13. The report, its findings and A&CS's observations and recommendation have been reviewed by the Accounting Policy Division (APD) of the Regulation Sector. APD acknowledges the main themes within the report and generally agrees with its recommendations. The recommendations will generally assist APD in enhancing the efficiency and effectiveness of its operations related to the rule making participation in standard setting which supports the Regulation Sector mandate and objectives of OSFI.

Risk Management

14. APD will clarify in its operations manual the process for risk and control self-assessment, guidance and tools for consistent interpretation and application of key risk management metrics, the need for the expectations and accountabilities for risk management decisions to be formally validated and signed-off and the mechanism to follow-up and report on the status of control gaps and risk mitigation actions.

Operational and Resource Management

15. APD will update its operations manual to enhance ongoing operational process and management oversight related to monitoring and analysis, relationship management, management of significant accounting standard issues, operational and resource management and knowledge transfer.

Information and Communication

16. APD will investigate the alternatives to better store information to allow for easier location and access of analysis and decisions.

Monitoring Performance Management and Reporting

17. APD will continue to include performance indicators in objectives of the division and in goal commitment documents. As well, APD will continue to use the documentation process to demonstrate that processes are appropriately followed.

We appreciate the effort taken by A&CS to develop recommendations that will enhance the operations of APD.

Observations and Recommendations

Overview

18. A&CS's observations and recommendations are based on management control framework elements included in Appendix I and are discussed in the following order:

- Objectives Setting and Operating Environment
- Risk Management
- Process and Control Activities, including resource management
- Information and Communications
- Monitoring, Performance Management and Reporting.

19. The observations and recommendations are in the context of ongoing process changes and enhancements during and subsequent to the review period. As a result, some of the observations raised may have been subsequently addressed.

Objective Setting and Operating Environment

20. We found that APD's objectives are formally and clearly communicated in a number of high-level documents and align to OSFI's mandate and corporate objectives. As well, APD's authorities, responsibilities, and accountabilities for its participation in standard setting are well-defined and formally communicated. They are embedded in the daily processes and individual performance documents thereby promoting alignment in the achievement of individual and OSFI's objectives.

Risk Management

21. There are four important steps and assessments which need to be undertaken in the risk management process:

- Identification and prioritization of risks;
- Assessment of the effectiveness of the design and application of controls to mitigate the identified risks to objectives;
- Assessment of residual risk, including the assessment of whether residual risk is within the tolerance level established by management; and
- Development of actions to address the control gaps and risk, including follow-up.

22. The engagement scope was to assess APD's risk management process to determine the extent to which OSFI's ERM Policy and Framework (ERM framework) was applied as intended. We found that since its introduction in 2005, the ERM framework continues to be enhanced. Current enhancements being considered by OSFI's ERM function include clarifying expectations to identify and self-assess existing controls.

23. In general, we found that APD's risk management process is reasonably sound and comprehensive for the nature and complexity of its activities. However, APD needs to enhance the application of some key risk assessment metrics and enhance documentation as discussed below.

Transparency and Accountability

24. Formal responsibilities and accountabilities are articulated for risk management. APD's risk assessments are periodically discussed on an informal basis, except for those risks assessed as being significant for OSFI, which are more formally managed. Evidence of approval of risk assessments exists (i.e. emails), but was not easily found. Therefore, we did not clearly see evidence of the control process for validating and signing-off the ongoing risk assessments. This sign-off would provide assurance that controls gaps have been identified and related action plans address those gaps. In addition, the sign-off would clearly indicate that the residual risk levels

for APD's activities are well within the range that management will accept.

25. We noted that process improvements are underway. OSFI's risk assessment templates were revised in February 2008 to include management's signature as evidence of review and approval. The requirement for management's review (at the divisional and senior levels) to clearly evidence acceptance of the risk assessment results (risk, controls, residual risks, mitigation strategies) needs further formalization in APD's Manual and in OSFI's ERM Policy, as appropriate.

Application of Risk Assessment Metrics

26. In addition to clear accountabilities for risk management, a good predictor of sound risk assessments is the extent to which the risk assessment metrics are well-understood and are applied consistently and appropriately. The key risk assessment metrics are: OSFI's Risk Tolerance, Inherent Risk, Key Existing Controls (i.e. Control Comprehensiveness), and Risk Tolerance (i.e. Residual Risk) at the Sector/Divisional level.

