

RISK-BASED AUDIT PLAN 2013-2014 TO 2015-2016

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ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA

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Risk-Based Audit Plan 2013-2014 to 2015-2016

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INTRODUCTION

*The Treasury Board **Policy on Internal Audit** seeks to contribute to the improvement of public sector management by ensuring a strong, credible, effective and sustainable internal audit function within departments as well as government-wide. In response to this requirement, Aboriginal Affairs and Northern Development Canada (AANDC) has developed this three-year Risk-Based Audit Plan. This plan details the assurance services that Audit and Assurance Services Branch will provide, independent of line management, to sustain a strong, credible internal audit regime that contributes directly to sound risk management, control and governance.*

Purpose

The Audit and Assurance Services Branch (AASB) of AANDC has prepared this document for the Deputy Minister to outline the Risk-Based Audit Plan 2013-2014 to 2015-2016 for Aboriginal Affairs and Northern Development Canada. The plan is designed to support the allocation of audit resources to those areas that represent the most significant priorities for AANDC and to respond to the requirements of the Treasury Board *Policy on Internal Audit (April 1, 2012)*. In considering the appropriateness of the plan, the Deputy Minister is advised by an independent Audit Committee comprised of five external members.

Document Organization

Introduction	• This section provides an overview of the role of the internal audit function and Treasury Board expectations with respect to audit to provide the reader with the context for this plan.
Risk-Based Audit Planning Approach	• This section describes the process followed to build this plan.
The Three-Year Risk-Based Audit Plan	• This section details the comprehensive plan for 2013-2014 to 2015-2016, including a summary of activities over three years.
Resource Considerations	• This section details the resource considerations required to execute the audit plan.
Appendices	• This section provides various detailed tables to further describe the plan.

The Role and Scope of Internal Audit

Internal audit plays a vital role in governance and accountability. Without a strong, objective and independent assurance function, the effectiveness of the overall governance framework of the organization is severely weakened. With an effective internal audit function, there is greater confidence that the decisions being taken are informed by appropriate information on risk and control. Internal audit's systematic and disciplined approach adds value and improves an organization's operations.

Through the *Federal Accountability Act (2006)* and Action Plan, the Government of Canada committed to strengthen auditing and accountability within departments by clarifying the managerial responsibilities of deputy heads within the framework of ministerial responsibility and by enhancing the internal audit function.

The role of the AANDC internal audit function is to ensure that, in conjunction with advice from the Audit Committee, AANDC's Deputy Minister is provided with independent assurance regarding the effectiveness of the Department's risk management, control and governance processes. The internal audit function fulfils this role by bringing a systematic, disciplined approach to assessing and improving the effectiveness of the Department's risk management, control and governance processes.

The scope of work of the internal audit function is to determine whether AANDC's network of risk management, control, and governance processes (as designed and represented by management) is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed
- Financial, managerial, 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
- Programs, plans and objectives are achieved
- Quality and continuous improvement are fostered in the Department's control processes and
- Legislative or regulatory issues affecting the Department are recognized and addressed properly.

When opportunities for improving management control, governance, or resource stewardship are identified during audits, they are communicated to the suitable level of management so that appropriate action can be taken.

The internal audit function plays an important role in supporting departmental operations. It provides assurance on all the important aspects of the risk management strategy and practices, management control frameworks and practices and

governance. Where control weaknesses exist and where the achievement of objectives is at risk, internal audit plays a role in providing constructive advice and recommendations. In this way, internal audit contributes to enhanced accountability and performance.

Treasury Board Policy Requirements

AANDC is subject to the Treasury Board *Policy on Internal Audit*. This policy states that the internal audit function in the Government of Canada "... is a professional, independent and objective appraisal function that uses a disciplined, evidence-based approach to assess and improve the effectiveness of risk management, control and governance processes."

The *Policy on Internal Audit* requires that the Deputy Minister approves a risk-based audit plan that considers departmental areas of high risk and significance and Government-wide audits led by the Comptroller General. The Treasury Board *Directive on Internal Auditing in the Government of Canada* (April 1, 2012) requires that the Chief Audit Executive "... establish and update at least annually a multi-year plan of internal audit engagements based on a risk assessment and which is focused predominantly on the provision of assurance services." The *Directive* also requires that the Audit Committee "... review and recommend for approval a multi-year risk-based internal audit plan."

The Treasury Board Internal Auditing Standards for the Government of Canada (October 1, 2012) specifies that "The Government of Canada has adopted the Institute of Internal Auditors' (IIA) International Professional Practices Framework and all federal departments are required to meet the IIA Standards in undertaking their internal auditing responsibilities, unless the Standards are in conflict with the Treasury Board Policy on Internal Audit or any related directives or standards in which case the Policy, directives or standards will prevail."

The Chief Audit Executive's Annual Written Report to the Deputy Minister and the Audit Committee

One of the requirements of the *Directive on Internal Auditing in the Government of Canada* is that the Chief Audit Executive prepare a written report annually to the Deputy Minister and the Audit Committee that includes sections on:

- "Internal audit's independence, proficiency, performance and results relative to its plan including resource utilization, lessons learned and influences on future years' plans
- The results of the Quality Assurance and Improvement Program including internal audit's conformance with the Internal Auditing Standards for the Government of Canada
- The results of the follow-up on the implementation of management action plans and
- An overview of the aggregate findings following the execution of the risk-based audit plan including the actions taken by management to address key findings."

Collectively, the Chief Audit and Evaluation Executive's annual report and other inputs, such as the Chief Financial Officer's Statement on Internal Control and reports of other assurance agencies, provide departmental Senior Management and the Comptroller General with assurance on the state of the Department's risk management, controls and governance processes.

RISK-BASED AUDIT PLANNING APPROACH

*To meet the requirement of the **Directive on Internal Auditing in the Government of Canada** for the establishment, and at least annual update, of a multi-year plan of internal audit, Audit and Assurance Services' assessment of AANDC's areas of risk was reviewed and updated to ensure that audit resources continue to be targeted to areas of highest risk.*

In establishing priorities for the Risk-Based Audit Plan, AASB employs a structured, risk-based approach.

As a first step in updating the RBAP, AASB reviewed the audit universe to confirm that the existing auditable units¹ were still valid. The audit universe is a collection of all auditable units. The auditable units generally correspond to the activities and sub-activities identified in AANDC Program Alignment Architecture (PAA) and to the major organizational units of the Department (Appendix A presents the entire AANDC Audit Universe). AASB updated the universe to reflect minor changes to the PAA and current and planned resources allocations associated with the auditable units. In total, there are 48 program units, 33 internal service units, and 12 sectoral and 10 regional units.

AASB then reviewed departmental priorities, business conditions and risks as identified in a wide variety of sources, including corporate, sector and program risk profiles, corporate and sector business plans, Management Accountability Framework assessments, performance reports, past audit, evaluation and review reports, and last year's risk-based planning exercise. This

Conduct and Timing of an Internal Audit

Once approved, the Risk-Based Audit Plan provides AASB with the Deputy Minister's direction on what specific audits should be undertaken in the coming year. Each audit consists of the following phases:

The **Planning Phase** is undertaken to gain an understanding of the objectives, activities, key risks and controls of the area subject to audit. The audit objectives and scope are finalized and audit criteria are established. During the **Conduct Phase**, auditors carry out the audit program to ascertain whether each audit criterion is satisfied. Auditors conduct interviews, review documentation, perform analysis, observe activities and employ other techniques to obtain sufficient, relevant and reliable information to reach conclusions and support preliminary findings. Findings are reviewed with management to validate accuracy.

During the **Reporting Phase**, the draft audit report is prepared outlining background and context, and the auditor's findings, conclusions and recommendations. Management presenting a **Management Response** and **Action Plan** outlining their response to the findings as well as the corrective action planned to mitigate the identified control gaps.

