



Affaires mondiales
Canada

Global Affairs
Canada

Canada



PERFORMANCE AUDITING

Government of Canada

4th Public Sector Internal Auditors Conference
September 18, 2024



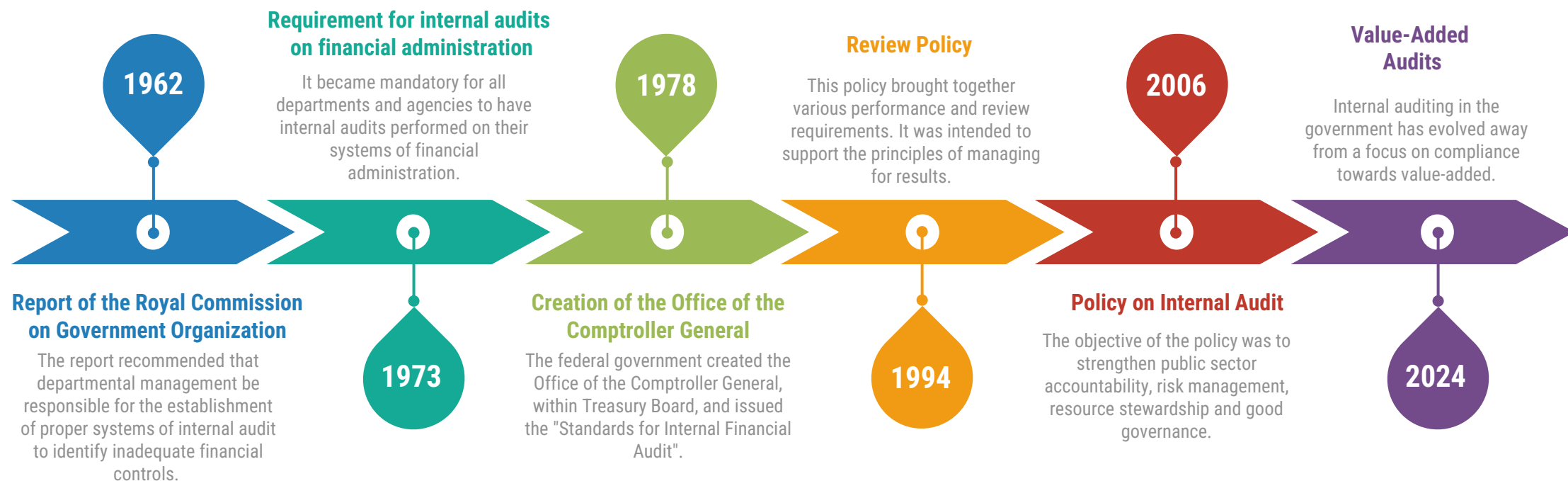
AGENDA

1. A Brief History
2. Policy on Internal Audit
3. Suite of Services
4. Performance Audits
5. Recommendations
6. Communication throughout the process



A BRIEF HISTORY

Internal Auditing in the Canadian Government





DEPARTMENTAL AUDIT COMMITTEE

ROLE

- Providing **objective advice and recommendations to the Deputy Head** on the sufficiency, **quality and results of internal audit engagements** related to the adequacy and functioning of the department's frameworks and processes for risk management, control and governance;
- Using a **risk-based approach, reviewing all areas of responsibility for departmental audit committees related to departmental management**, control and accountability processes as determined by the Comptroller General of Canada; and
- Providing **advice and recommendations** on matters for which the Deputy Head, as accounting officer, is responsible and on other matters as needed or requested by the Deputy Head.

MEETINGS & MEMBERSHIP

- Meets at least 4 times a year with various departmental stakeholders.
- Consists of four members from **outside of government**.
- DAC members' mandate is up to 8 years



THE RISK-BASED AUDIT PLAN

WHAT IS THE RBAP?

- The Risk-Based Audit Plan (RBAP) is developed by the Office of the Chief Audit Executive to plan and prioritize the internal audit activity's assurance and advisory engagements.
- It outlines the engagements that are planned over the course of the next two fiscal years, in support of the achievement of the department's objectives.
- This plan is risk-based and dynamic and strikes an appropriate balance between assurance and advisory services.

HOW IS IT DEVELOPED?

- The RBAP is based on a comprehensive, department-wide risk assessment conducted by the Office of the Chief Audit Executive once a year.
- It is also informed by departmental priorities and emerging issues.
- The RBAP may be updated throughout the year to reflect ongoing consultations and risk identification, assessment, and prioritization.

SUITE OF SERVICES





PERFORMANCE AUDITS

In the Canadian Government Context

Canada's renewed vision for internal audit has built audit functions that are independent, trusted, diverse, agile, analytical, compelling, engaging, and innovative.

- Considering areas of high risk and significance, to remain **relevant** and **responsive to needs** of stakeholders.
- Strengthening **public trust**, by increasing **accountability** and **transparency**.
- Providing **timely** assurance and advice.
- Building a trusted **relationship** with auditee.
- Expanding our **suite of services**.