27. While the ERM framework was generally adopted by APD, we found that its application of the risk assessment process and vetting of the key ERM metrics was not fully documented and was not consistently applied in the risk assessment documents (e.g. Risk Registers). In particular, with respect to applying the ERM metrics, APD's assessment of the adequacy of the key existing controls included descriptions of steps that could be considered ad hoc activities.

28. For instance, to mitigate *relationship management process risk*, key controls identified were APD's "participation" and "discussion" with various standard-setters. Other key existing controls identified for *financial external risk* were (where OSFI's was unable to deal with "non-prudent" accounting standards through the standard-setting process) OSFI's ability to respond by using the regulatory capital regime and/ or GAAP "override" powers.

29. The above "key control" activities do not clearly describe ongoing control processes. An effective control process design is not an activity that is performed at a certain point in time, but a process that is in place and is consistently executed for the risk identified (e.g. an integrated monitoring process that enables proactive identification and assessment of potential accounting issues). Thus, control processes should be reasonable predictors of the control environment and should be clearly demonstrated (i.e. auditable).

30. We found that the ERM Framework includes control self-assessment guidance. However, it was unclear the extent to which this was used to develop and vet the quality of the risk assessments. Therefore, to strengthen the risk management process and the quality of the risk assessments, better guidance is needed in (i.e. in APD's Operations Manual and/or OSFI's ERM Framework) on the application of the ERM Framework metrics such as key control activities.

Recommendation

31. APD should , as appropriate, request clarification from OSFI's ERM function and/or should clarify in its operations manual the following:

- a. **Expectations and accountabilities for risk management decisions, including requiring formal validation and sign-offs at all levels;**
 - b. **Risk and control self-assessment process, guidance and tools to enable consistent interpretation and application of key risk management metrics (Inherent Risk, Key Existing controls (i.e. Control Comprehensiveness), Risk Tolerance); and**
 - c. **A mechanism to follow-up and report on the status of the control gaps and risk mitigation actions identified as a result of the risk assessment process.**
-

Core Process and Controls

32. In 2006, APD's Operating Manual was drafted and reviewed by staff. We were informed that the manual reflects APD's operational management processes during the period of review but it needed to be updated to formally incorporate corporate process changes. The manual describes many aspects of APD's activities including its decision-making workflows. However, further articulation and formalization of the key process phases, including underlying controls and corporate records (i.e. key inputs and outputs) are needed to better enable the group to carry out its responsibilities and accountabilities in a transparent, consistent and systematic manner. Our key observations and recommendations follow.

Ongoing key responsibilities

Ongoing Monitoring and Analysis Control Process

33. APD's key responsibilities and efforts revolve around ongoing monitoring of the standard-setting environment to identify potentially significant issues. In particular, APD's role is to:

- Research and analyze potentially significant accounting and auditing standards issues;
- Maintain relationships with stakeholders and standard-setters organizations; and
- Periodically inform OSFI management and other areas (i.e. Capital, Supervision, Actuarial) about the potential impact of significant issues, results of the communication with standard setting, regulatory and industry organizations and recommend courses of action and positions.

Initial Issue Identification, Impact Analysis, Prioritization and Tracking Resolution

34. APD undertakes various monitoring, research and analysis processes as part of its daily activities. We found that APD's Operating Manual does not fully document the processes APD undertakes. The APD Manual describes decision making factors to identify whether an accounting issue is significant, however, there needs to be a more comprehensive description of the key control processes and steps APD follows to monitor potential significant accounting standards changes, and to identify, assess, prioritize, track and resolve potential issues. A full description of APD's processes will provide a better understanding of expectations and accountabilities. It will better enable the group to ensure consistency in the execution of processes. It will also allow for transparency in decision making thus enabling OSFI to demonstrate due process, in particular, when APD has determined that the potentially significant accounting standards change requires no supervisory or regulatory changes. The APD Manual needs to describe the due process for both the assessment of individual issues as well as the process to consolidate and manage the universe of issues.

Monitoring - Relationship Management Process - stakeholders and standard setters

35. Maintaining ongoing relationships and communications with standard-setters and stakeholders is a key responsibility and a critical success factor in achieving APD's objectives. We found there are a number of informal activities conducted in APD and other parts of OSFI for managing external relationships. Given the number global forums in which OSFI participates, a more formalized process is needed. This control process should be designed to address potential risks that OSFI's position may not be adequately co-ordinated and/or communicated as well as the risk of missing opportunities to optimize knowledge sharing and integration of strategies to further OSFI's position.