In the **Follow-up Phase**, action is taken to ensure that the required measures have indeed been implemented.

The audit may last three (3) to twelve (12) months depending on the size and complexity of the area subject to audit as well as the specific scope and objectives of the engagement.

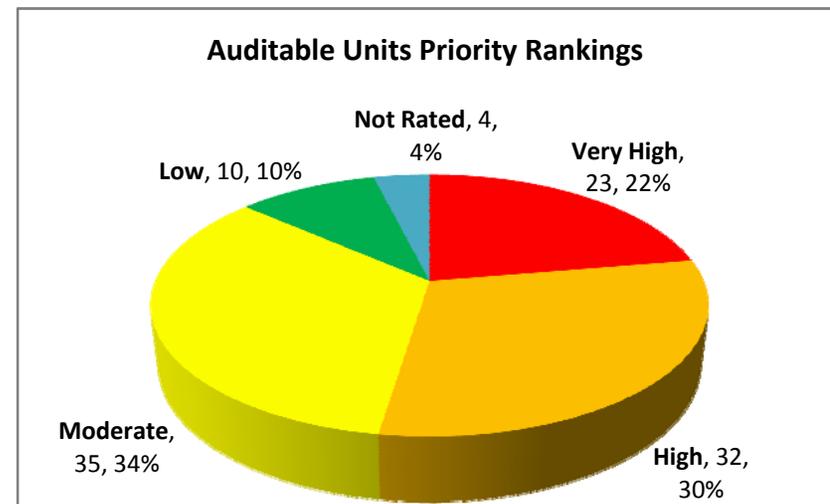
¹ An auditable unit is an activity, program, service or organization of such significance or value that if audited would provide useful information for senior management as to the adequacy of risk management, control, and governance.

year, we also reviewed the proposals for the implementation of the Deficit Reduction Action Plan (DRAP).

Following the update of the audit universe and the review of documentation, AASB held a planning and prioritization workshop with its team members and Risk Management, Evaluation and Performance Measurement and Review, Assessment and Investigation Services representatives. During this workshop participants examined each auditable unit and offered their perspective on each unit's level of inherent risk, significance and legal risk.

Inherent risk level is defined as the degree of risk to which the entity is exposed, considering current and anticipated business conditions and the presence and potential impact of specific risk exposures. Significance considers the relative importance of the program activity or internal service to the achievement of the Department's overall objectives. Significance includes materiality of the entity and its intrinsic importance. Legal risk considers the level of exposure to legal issues that may affect the activities of the Department.

Using the AANDC corporate risk assessment scales, where one is low risk and five is high risk, participants provided their assessment of risk for each auditable unit, with the exception of the internal audit, evaluation, risk management and complaints and allegations functions falling within the responsibilities of the Chief, Audit and Evaluation Executive position. While evidently the internal audit function could not audit itself objectively, there would be an appearance of lack of independence and objectivity should it attempt to assess the risks associated with and plan to audit other functions belonging to the same direct report.² Should it come to the attention of senior management that any of these functions may constitute a high risk to AANDC and should be subject to an audit, arrangements would be made for external firms to conduct the work under the direction



² Assurance over these functions is currently provided in a number of ways: internal audit and evaluation are overseen through the annual Treasury Board Secretariat Management Accountability Framework assessment and are subject to occasional OAG audits, internal audit is subject to an external Quality Assurance Review at least once every five years; the exercise of risk management is regularly audited through program, internal services and management practices audits and would identify systemic functional issues, and the reports of complaints and allegations are routinely subject to intense scrutiny by disclosers and respondents, and in some cases, by the judicial process.

of a senior ADM or the Audit Committee.

A weighting of 50% was allocated to Inherent Risk, 30% to Significance and 20% to Legal Risk to arrive at a risk score for each auditable unit assessed. A risk priority score was then assigned to each of the assessed auditable units in the universe and all units were assigned a priority score ranging from 0 to 1. As a final pass, all entities were further categorized as Very High, High, Moderate or Low risk based on the priority scores. The distribution of auditable units by rank is displayed in the chart to the right. The methodology employed is the same as was used in prior years to ensure that risk ratings and priorities are consistent on a year-to-year basis.

The products of this workshop became the basis for a consultation workshop with the members of the Directors General Implementation and Operations Committee (DGIOC) to review the risk ranking of auditable units and to comment upon an initial listing of potential projects over the three-year horizon of the plan. The information gathered during this session was useful in refining risk rankings and informing the scope and timing of planned audits.

Following revisions to the risk ranking and listing of potential projects resulting from the DGIOC session, AASB invited Assistant and Associate Deputy Ministers to provide their perspective on the recommended listing of potential projects and their scheduling. AASB also consulted with the Office of the Comptroller General, the Office of the Auditor General, and Health Canada to obtain their input on the identified risk levels and on the identification and timing of potential audits, particularly with respect to their planned audit activities. AASB also reviewed the identified risks and potential projects with members of the Audit committee.

Through discussions with Health Canada, AASB struck an agreement to work with their internal audit group over the coming year to identify AANDC and Health Canada Program Alignment Activities (PAA) which are related in some way. AANDC intends to look for opportunities to align their respective 2014-15 audit projects to focus on higher risk areas of common interest.

Following consultations, AASB developed a final three-year audit plan taking into account the following planning considerations:

- The Risk-Based Audit Plan should be a body of work that can be reasonably achieved with AASB's current staff complement and operating budget
- Auditable units assessed as very high and high priority should be given priority and audited once in the three-year cycle, resources permitting
- Auditable units assessed as medium priority should only be considered for audit if all very high and high priority units are covered or if they represent an AANDC management priority

- Adequate coverage of corporate risks identified in the corporate risk profile should be obtained
- The three-year plan should ensure sufficient coverage of risk management, control and governance processes
- The timing of activities should take into account program evaluations, OAG, OCG and other central agency audits and any other considerations such as program renewals, so as not to place an unreasonable burden on any entity and to avoid duplication of effort and
- A reasonable allocation of effort should be included to conduct follow-up reviews and audit procedures to assess the adequacy of management actions in addressing past audit recommendations.

The Chief Audit and Evaluation Executive reviewed and approved the proposed Plan and presented it to Audit Committee members for their review and recommendation for approval by the Deputy Minister.

The implementation of the Plan will be monitored on a regular basis throughout the year and proposed changes will be reviewed and formally approved by the Audit Committee. An update of the plan will be presented at the mid-year meeting of the Audit Committee to confirm that it still covers the departmental priorities and highest risks.

