

OFFICE OF THE AUDITOR GENERAL

16.

REPORT ON THE OFFICE OF THE AUDITOR GENERAL

MANDATE

16.1 The responsibilities and authorities of the Auditor General are derived from the Auditor General Act (Chapter 28, 1989) and other legislation. The Auditor General Act specifies the responsibility to examine the accounts of the Province, its various agencies and transfer payment recipients, and the requirement to report to the House of Assembly on the government's stewardship of public funds.

16.2 The Auditor General helps the House of Assembly to hold government to account by providing opinions:

- on the credibility of financial statements and other government accountability reports;
- concerning compliance with legislation, regulations, agreements, and policies;
- on the adequacy of control; and
- on the extent of due regard for economy and efficiency in the management of public funds.

16.3 The Act vests sole responsibility for removal of the Auditor General in the House of Assembly. This protection provides appropriate independence from government. Appendix I on page 246 of this Report includes extracts of the audit mandate and reporting sections of the Auditor General Act.

16.4 Some other Provincial statutes and regulations, as well as other enabling arrangements for certain entities, provide additional or more specific mandates to this Office. For the most part these relate to the performance of the annual financial statement audit function for certain crown agencies or funds. The Office's mandate with respect to the review of the annual revenue estimates is quite unique. During 1998, amendments to the Auditor General Act were passed expanding the Auditor General's mandate, most notably with regard to the audit of the *Public Accounts* commencing with the fiscal year ended March 31, 1999.

16.5 In addition to the Office's statutory mandate(s), there have been instances where audit coverage by this Office has been incorporated into policy guidelines and control standards approved by government. For example, see the extracts from internal policy and standard guidelines in Exhibit 16.5 on page 244. The Department of Finance's draft policy for debt management also includes reference to specific involvement by this Office.

16.6 While we do not take exception to general reference to the Office's work in such policy statements, we are concerned that there may be some misunderstanding about the nature, extent or timing of our coverage in such regards. As presented, it could be interpreted that this Office actively audits each of the respective areas or matters on a detailed and almost continuing basis. This may not be the case, since each year we make decisions as to which aspects of government operations and control will get specific and more detailed coverage.

MISSION, VISION, VALUES AND GOALS

16.7 During the year we initiated a strategic planning process which resulted in a restatement of the Office's mission, vision, values and goals. Exhibit 16.1 on page 235 contains our Mission, Vision and Values.

16.8 Exhibit 16.4 on page 238 provides a detailed listing of our strategic goals and planned actions which have been categorized into six areas as follows:

- Products and priorities
- Professional standards and excellence
- Communications and participation
- Independence, ethics and competence
- Management of resources
- Performance measurement and reporting

16.9 These goals will be reviewed each year and will continue to evolve. Further, we will establish mechanisms to monitor our overall performance against these goals.

CORE BUSINESS FUNCTIONS

16.10 The Office conducts audits in accordance with the Auditor General Act and reports the results to the House of Assembly. The types of audits and reports provided are described in the Office's Mandate statement. However, for purposes of a more complete description, our business function is comprised of the following elements:

- In addition to the Auditor General Act, other legislation, including the Provincial Finance Act, specifies audit responsibilities. Under each of these, our function is to provide information to the House of Assembly and the public and, where appropriate, advice to both the government and managers of government entities.
- We perform assessments from which flow the provision of assurance, advice, recommendations and analyses.
- We identify and monitor emerging issues, and research developments and initiatives in other jurisdictions related to the management, control and reporting of public funds, in order to provide advice regarding opportunities for improvement.
- We support the Public Accounts Committee by providing information through briefings and by responding to specific queries.

OUTCOME MEASURES

16.11 While outcomes can only be measured through compilation and interpretation of data from various sources, for purposes of performance monitoring, the following outcome measures, previously identified, relate to the achievement of the Office's strategic goals:

- The degree to which positive change has occurred in the management of public funds.
- The extent to which financial statements and other management representations are presented fairly, on a timely basis, and are considered useful as accountability reports.
- The extent of external recognition of the Office as an effective professional legislative audit function.
- The comparison of the costs of the Office to the costs of similar legislative and other audit organizations.