36. Although, subsequent to our review period, some process enhancements have been identified to promote consistency in messaging and interpretation, a more formal protocol, process, controls and standardized documents (e.g. position paper) could be fully developed, broadly communicated (e.g., in OSFI's policy and practices repository) and embedded in operations, as appropriate. While APD's manual should be updated to communicate expectations of APD staff, this observation has broader implications and will require the involvement of other groups in OSFI.

Overview

Managing Significant Accounting Issues

37. Managing significant accounting issues from their initial identification to ultimate resolution is a very dynamic, iterative and collaborative decision-making process. Once a potential accounting issue has been identified as significant, the majority of the APD's effort is to do more targeted monitoring to see how the issue evolves in the standard setting environment; research /consult in order to evaluate the risk and impact of the accounting issue from OSFI's perspective; propose to management well researched and supported recommended courses of action to address the issue; influence the standard-setters and take the necessary actions based on OSFI's agreed approach, as appropriate.

38. APD's Operating Manual outlines a decision-making workflow and "triggers" to evaluate the significance and impact of specific accounting issues as they arise, to identify what action should be taken and to engage others within OSFI (e.g. Capital, Supervision, and Corporate Services). While this workflow provides a good analytical tool to enable transparent judgement and knowledge transfer on an issue-by-issue basis, the underlying process should be clearly documented in the Manual. Specifically, the decision-making process needs more explanation to support:

- Key steps and processes and supporting corporate records that move the significant issue from its initial identification to closure (i.e. impact analysis and recommendation, planning, work streams for the action decided, monitoring, status reporting; and closure decision); and
- Management controls (assigning responsibility and accountability, quality reviews, and management oversight (sign-off on key decisions / positions, escalation), etc).

39. The key process phases where further documentation is needed for managing significant accounting issues are: impact analysis, planning, intervention with standard setters and consultation, quality assurance and management oversight. These are discussed below.

Developing Impact Analysis Statements

40. APD conducts initial impact analysis for potentially significant issues to determine whether or not OSFI needs to address them. If they are to be addressed, APD provides support and the rationale for a recommended course of action for management's consideration and direction. The operating manual should formally document this process and underlying controls and align them with OSFI's electronic document management system (EDMS) business requirements to enable complete transparency, standardization and easy retrieval of decision-making documents.

Planning

41. We found various management briefing documents included planning considerations to address specific accounting issues. The decision-making workflow does not outline the planning process for a significant issue. In practice, a formal project plan is prepared for OSFI's priority projects and those considered significant (e.g. Insurance Phase II) in line with materiality and resource considerations. Although it may not be necessary to develop project plans for all potential accounting issues, this decision point, including the decision-making criteria, should be articulated to explain when a formal plan is mandatory and documented in the Manual. Where individual plans are developed they should explicitly link and support APD's operational business and human resource plans used as input to inter-sector and OSFI-wide planning.

Intervention with standard setters and consultation

42. Intervention with standard setters and consultations with internal and external stakeholders are critical steps in the evaluation and action process phase. Consultation with financial institutions and OSFI-wide subject matter experts are critical activities under *OSFI's Accountability Framework* as well. We found that, comments received from consultations and disposition of concerns raised are incorporated in several different documents (e.g. initial analysis), thereby making it difficult to track and to link actions and decisions. Given that consultation may involve multiple iterations from several contributors at different stages of the issue's lifespan, it is important that the substantive comments and disposition be summarized and tracked using a consistent and well understood process that assigns clear accountability for disposition. The challenges in implementing such tracking mechanism could be a limitation of the EDMS as it does not lend itself to easy retrieval of decision-making documents and knowledge mapping/tracking

Quality assurance and management oversight for resolution and closure

that support decisions over time (e.g. impact analysis, consultations, project plans, actions).

43. Adequate process and controls for issue management enables management to place reliance and to clearly demonstrate that the recommended strategy, position and actions have gone through a transparent and systematic due process, which considers the issue's significance over its lifespan as it evolves from the initial identification through to resolution. Currently the decision-making workflow implies that the controls for quality assurance and formal sign-off of key decision/positions / actions recommended are embedded in management briefing documents and emails as the accounting issue makes its way through the organization towards its ultimate resolution. While in some cases sign-off / management direction for the recommended position/ action was evidenced in various correspondences (briefing documents, emails), this informal practice was inconsistently applied or difficult to track by following the document trails. As a result, it was a challenge to see clear evidence of the application of the quality assurance process. The process should explicitly incorporate the key control processes and corporate records supporting the key decision points and provide a formal mechanism / tools to evidence sign-off and quality assurance (i.e. a sign-off and quality control check-list). The APD manual should outline these expectations.