THE THREE-YEAR RISK-BASED AUDIT PLAN

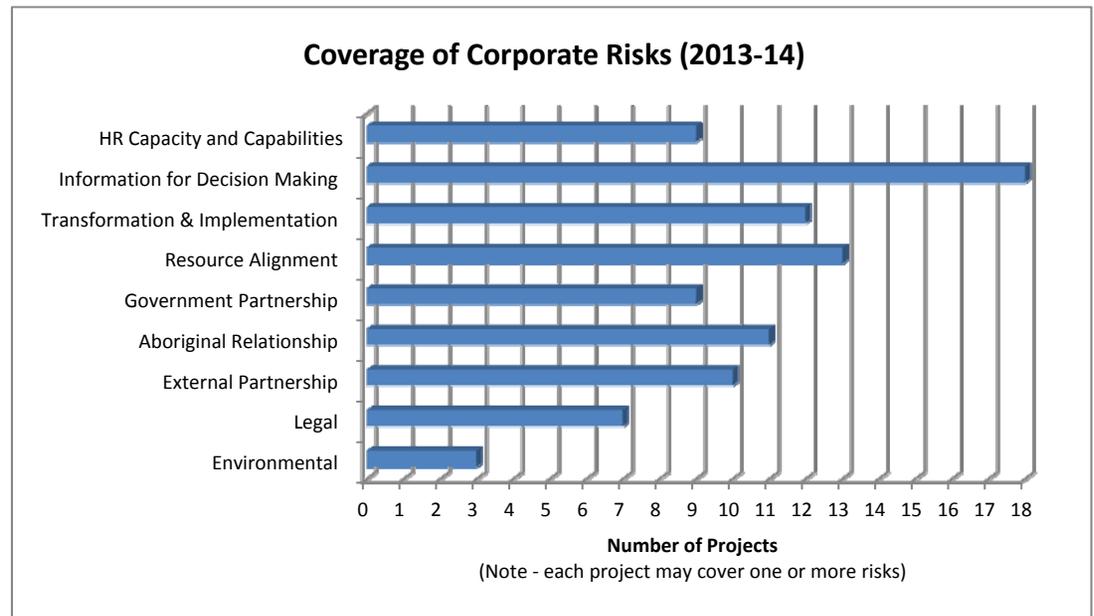
This section presents an overview of the AANDC 2013-14 to 2015-16 Risk-Based Audit Plan.

Audit Coverage

The AANDC Risk-Based Audit Plan 2013-16 addresses areas of higher risk and significance

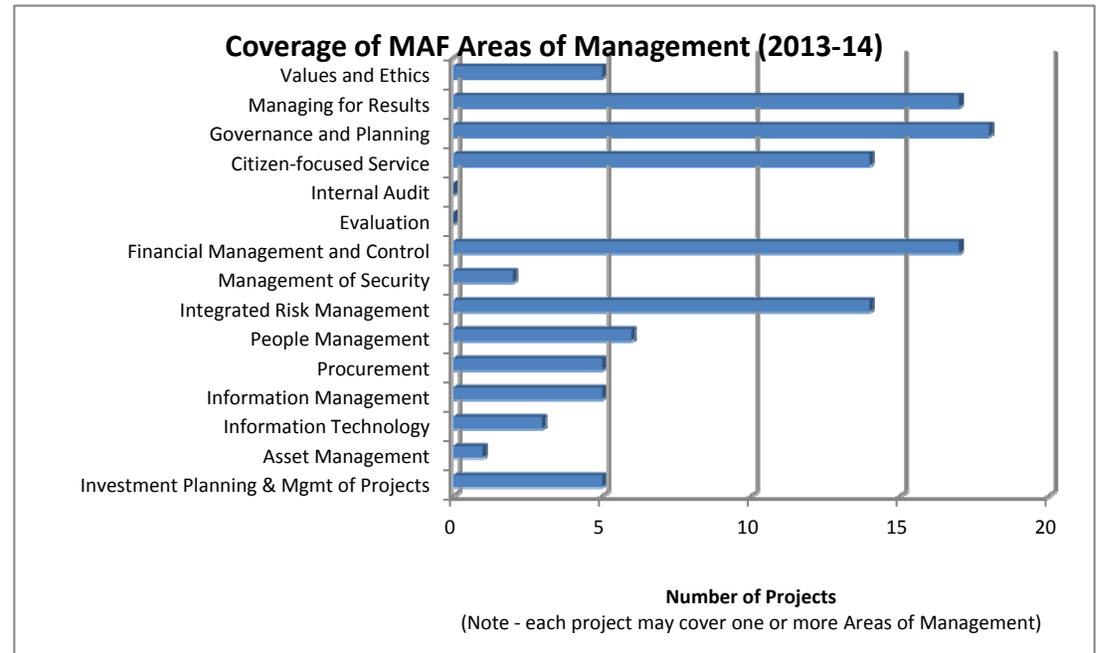
This section describes how the plan addresses areas of higher risk and significance. As detailed in Appendix A, there is complete coverage of all Very High and High ranked units.

The Corporate Risk Profile is management's point in time reflection of the most significant risks that threaten achievement of AANDC's mandate and AASB seeks to ensure that all of these risks are covered in the planned audits. The chart to the right summarizes the number of 2013-14 audits that will address any one of the corporate risks. Every corporate risk is covered by at least two assurance engagements (audits). [Appendix B](#) presents the specific linkages of audits to risks.



In support of the CAEE’s annual report to the Deputy Minister and the Audit Committee, the audit plan endeavours to address all elements of the Treasury Board’s Management Accountability Framework (MAF). The chart to the right summarizes the extent to which the elements of this framework are covered in the planned audits for 2013-2014. [Appendix C](#) describes these linkages in greater detail.

As noted above, internal audit and evaluation are not subject to audit by internal audit as the auditor’s independence and objectivity could be considered to be compromised.



2013-2014 to 2015-2016 Audit Plan

Table 1 below outlines the number of planned program or functional audits, Management Practices Audits, and OCG audits for each of the three years of the plan.

	2013-14 Ongoing	2013-14	2014-15	2015-16
Audits	2	14	12	10
Management Practices Audits	0	3	3	3
OCG Audits	0	1	1**	1**
Total	2	18	16	14

Table 2 below presents the planned audits for 2013-2014 and identifies the audit priority assigned to them and the fiscal quarters in which they are expected to begin and in which the results are expected to be presented to the Audit Committee (AC in the table).

Table 3 lists the proposed audits for 2014-2015 and 2015-16 and their audit priority ranking. The audit plans for 2014-15 and 2015-16 are tentative and the selection and timing of audits will be revisited during next year's annual planning exercise.

** To be determined

TABLE 2 - 2013-2014 Audit Plan		2012-13 (ongoing)		2013-14 (Year 1)			
		Q3	Q4	Q1	Q2	Q3	Q4
		Priority					
<i>Ongoing (projects commenced in 2012-13 to be completed in 2013-14)</i>							
1.	Audit of Grants and Contributions Management Control Framework (recurring audit)	Very High			AC		
2.	Audit of Emergency Management Assistance	Very High			AC		
<i>2013-14 Projects</i>							
1.	Follow-up Audit of Capacity Development	Very High			AC		
2.	Audit of Negotiation of Comprehensive Land Claims and Self-Government Agreements	Very High					AC
3.	Audit of the Implementation of Modern Treaty Obligations	Very High			AC		
4.	Audit of Elementary and Secondary Schools	Very High					AC
5.	Audit of Indian Registration System	Very High					AC
6.	Audit of Economic Development Programs	Very High					AC
7.	Audit of Southern Oil and Gas	Very High			AC		
8.	Audit of Grants and Contribution Management Control Framework (recurring audit)	Very High					*
9.	Audit of IM/IT Governance and Systems Integration	High				AC	
10.	Audit of Nutrition North	High			AC		
11.	Audit of Canadian High Arctic Research Station	High					AC
12.	System Under Development Audit of the Integrated Financial Management System (SAP & GCIMS)	High				AC	
13.	Audit of Strategic and Business Planning	High				AC	
14.	Audit of Delegation of Authorities, Organization Design and Classification	High					*
15.	Management Practices Audit – Policy and Strategic Direction	High				AC	
16.	Management Practices Audit – Treaty and Aboriginal Government	High			AC		
17.	Management Practices Audit – Human Resources and Workplace Services	High				AC	
18.	OCG Horizontal Internal Audit of Compliance with the Workforce Adjustment Directive	High					