16.12 As part of our business and long-term planning process for 2000-01, we plan to review our outcome measures including the identification of appropriate performance indicators.

ORGANIZATION

16.13 As at November 2000, we had 28 staff. Subject to the availability of funds, we outsource for specialist expertise and other audit resources on selected assignments.

16.14 Public funds of the Province of Nova Scotia are collected and expended through various departments and agencies. In order to effectively plan and manage the activities of the Office, we are organized into three teams each headed by a senior manager. Staff members are periodically rotated among the teams to provide career development opportunities, technical training, and to meet operational priorities. Each of the senior managers reports to the Auditor General, participates in the overall management of Office activities, has overall responsibility for a group of departments and agencies, and is the prime focus for communications with those organizations.

16.15 It is a responsibility of each senior manager to periodically review past and intended audit coverage of assigned portfolio departments and agencies. These reviews are to be consolidated into multi-year strategic plans giving due consideration to the needs of the House of Assembly, evaluation of risk factors, and availability of resources.

16.16 Exhibit 16.3 on page 237 provides summary financial information on the Office's operations. Staff costs consistently account for 85% or more of the Office's expenditures on an annual basis.

COMMITTEE OF INDEPENDENT ADVISORS

16.17 In 1994 an Independent Advisory Committee of senior members of the business and academic community was established. The terms of reference for the committee are provided in Exhibit 16.2 on page 236. Certain other legislative auditors in Canada successfully use similar advisory committee arrangements.

16.18 The creation of this group and its participation have been positive initiatives, and we appreciate the open and insightful contributions it continues to make to our efforts to plan and manage the Office's activities and outputs.

PROFESSIONAL AFFILIATIONS AND ACTIVITIES

16.19 The Office strives to remain at the leading edge of legislative and other professional audit practices, and to share knowledge and experiences within those communities. We do this through participation in relevant professional organizations, including the following:

The Canadian Council of Legislative Auditors (CCOLA)

The Canadian Institute of Chartered Accountants (CICA)

The Canadian Comprehensive Auditing Foundation

The Certified General Accountants Association

The Financial Management Institute

The Information Systems Audit and Control Association

The Institute of Chartered Accountants of Nova Scotia

The Institute of Internal Auditors

The Society of Management Accountants

16.20 The Auditor General was recently appointed to the CICA Assurance Standards Board. As well, professional staff at all levels participate as members of committees, provide input and commentary on research publications, and attend various professional conferences, seminars and meetings.

PERFORMANCE

16.21 In addition to our required and planned assignments, the Office continued to receive various general and specific matters referred to it from sources external to the Office, including government, opposition parties and the general public. Our ability to react or respond to such matters, if appropriate under our mandate, is contingent on our available resources and other priorities.

16.22 Overall, we are very pleased with our achievements in the past year, but as always, much remains to be done. The following are summary comments on the Office's activities and accomplishments over the past year.

- In this, the second year of our mandate to do so, we successfully planned and conducted the audit of the Province's consolidated financial statements.
- We continue to be the only legislative audit office in Canada to report on a government's annual revenue estimates. We fulfilled this requirement for the Budget Address on April 11, 2000. Interest in the provision of this service continues to be expressed by other jurisdictions.
- We provided the Public Accounts Committee with a number of detailed briefing sessions including six sessions focusing on specific subject matter from our 1999 Annual Report.