Operational and Resource Management

44. Due to the inherent uncertainty and complexity in evaluating and taking action on potential accounting issues, flexibility is needed in ongoing operational management. A combination of informal management oversight and practices are in place to manage the annual planning process as well as the on-going updates and resource allocation process. For instance, APD has developed a project/key deliverable status list which tracks key issues, ongoing projects, and queries being addressed by the group and resources. The project list is updated and discussed periodically within APD, senior management and others, as appropriate. OSFI-wide priority projects are planned and monitored more formally due to their complexity and impact.

45. While these practices provide flexibility in planning, directing and controlling daily operations, we found that for the period of review, APD's planning process was largely informal for less significant, smaller and non-priority project work resulting in the annual overall planning being less formal. It was, therefore, difficult to understand the process used to manage the overall planning process and resource allocation decisions. Thus, it is important to clearly articulate and document the process. Particularly, the multi-year planning process should:

- Consider the risks and actions plans derived from OSFI's ERM process;
- Identify and risk-prioritize all high priority, operational projects (i.e. smaller) and key responsibilities (i.e. monitoring, supervision support etc.);
- Consider operational resource needs including the impact on other OSFI areas;
- Integrate the corporate business, human resource and budget processes;
- Provide a mechanism for constructive challenge, validation, and formal sign-off; and
- Provide a mechanism to reflect subsequent changes to risks and priorities.

46. Recently a separate and formal project management governance framework was engaged to manage high priority and complex projects (e.g. IFRS). This resulted in the development of management practices and related workflow tools for priority projects, such as, identifying project objectives, scope, deliverables, resources, work streams, accountabilities, timelines and monitoring performance. APD could leverage off its recent project management experience by adapting and embedding the project management control processes in its ongoing operational management of accounting issues (i.e. initial assessments and resolution of significant issues), where considered appropriate from a cost/benefit perspective. This could promote a more systematic, transparent and an integrated due process for ongoing operational and resource management, which includes, proactively engaging others (i.e. actuarial, capital) as needed.

Knowledge Transfer

47. Knowledge transfer is an OSFI-wide process. Each business area is responsible to work in concert with Human Resources Professional Training and Development Division to identify, develop and deliver training needs. APD uses an informal process to identify, communicate and deliver training to other OSFI areas on as-needed basis for smaller work efforts. For OSFI's high priority projects (i.e. Fair Value, IFRS), APD formally identified, communicated and continues to deliver training to impacted OSFI areas.

48. While APD has a responsibility to transfer knowledge on significant accounting changes, senior management has recognized that APD is not a training centre nor should it be. The Operating Manual contains a section on the process for determine knowledge transfer but this could be more formalized to clearly identify the responsibilities and accountabilities at the various stages of the training process for effectively coordinated knowledge management.

Recommendation

49. In order to enhance APD's ongoing operational process and management oversight, APD should further enhance its policies, processes and practices and/or update its Manual, where appropriate, in the following areas.

- a. **Monitoring and Analysis: to outline the control process steps for monitoring, identifying, prioritizing, assessing, tracking and resolving potentially significant issues on an issue-by-issue as well as on a consolidated basis;**
 - b. **Relationship management: to enhance communication and coordination within OSFI to ensure others in OSFI are aware of information and OSFI positions being communicated to standard-setters and other industry forums with respect to potentially significant issues, thereby enhancing consistency in communications;**
 - c. **Management of Significant Accounting Standards Issues: to enhance the processes to fully capture and document all the decision-making stages of the significant issue lifecycle;**
 - d. **Operational and resource management: to address the development and implementation of appropriate a multi-year plans; and**
 - e. **Knowledge transfer: to clarify responsibilities.**
-

Information and Communication

50. As part of this engagement, A&CS reviewed APD's process for informing staff and management of results of analyses prepared to ensure appropriate input, consistency and transparency of accountability and decisions. We also reviewed its information management process and controls needed to build and maintain a corporate memory to support decision-making. We focused mainly on the existence and ease of tracking decision-making and supporting analysis documents.