Note

* These audits will be completed and presented to the Audit Committee in Q1 2014

TABLE 3 - 2014-2015 to 2015-2016 Audit Plan

	Priority
2014-15 Projects	
1. Follow-up Audit of the Education Information System	Very High
2. Audit of Northern Contaminated Sites	Very High
3. Audit of Grants and Contributions Management Control Framework (recurring audit)	Very High
4. Audit of Post Secondary Education	High
5. Audit of Assisted Living and National Child Benefit Reinvestment	High
6. Follow-up Audit of the Independent Assessment Process	High
7. Audit of On-reserve Infrastructure (excluding Water and Wastewater)	High
8. Audit of Northern Oil and Gas	High
9. Audit of Litigation Management	High
10. Audit of IM/IT Security	High
11. Audit of Occupational Health and Safety	High
12. Post Implementation Audit of DRAP	High
13. Management Practices Audit (three to be determined)	High / Very High
2015-16 Projects	
1. Follow-up Audit of Income Assistance	Very High
2. Follow-up Audit of First Nations Child and Family Services	Very High
3. Follow-up Audit of Water and Wastewater	Very High
4. Audit of Grants and Contributions Management Control Framework	Very High
5. Audit of Information Management	Very High
6. Audit of Specific Claims	High
7. Follow-up Audit of Lands Management (including Lands Registry System)	High
8. Audit of Additions to Reserve	High
9. Audit of Values and Ethics	High
10. Audit of Internal Controls over Financial Reporting	High
11. Management Practices Audit (three to be determined)	High / Very High

The detailed audit plan for 2013-2014, including project objectives, scope and rationale, is presented in [Appendix D](#). Consistent with the requirements of the Internal Auditing Standards of the Government of Canada, all audits will be designed to achieve a high level of assurance.

Changes to the Plan

As noted previously, the multi-year audit plan is updated annually with adjustments during the year, if necessary. This year's audit plan is an evolution of the 2012-2013 to 2014-2015 Plan and, as such, includes two on-going audits that will be completed in 2013-14 and other projects that have been cancelled or deferred as a result of changing business priorities and conditions. Details of these changes can be found in [Appendix E](#).

Challenges to Achieving Fulfillment of the Three-Year Plan

AANDC programs and services are delivered in a complex policy and political environment that is constantly evolving and shifting from a legalistic approach to a policy-based approach that is more focused on reconciliation, partnerships, and the sustainable development of Aboriginal communities. Two risk factors that were identified in the 2012-2013 Corporate Risk Profile are of particular importance to the successful implementation of the Risk-Based Audit Plan. These are: (1) the risk related to the availability of timely, pertinent, consistent, and accurate information and (2) the risk related to the need to attract, recruit and retain sufficiently qualified, experienced and representative employees. Given this context, the plan allows flexibility to respond to emerging risks and policy or program changes. If these risks or changes emerge and suggest higher priority audit activity, the Plan will be adjusted so that internal audit can undertake appropriate responses.

To support the need for flexibility, AASB has adopted an approach whereby internal resources are supplemented with qualified contractors. Considering the cross-government shortage of qualified auditors, this approach not only allows AASB to access required capacity and skills but also facilitates transfer of knowledge and skills to internal resources, thereby building internal capacity. While contracting continues to represent challenges for a variety of reasons, AASB was successful in 2012-13 in establishing competitive supply arrangements under the Professional Audit Support Services Supply Arrangement (PASS) should offer more efficient contracting.

AANDC's implementation of the Government of Canada's Deficit Reduction Action Plan (DRAP) will likely continue to impair AASB's ability to obtain timely access to departmental managers and staff over the planning period. It is also possible that AASB will be called upon to focus more attention on implementation of DRAP measures.

In its effort to adjust to the challenges raised by the implementation of Budget 2012 and the Deficit Reduction Action Plan, AASB has taken a series of actions including the following:

- Senior management and DAC members have been kept informed on a more frequent basis on the changes to the plan
- Reassessment of the alignment between AASB resources and the plan has been conducted to ensure the capacity exists to support the implementation of the RBAP and
- Consulting engagements have been employed to support the HR function in the implementation of DRAP.

RESOURCE CONSIDERATIONS

This section presents the resource requirements of all internal audit activities planned for 2013-2014. Projects actually undertaken will depend on the availability of financial and human resources. The estimated resource requirements for small, medium, and large projects have been updated to reflect current forecasts and are consistent with the results of historical project cost analysis for the last three fiscal years (2010-11 to 2012-13). This approach has proven to be the most accurate basis for forecasting costs, as specific requirements can only be determined once audit planning has been completed.

The Audit and Assurance Services Branch assurance activities represent 93% (92% for AANDC-led and 1% for OCG-led) of branch resource requirements. Other internal audit activities including monitoring of action plans from past audits, annual audit planning, quality assurance and improvement, reporting, learning and development, and liaison with OAG and other external assurance providers represents 7%.

The Three-Year Plan identifies an average of 16 audit projects to be carried out on an annual basis.

Resource Requirements

Appendix F identifies the resource requirements for the audits planned for 2013-2014 and the assumptions upon which they are based. The dollar and staff resource requirements presented in the annex are aligned with current budget forecasts.

While the level of effort and cost will vary from project to project, it is our professional opinion that this level of resourcing is adequate to achieve the plan.

APPENDIX A – AANDC AUDIT UNIVERSE

VERY HIGH RISK AUDITABLE UNITS AND RELATED AUDIT ACTIVITY 2013-2016

Departmental Program Auditable Units (12)	Planned Audit(s)*
Northern Contaminated Sites	Audit of Northern Contaminated Sites (2014-15)
First Nations Child and Family Services	Follow-up Audit of First Nations Child and Family Services (2015-16)
Registration and Membership	Audit of the Indian Registration System (2013-14)
Elementary and Secondary Education	Audit of Elementary and Secondary Schools (2013-14) Follow-up Audit of the Education Information System (2014-15)
Income Assistance	Follow-up Audit of Income Assistance (2015-16)
Environmental Management	Audit of Emergency Management Assistance (began in 2012-13)
Implementation of Modern Treaty Obligations	Audit of the Implementation of Modern Treaty Obligations (2013-14)
Water and Wastewater Infrastructure	Follow-up Audit of Water and Wastewater Infrastructure (2015-16)

* Very High Risk Auditable Units will be subject to audit coverage (in whole or in part) at least once every three years

Housing	Audit of On-Reserve Infrastructure (2014-15)
Negotiations of Claims and Self-Government	Audit of Negotiation of Comprehensive Land Claims and Self-Government Agreements (2013-14)
Activation of Community Assets	Audit of Economic Development Programs (2013-14) Audit of Southern Oil and Gas (2013-14) Follow-up Audit of Lands Management (incl. Lands Registry System) (2015-16)
Institutions and Organizations	Follow-up Audit of Capacity Development (2013-14)
Internal Services Auditable Units (2)	Planned Audit(s) *
Grants and Contributions Controls	Grants and Contributions - MCF Audit (begun in 2012-13), (2013-14), (2014-15), (2015-16) Post Implementation Audit of DRAP (2014-15)
Information Management	Audit of IM/IT Governance and Systems Integration (2013-14) System Under Development Audit of the IFMS (SAP and GCIMS) (2013-14) Follow-up Audit of the Education Information System (2014-15) Audit of the Indian Registration System (2013-14) Audit of Information Management (2015-16) Follow-up Audit of Lands Management (incl. Lands Registry System) (2015-16)

HIGH RISK AUDITABLE UNITS AND RELATED AUDIT ACTIVITY 2013-16

Departmental Program Auditable Units (15)	Planned Audit(s)*
Specific Claims	Audit of Specific Claims (2015-16)
Community Infrastructure Assets and Facilities	Audit of On-Reserve Infrastructure (2014-15)
Post-Secondary Education	Audit of Post-Secondary Education Programs (2014-15)
Aboriginal Entrepreneurship	Audit of Economic Development Programs (2013-14)
Registration of Rights and Interests in Reserve Lands	Follow-up Audit of Lands Management (incl. Lands Registry System) (2015-16)
Independent Assessment Process	Follow-up Audit of the Independent Assessment Process (2014-15)
Education Facilities	Audit of On-Reserve Infrastructure (2014-15)
Nutrition North	Audit of Nutrition North (2013-14)
Management of Moneys	Audit of Southern Oil and Gas (2013-14)
Assisted Living	Audit of Assisted Living and National Child Benefit Reinvestment (2013-14)
Science Initiatives	Audit of Canadian High Arctic Research Station (2013-14)
First Nations Governments	Follow-up Audit of Capacity Development (2013-14)
Additions to Reserve	Audit of Additions to Reserve (2015-2016)
Northern Oil and Gas	Audit of Northern Oil and Gas (2014-15)
National Child Benefit Reinvestment	Audit of Assisted Living and National Child Benefit Reinvestment (2013-14)

* High Risk Auditable Units will be subject to audit coverage (in whole or in part) at least once every three years.