- During the past year we initiated strategic planning sessions which have resulted in appropriate and timely modifications to our statements of Mission, Vision, Values and Goals.
- We had our financial statement audit practices independently assessed by the Institute of Chartered Accountants of Nova Scotia's Professional Standards Review program. Our results in this regard were very favourable.
- Communications with central agencies, departments, other government agencies, professional organizations and the public have been maintained and enhanced. Outside counsel through the Independent Advisory Committee continues to be of great benefit.
- The Office continues to receive very positive communications from both the business community as well as the general public concerning the quality and impact of our reporting.
- We continued to enhance our resource availability during peak periods through contracts or other arrangements. More specifically, we:
 - continued our contracts with public accounting firms to perform annual financial statement audit work on six crown entities that the Auditor General reports upon; and
 - entered into arrangements with small public accounting firms to provide for periodic staff exchanges.
- Staff development continues to be a priority, particularly in the areas of professional audit practices and information technology. During the year our staff presented a technical course on Value-for-Money auditing which was attended not only by our staff but also by internal audit staff of certain departments, as well as audit staff from other legislative audit offices.
- The use, control and audit of information technology resources are of strategic importance to the performance of the Office. We have made significant investments in recent years aimed at providing our staff with the resources, training and support needed. This will represent a continuing commitment by the Office, and we monitor the results and payback of the related investments.
- We completed our assessment and remediation of risks and exposures to the Year 2000 problem and its potential impact on our business functions and activities. We encountered no problems or interruptions as the result of the change in century.
- We developed and implemented certain enhancements to our Lotus Notes based audit suite to further improve the efficiency of certain components of our audit process.
- We implemented the Performance Management module of the Province's Integrated Management Development System. Further, we incorporated this module directly into our Lotus Notes based audit suite to provide an electronic means of managing and performing this function.
- The Office continues to receive requests for information on or demonstration of the Lotus Notes based audit suite which we implemented in order to automate our audit process and file working papers.

- In October 1999, the government established the Fiscal Management Task Force under the auspices of the Voluntary Planning Board. The Task Force was charged with the responsibility to undertake a review of the financial position of the Province of Nova Scotia and to submit recommendations on how to balance the budget, and present a framework and set of guidelines to assist in the government's review of programs. The Task Force was responsible to "*...examine the province's fiscal situation...analyze fiscal steps taken by other provinces, seek the advice of experts and draw from the wealth of knowledge to be gained from public input*". The Auditor General was appointed Special Advisor to the Task Force and both he and the Deputy Auditor General attended meetings and provided information and advice. The Task Force released its report in early 2000.
- We continued our participation with the Canadian Council of Legislative Auditors (CCOLA) in the following capacities:
 - the Auditor General of Nova Scotia is currently the Chairman of the Planning and Coordinating Committee;
 - our Office is represented on the Strategic Issues Group;
 - our Office is represented on the Information Technology Committee;
 - our Office is represented on the Human Resources Network; and
 - our Office is represented on the Performance Reporting and Audit Group.

Further, in September 2000, we co-hosted the annual joint meetings of the CCOLA and the Canadian Conference of Public Accounts Committees (CCPAC) in Halifax. These sessions were attended by representatives of the legislative audit offices and Public Accounts Committees of all provincial and federal Canadian jurisdictions, as well as Bermuda.

The CCOLA sessions focused on a variety of current issues and topics of interest to the legislative audit community, as well as review and approval of reports of specific committees and study groups. There was also a joint session for both CCOLA and CCPAC delegates, presented by Sir Graham Day, dealing with "Ethics and Ethical Leadership".

The conference was a tremendous success and delegates were very impressed with Nova Scotia hospitality.

- The Office continues to progress with our occupational health and safety committee as required by statute and government policy with the full support of our senior management committee.
- Since the release of our report last year, two staff members successfully completed the Uniform Final Examinations administered by the Canadian Institute of Chartered Accountants.
- We are very pleased to note that we now have 3 staff members currently enrolled as students in programs of study leading to professional accounting designations.

PRIORITIES

16.23 Strategic and long-range planning for the Office includes, among other things, consideration of the Office's audit universe, the needs of the Legislature, areas of risk and available resources.

16.24 On the administrative side, our priorities are to continue to operate within our expenditure control plan. This will entail filling certain vacancies that arise, as a result of retirements or resignations, with more junior professional staff. In addition, we continue to look for opportunities to work jointly or collaborate with other audit functions on a cost-effective and appropriate basis to serve the House of Assembly.

16.25 As a result of a planning initiative in Fall 2000, the goals of the Office have been defined in more detail than previously presented. Our specific goals and planned actions are itemized in Exhibit 16.4 on page 238.

*Exhibit 16.1***OFFICE OF THE AUDITOR GENERAL
MISSION, VISION AND VALUES**

Our Mission - To serve the House of Assembly and the people of Nova Scotia by providing independent assurance and advice to enhance government accountability and performance.

Our Vision - Demonstrating and being recognized for independence, professional excellence, and credibility and making a significant contribution in support of accountable and well performing government.