51. Supporting the management of APD's standard setting decision-making is the OSFI-wide electronic document management system (EDMS). A Regulation Sector EDMS and related business requirements structure has been established that is applied to support the decision-making process, corporate records management and to enable OSFI-wide knowledge sharing.

52. We found the EDMS business activity architecture and functionality of the standard-setting information management system makes it difficult to clearly see evidence of an ongoing monitoring process, to follow the decision-making process, to easily locate authoritative decision documents and to facilitate collaboration and knowledge mapping across-sectors for managing issues. Although these difficulties were acknowledge by APD, it was also recognized that the enhancements to the EDMS may need to be done at the OSFI-wide level.

Recommendation **53. To enhance the information management processes, APD, should investigate alternatives to better store and access its information so that information regarding issue analysis and decisions are more easily located. As appropriate, APD should engage other internal stakeholders and develop a formal plan to address this recommendation.**

**Monitoring,
Performance
Management and
Reporting**

54. In the context of operational management responsibilities and accountabilities, formal performance indicators and measures and management reporting needs to be enhanced to demonstrate that APD's objectives are met and that APD's processes are followed. While significant and priority projects have performance indicators and are reported upon in OSFI's performance and annual reports, there is the possibility to have a more formal performance management system for other work efforts.

Recommendation **55. To enhance monitoring and performance management, it is recommended that APD:**

- a. **Develop performance indicators and a methodology to collect and evaluate performance information; and**
- b. **Ensure its controls and management reporting incorporates a means to assess whether its processes are being appropriately followed.**

Appendix 1 - Evaluation Criteria

Elements	Components
1. Objective Setting	1.1. Objectives for the function are <ul style="list-style-type: none"> ▫ defined ▫ align with OSFI's corporate objectives and ▫ are broadly understood 1.2. Performance indicators and measures have been established and used to determine whether the activity's objectives are met.
2. Operating Environment	2.1. Defined responsibilities, authorities, and the reporting structure. 2.2. Defined staff competencies, including required formal and informal training necessary to attain and maintain knowledge levels.
3. Risk Management	3.1. Risk tolerances have been established through the ERM process. 3.2. Potential inherent risks or events that may impact the achievement of objectives have been <ul style="list-style-type: none"> ▫ Identified ▫ Assessed in accordance with OSFI's ERM policy and the established Risk Tolerance ▫ Developed mitigation strategies where control gaps exist. 3.3. Senior management has communicated its views on the inherent risks and risk mitigation strategies for APD.
4. Process and Control Activities	4.1. Defined and communicated APD's policies, processes and practices with key decision and control points that align to the identified risks and mitigation strategies, including; <ul style="list-style-type: none"> ▫ Decision-making guidance and policies where necessary. ▫ Appropriate level of analysis, application of judgement and documentation. ▫ Professional, service and transparency standards for consulting with internal and external stakeholders (i.e. Industry associations, standard setters, other regulators etc.) ▫ Authorities, escalation and approval/sign-off requirements. ▫ Reporting requirements within and outside of APD. 4.2. Quality assurance processes have been built into the APD's framework to facilitate: <ul style="list-style-type: none"> ▫ Monitoring adherence to the APD'S framework ▫ Dealing on a timely and effective basis with matters of non- compliance ▫ Escalating matters of non-compliance where necessary
5. Information and Communication	5.1. Information systems appropriately support the APD through the provision of timely and accurate information to track and monitor rule making activities. 5.2. A corporate memory is built and maintained through the capture of summary information on decisions made along with supporting rationale 5.3. The policies, practices and procedures for dealing with rule making are appropriately communicated to staff. 5.4. Staff involved in the rule making process understands how their work relates to the work of others 5.5. Open and timely channels of communication exist among rule making staff and senior management to: <ul style="list-style-type: none"> ▫ Ensure appropriate input and consistency of decisions ▫ Ensure expectations are communicated.
6. Monitoring, Performance Management and Reporting	6.1. Existence of ongoing quality assurance activities exist to monitor and performance management and report on: <ul style="list-style-type: none"> ▫ Adherence to the practices, processes and performance standards. ▫ Activities supporting planning and development decisions; ▫ Areas for process improvement. ▫ Overall effectiveness in achieving APD objectives. 6.2. Established management oversight and reporting practices to the Director, Senior Director, and the Assistant Superintendent, Regulation Sector.