HIGH RISK AUDITABLE UNITS AND RELATED AUDIT ACTIVITY 2013-16

Internal Services Auditable Units (9)	Planned Audit(s)
Information Technology	Audit of the Indian Registration System (2013-14) Audit of IM/IT Governance and Systems Integration (2013-14) System Under Development Audit of the Integrated Financial Management System (SAP and GCIMS) (2013-14) Follow-up Audit of the Education Information System (2014-15) Follow-up Audit of Lands Management (incl. Lands Registry System) (2015-16) Audit of Internal Controls Over Financial Reporting (2015-16)
Expenditure Management	Post Implementation Audit of DRAP (2014-15) Audit of Internal Controls Over Financial Reporting (2015-16)
Litigation Management	Audit of Litigation Management (2014-15)
IM/IT Security	Audit of IM/IT Security (2014-15)
Organizational Design and Classification	Audit of Delegation of Authorities, Organizational Design and Classification (2013-14) Management Practices Audit of Human Resources and Workplace Services (2013-14) Post Implementation Audit of DRAP (2014-15)
Strategic and Business Planning	Audit of Strategic and Business Planning (2013-14) Audit of Internal Controls Over Financial Reporting (2015-16)
IM/IT Governance	Audit of IM/IT Governance and Systems Integration (2013-14) System Under Development Audit of the Integrated Financial Management System (SAP and GCIMS) (2013-14) Audit of the Indian Registration System (2013-14)
Values and Ethics	Audit of Values and Ethics (2015-16)
Occupational Health and Safety	Audit of Occupational Health and Safety (2014-15)

MODERATE RISK AUDITABLE UNITS 2013-16

Departmental Program Auditable Units (14)	Internal Services Auditable Units (15)
Political Development and Inter-Government Relations	External Reporting
Family Violence Prevention	Communications
Estate Management	Assets and Property Management
Management of Treaty Relationships	Performance Measurement and Reporting
Métis and Non-Status Indian Relations and Métis Rights Management	Compensation and Benefits
Strategic Federal Investments and Partnerships	ATIP Management
Consultation and Engagement	HR Staffing and Planning
Urban Aboriginal Participation	Financial Planning and Budgeting
Northern Mines and Minerals	Loans and Accounts Receivable
Northern Land and Water Management	Corporate Security
Northern Environmental Management	Learning and Development
Clarity of Reserve Boundaries	Continuity of Operations
Commemoration	Strategic Policy Development
Common Experience Payment	Labour Relations
	Revenues

LOW RISK AUDITABLE UNITS 2013-16

Departmental Program Auditable Units (7)	Internal Services Auditable Units (3)
Northern Contaminants	Official Languages
Inuit Relations	Accommodations
Management of Other Negotiated Settlements	Library and Information Centre
Renewable Energy and Energy Efficiency	
Treaty Annuities	
Support to the Truth and Reconciliation Commission	
Climate Change Adaptation	

NOT RATED AUDITABLE UNITS 2013-16

Departmental Program Auditable Units (0)	Internal Services Auditable Units (4)
	<i>Audit and Evaluation</i>
	<i>Risk Management</i>
	<i>Complaints and Allegations</i>
	<i>Legal Services</i>

Sectors and Regions

Auditable Units	Ranking
SECTORS	
Chief Financial Officer	Very High
Education and Social Development Programs and Partnerships	Very High
Regional Operations	Very High
Treaties and Aboriginal Government	Very High
Resolution & Individual Affairs	Very High
Policy and Strategic Direction	Very High
Human Resources and Workplace Services	High
Lands and Economic Development	High
Northern Affairs	High
Indian Residential Schools Adjudication Secretariat	High
Corporate Secretariat	Moderate
Communications	Moderate

Auditable Units	Ranking
REGIONS	
Ontario	Very High
Manitoba	Very High
Atlantic	Very High
Saskatchewan	High
Alberta	High
Nunavut	High
Northwest Territories	Moderate
Quebec	Moderate
British Columbia	Moderate
Yukon	Moderate

APPENDIX B – LINKAGE OF 2013-2014 AUDITS TO THE CORPORATE RISK CATEGORIES

2013-2014 Audit Projects	HR Capacity and Capability	Information for Decision Making	Transformation & Implementation	Resource Alignment	Government Partnership	Aboriginal Relationship	External Partnership	Legal	Environmental
Ongoing									
Audit of Grants and Contributions Management Control Framework (recurring audit)				X	X	X	X		
Audit of Emergency Management Assistance		X	X	X	X	X	X	X	X
2013-14 Projects									
Follow-up Audit of Capacity Development		X	X	X	X	X	X		
Audit of Negotiation of Comprehensive Land Claims and Self-Government Agreements		X	X		X	X	X	X	
Audit of the Implementation of Modern Treaty Obligations		X	X	X	X	X	X	X	
Audit of Elementary and Secondary Schools		X	X	X	X	X	X	X	
Audit of the Indian Registration System		X	X			X		X	
Audit of Economic Development Programs		X	X	X		X	X	X	
Audit of Southern Oil and Gas		X	X	X	X	X	X	X	X
Audit of Grants and Contributions Management Control Framework (recurring audit)		X		X	X	X	X		
Audit of IM/IT Governance and Systems Integration		X		X	X		X	X	
Audit of Nutrition North	X	X	X			X	X		
Audit of Canadian High Arctic Research	X	X			X		X		
System Under Development Audit of the Integrated Financial Management System (SAP & GCIMS)	X	X		X					
Audit of Strategic and Business Planning	X	X		X		X			
Audit of Delegation of Authorities, Organization Design and Classification	X	X			X	X			
Management Practices Audit of Human Resources and Workplace Services	X	X	X	X					
Management Practices Audit of Treaties and Aboriginal Government	X	X	X	X					
Management Practices Audit of Policy and Strategic Direction	X	X	X	X					
OCG Horizontal Internal Audit of Compliance with the Workforce Adjustment Directive	X	X	X	X					