Our Values - In pursuing our mission, we value our clients, our staff, and our professionalism.

- We strive to maximize our productivity, and provide quality service to the House of Assembly, its members, and other clients. We do this with initiative and commitment, employing state of the art knowledge, skills, and abilities. We seek to be progressive, encouraging leadership, intelligent risk-taking, and high standards of reliability.
- We treat people with fairness and equality, communicating openly, honestly, and respectfully. We place great importance in career development, training, professional fulfilment, diversity and quality of work life. We work together as a partnership, support staff and professionals, recognizing each person's unique contribution.
- We work to the highest standards of our profession, maintaining a relationship with the House of Assembly and the government that is confidential, independent, objective, and professional. We endeavor to be creative while remaining practical, economical, and efficient. We share our knowledge, values, ideas, and experiences within the Office, the government, and our profession.

*Exhibit 16.2***AUDITOR GENERAL OF NOVA SCOTIA
COMMITTEE OF INDEPENDENT ADVISORS****TERMS OF REFERENCE****OBJECTIVE**

The role of the committee is to advise the Auditor General on issues facing the Office and to assist in promoting effective management of public funds and improved accountability.

More specifically the Committee will consider and advise on:

1. Initiatives designed to strengthen the professional competence, adherence to professional standards and overall effectiveness of the Office.
2. Technical and managerial issues arising from government-wide and departmental audits.
3. Accountability issues with particular regard to information published by the Government on financial and program performance.
4. Strategic and long-term operational objectives of the Office.

MEMBERSHIP

1. The Committee consists of no fewer than six and no more than eight senior members of the business and academic community selected for their knowledge and experience in the fields of management, finance, accounting and auditing in both the public and private sectors.
2. Members serve on a voluntary basis at the invitation of the Auditor General for a term of one year and are eligible for reappointment.
3. The Committee is chaired by the Auditor General with secretarial support provided by his Office.

MEETINGS

1. Meetings are held at least semi-annually at the call of the chair.
2. An agenda and briefing material are prepared by the Auditor General and circulated in advance of the meeting. Additional briefings are provided by staff of the Office.

Exhibit 16.3

OFFICE OF THE AUDITOR GENERAL SUMMARY FINANCIAL INFORMATION			
	1999-2000 Actual	1999-2000 Estimate	2000-2001 Estimate
Salaries & Benefits	<u>\$ 1,516,382</u>	<u>\$ 1,604,300</u>	<u>\$ 1,682,300</u>
Operating Costs			
- Travel	53,058	44,000	57,000
- Professional & special services	111,247	189,000	90,000
- Supplies & services	65,206	66,000	60,700
- Other (including IT related costs)	<u>147,388</u>	<u>108,700</u>	<u>100,000</u>
	<u>376,899</u>	<u>407,700</u>	<u>307,700</u>
Gross Expenditure	1,893,281	2,012,000	1,990,000
Less: Fees & other charges	<u>(171,740)</u>	<u>(175,000)</u>	<u>(140,000)</u>
Net Expenditures	<u>\$ 1,721,541</u>	<u>\$ 1,837,000</u>	<u>\$ 1,850,000</u>
<p>(1) During 1999-2000, the Technology & Science Secretariat acquired information technology resources for the Office at a cost of \$40,000, which are not included above.</p> <p>(2) The costs associated with the Office's leased premises are not included above. Those costs - approximately \$65,300 for 1999-2000 - are reported by the Department of Transportation and Public Works.</p>			