PERFORMANCE AUDIT EXAMPLE #1

Engagements can sometimes have **both** compliance and performance criterion.

Audit of Management Practices of Missions – Brazil Platform

Audit objective

The objective of the audit was to assess whether **sound management practices** and **effective** controls are in place to ensure **good** stewardship of resources at the missions in the Brazil Platform in support of the achievement of Global Affairs Canada objectives.

Audit Criterion

1. The missions have adequate governance in place to support good stewardship of mission resources **(Performance)**
2. Procurement and payment of goods and services comply with applicable legislative requirements and policies while achieving value for money. **(Compliance)**
3. The missions put effective controls in place to manage cash and non-cash assets in compliance with applicable legislative requirements and policies. **(Performance)**
4. Human resources processes and practices comply with applicable legislative requirements and policies. **(Compliance)**

PERFORMANCE AUDIT EXAMPLE #2

Performance audits sometimes include consideration of controls related to compliance.

Audit of International Assistance to Tanzania

Audit objective

To assess whether the Department has **put in place a management framework** for bilateral development assistance in Tanzania to support **effective** program delivery and manage funds in accordance with applicable legislations and policies.

Audit Criterion

1. Strategic direction for bilateral development assistance in Tanzania is clearly defined and supported by effective oversight. **(Performance)**
2. Risks that may impact the delivery of bilateral development assistance in Tanzania are identified, assessed, and mitigated. **(Performance)**
3. Effective controls are in place to deliver projects in accordance with applicable policies, procedures, and terms and conditions. **(Performance of controls related to compliance)**
4. Performance information and relevant data is collected, analyzed, and used to inform decision-making regarding international assistance to Tanzania. **(Performance)**

We assessed the effectiveness and performance of the controls that ensure compliance. Thus, we looked at the **control** and not at the fact of compliance.



PERFORMANCE AUDIT EXAMPLE #3

Performance audits are sometimes straightforward with little or no focus on compliance.

Audit of IT Application Portfolio Management

Audit objective

The objective of the audit was to assess the **adequacy** and **effectiveness** of the management framework and processes in place to manage the department's portfolio of IT applications throughout their lifecycle.

Audit Criterion

1. An effective governance and management framework is in place to provide strategic direction in support of the ongoing management of the applications portfolio. **(Performance)**
2. Processes are in place and implemented to manage the portfolio of applications effectively throughout their lifecycle. **(Performance)**
3. An effective data monitoring and reporting mechanism is in place to monitor the health of the applications portfolio. **(Performance)**

In summary, the separation between performance and compliance engagements is not always clear cut.



OTHER EXAMPLES OF PAST AUDITS

In accordance with the [Policy on Internal Audit](#), completed departmental internal reports are published online.

For audit engagements completed by Global Affairs Canada, please visit this [Internet page](#).





RECOMMENDATIONS

For Performance Auditing



Engage Early and Often

- Build relationships with managers at multiple levels, to **establish trust**.
- Communicate the **role** and **value-added** of internal audit.



Get the Support

- Get support from **senior management** and your organization's **audit board**.
- Share tools and the knowledge **within the community**.



Be Strategic

- Focus on areas of **high risk** and **high significance** of the organization.
- When looking at controls, **assess effectiveness** and **identify redundancies**.



Demonstrate Value

- Communicate **findings strategically**. What is the **impact** of the finding? Why does it matter ?
- Establish a **robust monitoring** process for audit recommendations.



Leverage Tools and Technology

- Leverage data analytics and AI tools and technologies to **gain efficiencies**.
- Consider micro missions to help **build data capacity**.

COMMUNICATIONS

With Stakeholders Throughout the Engagement

Engage Early



- Planning phase kick off meeting
- Meetings to discuss engagement plan

Engage Often



- Regular status updates to keep clients informed throughout engagement

Engage Effectively



- Fact validation sessions - discuss high level findings, validate facts, discuss potential recommendations and get client feedback

| Status Update | | | Office of the Chief Audit Executive | | | |
|-----------------------------------|----------------|-------------------|---------------------------------------------------|----------------|------------------|------------------|
| | | | As of February 21, 2024 | | | |
| Engagement Objective | | | | | | |
| Project Status | | | Key Project Issues and Risks | | | |
| Project Timeline | | | Project Costs | | | |
| Project Phase | Current Status | End Date | | Budgeted Costs | Current Expenses | Budget Remaining |
| Project Initiation | Completed | November 8, 2023 | | | | |
| Developing the Engagement Plan | Completed | November 30, 2023 | VBD Salary Costs | | | |
| Conducting the Engagement Program | Wrapping-up | March 8, 2024 | O&M (Case Study Travel and Subject Matter Expert) | | | |
| Case Study | In progress | March 8, 2024 | | | | |
| Final Report | Future Task | March 28, 2024 | Engagement Total | | | |
| Tasks Completed | | | Tasks Upcoming | | | |
| | | | | | | |



THANK YOU