APPENDIX C – LINKAGE OF 2013-2014 AUDITS TO MAF ELEMENTS

2013-2014 Audit Projects	Values and Ethics	Managing for Results	Governance and Planning	Citizen-focused Service	Internal Audit (1)	Evaluation (1)	Financial Management and Control	Management of Security	Integrated Risk Management	People Management	Procurement	Information Management	Information Technology	Asset Management	Investment Planning and Management of Projects
Note (1)- These 2 Areas of MAF are the responsibility of the CAEE; therefore, they were not considered..															
Ongoing															
Audit of Grants and Contributions Management Control Framework (recurring audit)		x	x	x			x								
Audit of Emergency Management Assistance		x	x				x	x							
2013-14 Projects															
Follow-up Audit of Capacity Development		x	x	x			x								
Audit of Negotiation of Comprehensive Land Claims and Self-Government Agreements		x	x				x	x							
Audit of the Implementation of Modern Treaty Obligations		x	x	x			x	x							
Audit of Elementary and Secondary Schools		x	x	x			x	x							
Audit of Indian Registration System		x	x	x			x	x	x			x	x		x
Audit of Economic Development Programs		x	x	x			x					x			
Audit of Southern Oil and Gas		x	x	x			x					x	x		
Audit of Grants and Contributions (recurring audit)		x	x	x			x			x					
Audit of IM/IT Governance and System Integration		x	x				x	x				x	x	x	x
Audit of Nutrition North		x	x				x	x							
Audit of Canadian High Arctic Research Station		x	x	x			x	x		x					x
System Under Development Audit of the Integrated Financial Management System (SAP & GCIMS)			x				x	x	x		x	x			x
Audit of Strategic and Business Planning		x	x	x					x						x
Audit of Delegation of Authorities, Organization Design and Classification	x	x	x	x			x		x	x					
Management Practices Audit of Human Resources and Workplace Services	x	x	x	x			x		x	x	x				
Management Practices Audit of Treaties and Aboriginal Government	x	x	x	x			x		x	x	x				
Management Practices Audit of Policies and Strategic Direction	x	x	x	x			x		x	x	x				
OCG Horizontal Internal Audit of Compliance with the Workforce Adjustment Directive	x	x	x	x			x		x	x					

APPENDIX D – 2013-2014 AUDIT PROJECTS

The detailed audit plan for 2013-2014 is presented below with each project described in terms of its objective, scope and rationale.

Audit Objective and Scope	Rationale for Conduct	
<p>Follow-up Audit of Capacity Development</p> <p>The objective of the audit will be to assess the extent to which management actions taken since the 2009 Audit of Capacity Development have resulted in a more effective and efficient use of resources to support the achievement of the Department's goal to increase First Nations' capacity to self-govern.</p> <p>The scope of the audit will include all programs or initiatives designed or intended to support capacity development of First Nations or their representative organizations.</p>	<p>Very High</p> <p>Maps to Program Alignment Architecture</p> <ul style="list-style-type: none"> ▪ Strategic Outcome: The Government ▪ Activity: Institutions and Organizations; First Nations Government <p>Maps to Corporate Risk Profile</p> <ul style="list-style-type: none"> ▪ Information for Decision Making ▪ Transformation and Implementation ▪ Resource Alignment ▪ Government Partnership ▪ Aboriginal Relationship ▪ External Partnership <p>Capacity development is growing in prominence as the Department moves towards implementation of a First Nations Community Development Framework. As the Audit of Capacity Development Programs (2009) indicated, work is required to synchronize implementation of all First Nations programming directed towards development of capacity. Recent governance and financial crises with Aboriginal Representative Organizations demonstrate that the area is sensitive to misuse of funding.</p>	
<p>Audit of Negotiation of Comprehensive Land Claims and Self Government Agreements</p> <p>The preliminary objective of this audit will be to assess the adequacy and effectiveness of controls in place to support the negotiation of comprehensive land claims and self-government agreements.</p> <p>The specific objective and scope will be determined during the planning phase based on an assessment of risks. The scope will include an assessment of the adequacy of the design of the management control framework to ensure effective, efficient and timely negotiations in a results based environment. The</p>	<p>Very High</p> <p>Maps to Program Alignment Architecture</p> <ul style="list-style-type: none"> ▪ Strategic Outcome: The Government ▪ Activity: Negotiation of Claims and Self-Government <p>Maps to Corporate Risk Profile</p> <ul style="list-style-type: none"> ▪ Information for Decision Making ▪ Transformation and Implementation ▪ Government Partnership ▪ Aboriginal Relationship ▪ External Partnership ▪ Legal 	

Audit Objective and Scope	Rationale for Conduct	
<p>timing of the audit will be coordinated with the Audit of the Implementation of Modern Treaty Obligations to maximize the benefits and minimize disruption to the auditee.</p>	<p>Claims and self-government activities are significant to the achievement of AANDC objectives. The complexity and length of negotiations requires a high level of knowledge and specific skills. As such, the negotiations and associated loans are high risk. Moreover, there is high risk associated with the implementation of Modern Treaties. The program area is in transition to a results based approach to negotiations and comprehensive claims. A high level of legal risk is also associated through contingent liabilities and legal impacts.</p>	
Audit of the Implementation of Modern Treaty Obligations	Very High	
<p>The preliminary objective of this audit will be to assess the adequacy and effectiveness of controls in place to support the implementation of modern treaty obligations.</p> <p>The specific objective and scope will be determined during the planning phase based on an assessment of risks. The scope will include an assessment of the adequacy of the design of the management control framework to ensure that modern treaty obligations are respected in an effective, efficient and timely manner. The scope will include examination of a sample of modern treaties and the application of the management control framework to them.</p>	<p>Maps to Program Alignment Architecture</p> <ul style="list-style-type: none"> ▪ Strategic Outcome: The Government ▪ Activity: Implementation of Modern Treaty Obligations 	<p>Maps to Corporate Risk Profile</p> <ul style="list-style-type: none"> ▪ Information for Decision Making ▪ Transformation and Implementation ▪ Resource Alignment ▪ Government Partnership ▪ Aboriginal Relationship ▪ External Partnership ▪ Legal <p>Successful implementation of modern treaty obligations requires a high degree of knowledge and relevant skill sets. There have been no recent audits completed by AES and the OAG has identified concerns regarding implementation. There is a significant downstream risk associated with estimation of costs for implementation and implementation itself. There is potential for very high legal risk if Canada fails to meet its treaty obligations, which could impact ongoing negotiations. High dependency risk exists because of the Department's lead in coordinating OGDs.</p>
Audit of Elementary and Secondary Schools	Very High	
<p>The objective of the audit will be to assess the adequacy and effectiveness of the management control framework of the K-12 Program, particularly as it pertains to recent initiatives, and that regional controls for administering recipient contributions are effective at ensuring compliance with applicable authorities and policy frameworks including both AANDC and the Government of Canada.</p> <p>The scope of the audit will include program design, redesign and approvals, program implementation and program monitoring and reporting. The scope</p>	<p>Maps to Program Alignment Architecture</p> <ul style="list-style-type: none"> ▪ Strategic Outcome: The People ▪ Activity: Elementary and Secondary Education 	<p>Maps to Corporate Risk Profile</p> <ul style="list-style-type: none"> ▪ Information for Decision Making ▪ Transformation and Implementation ▪ Resource Alignment ▪ Government Partnership ▪ Aboriginal Relationship ▪ External Partnership ▪ Legal

Audit Objective and Scope

will also include an examination of the role that the Education Information System plays in support of the K-12 program management. A sample of regions will be included in the audit to provide assurance regarding regional controls for administering recipient contributions, e.g. evaluation and documentation of recipient and project eligibility, development of funding agreements and recipient monitoring and reporting.

Rationale for Conduct

Programming is material (\$1.4B) and significant in terms of its importance to the achievement of strategic outcomes. It is important to stakeholders (FN people, communities, government) that service and outcomes improve. Improvements are complex due, in part, to recent program renewal initiatives and challenges in meeting provincial/territorial standards. National Panel on Education recommended significant structural, funding, and legislative changes but many FNs are resistant. The expected launch in September 2012 of EIS was delayed; SUD audit indicated risks related to data collection, performance measurement requirements and complex functionality.

Audit of the Indian Registration System

The objective of this audit will be to assess the adequacy and effectiveness of controls in place to ensure the integrity of information contained in the Indian Registration System.

The scope of the audit will include both manual and automated controls that ensure that only legitimately eligible individuals are included in the system and that the information entered in the system is reliable and access to it is protected. The scope may include examination of a sample of decentralized controls. The audit will also follow-up on previous related audit observations and recommendations.

Very High

Maps to Program Alignment Architecture

- Strategic Outcome: The People; Internal Services
- Activities: Registration and Membership; Information Technology; Information Management; IM/IT Governance

Maps to Corporate Risk Profile

- Information for Decision Making
- Transformation and Implementation
- Aboriginal Relationship
- Legal

Effective and successful implementation of IRS and SCIS are important to stakeholders and to AANDC credibility. Accuracy and integrity of IRS data and SCIS cards are key to minimizing false or illegitimate claims for federal funding. SCIS issuance is highly sensitive. IRS system faces increased reliability risk as a result of being obsolete. Most recent audit of SCIS identified concerns although subsequent testing indicates concerns are being addressed. Control and security issues were also identified in the SUD Audit (11-12).

Audit of Economic Development Programs

The objective of the audit will be to determine if the management control framework for funding provided to recipients under Economic Development Programs ensures that benefits or results are consistent with program goals and terms and conditions, that appropriate performance and reporting requirements are established, and that activities are monitored to ensure compliance with program terms and conditions and funding agreements.

The scope of the audit will include an examination of the adequacy of controls

Very High

Maps to Program Alignment Architecture

- Strategic Outcome: The Land and the Economy
- Activity: Activation of Community Assets; Aboriginal Entrepreneurship

Maps to Corporate Risk Profile

- Information for Decision Making
- Transformation and Implementation
- Resource Alignment
- Aboriginal Relationship
- External Partnership
- Legal

Audit Objective and Scope	Rationale for Conduct	
<p>through testing of key controls in a sample of funding awarded.</p>	<p>Programs are being realigned to streamline spending authorities and focus investments in four key areas resulting in an implicit higher risk due to change and complexity. Resources represent moderate materiality but expected impacts are significant for AANDC's agenda and First Nations. Currently there is a complex delivery structure with multiple players and jurisdictions. Control weaknesses have been identified in previous audits.</p>	
Audit of Southern Oil and Gas	High	
<p>The preliminary objective of the audit will be to determine whether AANDC and Indian Oil and Gas Canada are fulfilling their obligations with respect to First Nations oil and gas management in an efficient, effective and controlled manner. The specific objectives of the audit will be determined following a risk assessment.</p> <p>The scope of the audit will include examination of activities of AANDC and of Indian Oil and Gas Canada.</p>	<p>Maps to Program Alignment Architecture</p> <ul style="list-style-type: none"> ▪ Strategic Outcome: The Land and the Economy; The People ▪ Activity: Activation of Community Assets; Management of Monies 	<p>Maps to Corporate Risk Profile</p> <ul style="list-style-type: none"> ▪ Information for Decision Making ▪ Transformation and Implementation ▪ Resource Alignment ▪ Government Partnership ▪ Aboriginal Relationship ▪ External Partnership ▪ Legal ▪ Environmental <p>First Nations' oil and gas management is complex and involves both AANDC and Indian Oil and Gas Canada (IOGC) program areas. IOGC has not been audited directly in over ten years but was touched upon in the Audit of Trust Accounts and Alberta Region Management Practices Review. The Audit of Trust Accounts indicated that IOGC requires a more proactive receivables management approach. As First Nations sign on to the First Nations Oil and Gas Management Act (FNOGMA), the role of AANDC will be greatly reduced, however, differing agendas will pose challenges, adding to complexity (e.g. environmental stewardship vs. economic development, traditional vs. modern practices).</p>
Audit of Grants and Contributions Management Control Framework (recurring audit)	Very High	
<p>The ongoing objective of the audit of Grants and Contributions is to assess the adequacy and effectiveness of the management control framework for grant and contribution programs. As the framework and the Department's programs and their risks evolve, the specific objectives and scope for audit activity in a given year are based upon a current risk assessment conducted during the planning phase.</p>	<p>Maps to Program Alignment Architecture</p> <ul style="list-style-type: none"> ▪ Strategic Outcome: Internal Services ▪ Activity: Grants and Contributions 	<p>Maps to Corporate Risk Profile</p> <ul style="list-style-type: none"> ▪ Information for Decision Making ▪ Resource Alignment ▪ Government Partnership ▪ Aboriginal Relationships ▪ External Partnership

Audit Objective and Scope

In assessing the adequacy and effectiveness of selected controls, the audit will typically examine their application horizontally, i.e. through a sample of programs and regions.

Rationale for Conduct

Grants and Contributions are the primary transfer payment vehicles through which AANDC programming is delivered. In addition to being financially material (over \$6 billion), AANDC continues to implement a strengthened Grant and Contribution Management Control Framework to achieve the expected improvements reflected in the Policy on Transfer Payments, e.g. risk-based program frameworks, recipient agreements and recipient auditing, reduced burdens on recipients. The 2012-13 recurring audit found areas requiring improvement, e.g. need for a national governance structure, capacity and competence of Funding Services Officers, use and consistency of performance information in GCIMS.

Audit of IM/IT Governance and Systems Integration

The objective of the audit will be to assess the adequacy and effectiveness of controls in place to support the effective expenditure of IM/IT system resources.

The scope will include examination of the governance bodies and processes in place to establish priorities among, and recommend or approve funding for, IT initiatives. The scope will include an examination of roles and responsibilities and delegated authorities and assessment as to the adequacy of planning for integration of systems which can serve more than one purpose.

Very High

Maps to Program Alignment Architecture

- Strategic Outcome: Internal Services
- Activity: IM/IT Governance; Information Technology; Information Management

Maps to Corporate Risk Profile

- Information for Decision Making
- Resource Alignment
- Government Partnership
- External Partnership
- Legal

New IM/IT governance processes are being implemented to better define system owners and ensure strategic allocation and approval of resources for IM/IT systems yet issues remain with business owners driving IM/IT requirements without sufficient CIO involvement and corporate oversight. It is inherently challenging for senior management to establish a governance regime that can set priorities and meet competing demands. There is a high risk to achievement of corporate objectives if IM/IT is not well governed because of program delivery's reliance on applications, technology and data. Recent preliminary survey (originally planned to be an audit) identified some areas of strength and weakness. There are key changes pending with the move to Shared Services Canada, integration with Health Canada, aging systems (e.g. IRS) and new initiatives (e.g. EIS).

Audit of Nutrition North

The objective of the audit will be to assess the extent to which the program has been implemented as intended and to which the management control framework assures appropriate program delivery.

The specific scope of the audit will be determined during the planning phase.

High

Maps to Program Alignment Architecture

- Strategic Outcome: The North
- Activity: Nutrition North

Maps to Corporate Risk Profile

- HR Capacity and Capabilities
- Information for Decision Making
- Transformation and Implementation
- Aboriginal Relationship
- External Partnership

Audit Objective and Scope

Rationale for Conduct

This new program was implemented on April 1, 2011 to replace the former Food Mail program that was subject to considerable scrutiny. With the shift to a new program model (retail subsidies) and new controls, the risk is inherently high, e.g. high Northern public visibility, and management needs early assurance that implementation is occurring as intended. The OAG has expressed an interest in the new program.

Audit of Canadian High Arctic Research Station

High

The objective of the audit will be to provide assurance that an appropriate project management framework is in place to ensure that expected results are delivered within budget and on time.

The scope of the audit will include examination of governance and project management practices.

Maps to Program Alignment Architecture

- Strategic Outcome: The North
- Activity: Science Initiatives

Maps to Corporate Risk Profile

- HR Capacity and Capabilities
- Information for Decision Making
- Government Partnership
- External Partnership

Construction of the High Arctic Research Station (currently in the design phase) has some known contracting issues and is a significant project in the North (approximately \$250M total project costs) considering that the Department has limited experience in this size of undertaking.

The initiative is significant in respect of supporting Canada's claims over the North. Early audit activity can support effective project management and control.

System under Development Audit of the Integrated Financial Management System (SAP and GCIMS)

High

The objective of the audit will be to assess the adequacy and likely effectiveness of the project management framework in place to ensure that expected results are delivered within budget and on time with no loss of data integrity or functionality.

The scope of the audit will include examination of governance and project management practices

Maps to Program Alignment Architecture

- Strategic Outcome: Internal Services
- Activity: IM/IT Governance; Information Technology; Information Management

Maps to Corporate Risk Profile

- HR Capacity and Capabilities
- Information for Decision Making
- Resource Alignment

There is a high risk to achievement of control and accountability objectives if ADNDC's transfer to SAP and Health Canada's adoption of GCIMS results in

Audit Objective and Scope

Rationale for Conduct

unreliable or unavailable financial information. Migration projects are typically subject to a high degree of risk in terms of loss or corruption of data or untimely availability. Early audit activity can support effective project management and control.

Audit of Strategic and Business Planning

High

The objective of the audit will be to assess the efficiency and effectiveness of current planning processes and the extent of compliance with them.

The scope of the audit will include an examination of current processes and an assessment of a sample of deliverables produced in response to them in terms of their usefulness in integrating activities of the Department and setting and addressing priorities. The scope will include an assessment of the extent to which risk management is meaningfully incorporated.

Maps to Program Alignment Architecture

- Strategic Outcome: internal Services
- Activity: Strategic and Business Planning; Strategic Policy Development; Performance Measurement and Reporting

Maps to Corporate Risk Profile

- HR Capacity and Capabilities
- Information for Decision Making
- Resource Alignment
- Aboriginal Relationship

While strategic and business planning is critical to ensuring alignment of resources, effective planning is inherently complex in AANDC due to a wide range of programs and linkages. Strategic and business plans have been developed and quarterly reports formalized for sectors and regions at considerable effort and in significant volume, in some cases, but with concerns as to whether the effort has improved focus on key activities and resulted in greater integration. Risk management has been incorporated in the planning process but with consistency and quality concerns. With government's focus on back-room efficiency, there is a need to ensure that processes are meaningful and productive

Audit of the Delegation of Authorities, Organization Design and Classification

High

The objective of the audit will be to provide assurance that the organization design, delegation of authority, and classification principles and policies in place in AANDC support the most efficient and cost effective delivery of programs and services.

The scope of the audit will include the review of a sample of organizations and their delegations of authorities and their classified position.

Maps to Program Alignment Architecture

- Strategic Outcome: Internal Services
- Activity: Organizational Design and Classification

Maps to Corporate Risk Profile

- HR Capacity and Capabilities
- Information for Decision Making
- Government Partnership
- Aboriginal Relationship

Effective organizational design and formalized delegation of appropriate authorities are integral to achievement of AANDC's objectives. This has been identified as an area of high risk in numerous previous audits and management practice reviews. There is increasing importance post DRAP in ensuring that structures are effective and classifications appropriate to requirements.

Management Practices Audits: Policy and Strategic Direction, Treaties and Aboriginal Government, and Human Resources and Workplace Services

High

The objective of these audits will be to assess the adequacy and effectiveness of selected management practices in regions and sectors of the Department. The specific management practices included in the scope of each audit will be determined on the basis of risk, as identified through Control Self-Assessment workshops, review of previous audit and review findings, review of priorities, and consideration of other relevant information.

Maps to Program Alignment Architecture

- Strategic Outcome: N/A
- Activity: N/A

Maps to Corporate Risk Profile

- HR Capacity and Capabilities
- Information for Decision Making
- Transformation and Implementation
- Resource Alignment

Following the first round of Management Practices Reviews between 2007 and 2010, the Audit and Evaluation Sector prepared a summary report highlighting the strengths and weaknesses of the process. The report led to the initiation of a round of Management Practices Audits (MPAs) in 2011-12. The MPA approach is more targeted towards a higher level of assurance by taking a two phase approach: a Control Self-Assessment followed by an audit of selected management practices determined on the basis of the auditor's risk assessment

OCG Horizontal Internal Audit of Compliance with the Work Force Adjustment Directive in Large and Small Departments

High

The preliminary objective of the audit is to assess compliance with the Workforce Adjustment Directive as well as other related policies and directives.

The preliminary scope of the audit will include a review of processes used by departments to manage workforce adjustments, including the accuracy of financial reporting. Lastly, the audit will identify possible areas for improvement with respect to TB policies and directives.

Maps to Program Alignment Architecture:

- Strategic Outcome: Internal Services
- Activity: Labour Relations, HR Staffing and Planning, Compensation, External Reporting

Maps to Corporate Risk Profile:

- HR Capacity and Capability,
- Information for Decision Making,
- Transformation and Implementation,
- Resource Alignment, Legal Reporting

The OCG has identified this as a priority for audit across a representative sample of large and small government departments

APPENDIX E – CHANGES TO THE AUDIT PLAN

Ongoing Audits

The resource implications of audit projects that began in 2012-2013, but were not completed within that period are identified below as ongoing audits from the 2012-2013 Plan

2012-2013 Ongoing Audits	Expected Completion Date
Audit of Grants and Contributions Management Control Framework	Q1 2013-2014
Audit of Emergency Management Assistance	Q1 2013-2014

Removed, Deferred or Added Audits

The table below identifies all the changes to the 2012-15 Plan.

Removed or Deferred Audits	
Audit Name and Year Planned	Rationale
Audit of Northern Contaminated Sites (2012-13)	This audit was deferred to 2014-2015 as a result of the CESD Audit of Contaminated Sites and their Financial Impacts planned for 2012-2013
Audit of the Management of the Strategic Policy Process (2012-13)	This audit was removed from the plan as the auditable entity was identified as a low audit priority. A broader scope Audit of Strategic and Business Planning is scheduled for 2013-14 and will touch upon the strategic policy component.
Audit of Financial Budgeting and Forecasting (2012-13)	OCG did not include AANDC in the scope of the audit
Follow-up Audit of the AANDC Implementation of Government of Canada Payroll Interface (2012-13)	This audit was removed from the plan as the auditable entity was identified as a lower audit priority
OCG Horizontal Audit of G&C MCF Phase 2 (2012-13)	OCG cancelled that audit
Preliminary Survey of Lands Management (2012-13)	This preliminary survey has been changed to a full Audit of Lands Management (including the Lands Registry System) in 2015-2016
Audit of Human Resource Staffing and Planning (2012-2013)	As a result of DRAP, a consulting engagement was undertaken to support HRWSB in the implementation of DRAP decision.
Preliminary Survey of the Implementation of Modern Treaty Obligations (2012-2013)	An audit (with a high level of assurance) will be conducted in 2013-2014

Removed or Deferred Audits	
Audit Name and Year Planned	Rationale
Audit of Community focused Economic Development Programming (2013-14)	This audit has been renamed the Audit of Economic Development Programs (2013-2014) in light of program restructuring
Audit of Information Technology Security (2013-14)	This audit has been deferred to 2014-2015 (and renamed as Audit of IM/IT Security) pending clarification of Shared Services Canada work
Audit of Claims, Litigation and Environmental Liabilities (2013-14)	The areas are being covered by more focused individual audits over the course of the three years
Management Practices Audits (various identified over the three years)	A revised risk assessment of MPA sectors and regions will be undertaken in 2013-2014 to determine the specific organizations to be audited in years two and three of the Plan
Additions	
Audit of Entity-Level Controls in the North West Territories (2012-13)	The audit was added at management's request
Audit of Additions to Reserve Process Design (2013-2014)	The audit of Additions to Reserve Process Design was advanced to 2012-2013 to address some of the risks identified in the preliminary survey of the program