**OFFICE OF THE AUDITOR GENERAL
GOALS AND PLANNED ACTIONS**

Goals	Action Steps	Priority	Timeframe
<i>Products and Priorities</i>			
A-1 To focus our efforts on assurance products of greatest relevance and use to members of the House of Assembly and that are consistent with the Auditor General's mandate.	<ul style="list-style-type: none"> • Confirm our range of assurance products, based on a review of mandate, client needs and developments in other jurisdictions. 	High	2001
A-2 To support the enhancement of performance reporting by government and to work towards provision of assurance on such reports.	<ul style="list-style-type: none"> • Review Office role in auditing of performance information and establish Office direction. • Establish target %'s for Office effort devoted to various types of audit products. 	High High	2001 2001
A-3 To establish audit priorities for the next three years.	<ul style="list-style-type: none"> • Establish criteria for selecting audit priorities. • Prepare a formal, long-range audit plan, including an update of audit universe. 	High High	2001 2001
A-4 To reduce financial statement audit hours and reallocate to issues of more importance to the House of Assembly.	<ul style="list-style-type: none"> • Review financial statement audit portfolio with a view towards determining which audits should be performed by the private sector, which should be contracted on an agency basis, and which we should continue to do. 	Medium	2001
<i>Professional Standards and Excellence</i>			
B-1 To ensure that all our audit work meets/exceeds relevant professional standards.	<ul style="list-style-type: none"> • Establish a quality control process for all of our assurance work. 	Low	2001
B-2 To ensure that all staff have knowledge of current professional pronouncements.	<ul style="list-style-type: none"> • Implement process for quality review of all broad scope audits. • Establish and implement an effective knowledge transfer process. • Establish and implement a process to formally update staff annually re: changes in professional pronouncements. • Establish and implement process for continuous review and update of audit methodology. 	Medium Medium Medium Medium	2001 2001 2001 2001
B-3 To ensure that the best professional practices, within our means, are applied to each audit.	<ul style="list-style-type: none"> • Reactivate advisory committees for audits, and review procedures to determine whether changes should be made. 	High	2001

Exhibit 16.4

Goals	Action Steps	Priority	Timeframe
	<ul style="list-style-type: none"> • Establish criteria for determining when specialist knowledge is required, and implement. • Ensure that we give staff constructive feedback at the end of each audit, in order to reinforce good performance and identify areas for improvement. • Implement procedure for monitoring “lessons learned” at the end of each audit. • Expand our monitoring of best practices in other jurisdictions. 	<p>Medium</p> <p>High</p> <p>High</p> <p>Medium</p>	<p>2001</p> <p>2001</p> <p>2001</p> <p>2001</p>
<p><i>Communications and Participation</i></p> <p>C-1 To ensure our communications with the House/PAC, Executive Council and the public are effective.</p> <p>C-2 To ensure an effective working relationship with members of the PAC and Executive Council.</p> <p>C-3 To ensure effective communications with government.</p> <p>C-4 To ensure that the government understands our role, reporting relationships, and contribution to a well-performing government.</p>	<ul style="list-style-type: none"> • Review our report format and determine whether improvement is required. • Establish a strategy/protocols for media working relationships. • Establish a strategy/protocols for PAC working relationships and briefings. • Establish a strategy/protocols for working relationship with members of Executive Council. • Decide scope and perform a client satisfaction survey. • Establish position on desirability of more frequent reporting to House. • Determine whether we should seek professional communications advice. • Determine government satisfaction with our communication. • Establish plan for increased networking with senior government officials. • Review our strategy/protocols for clearing and release of draft reports. • Confirm adequacy of current communication practices for/during specific assignments. 	<p>Low</p> <p>Low</p> <p>Low</p> <p>Low</p> <p>High</p> <p>Low</p> <p>Low</p> <p>Medium</p> <p>High</p> <p>Low</p> <p>Low</p>	<p>2002-03</p> <p>2002-03</p> <p>2002-03</p> <p>2002-03</p> <p>2001</p> <p>2002-03</p> <p>2002-03</p> <p>2001</p> <p>2001</p> <p>2002-03</p> <p>2001</p>

Goals	Action Steps	Priority	Timeframe
C-5 To ensure that we participate actively in professional bodies, and the Office benefits from such participation.	<ul style="list-style-type: none"> Determine strategy for communicating our role, reporting relationships, and contribution to a well-performing government. 	Medium	2001
	<ul style="list-style-type: none"> Encourage staff to participate actively in professional bodies. 	Low	Ongoing
	<ul style="list-style-type: none"> Respond positively to requests for involvement with various professional bodies whenever appropriate. 	Low	Ongoing
<i>Independence, Ethics and Competence</i> D-1 To maintain the independence and objectivity, in fact and appearance, of all professional staff. D-2 To maintain the highest ethical standards, in fact and appearance. D-3 To ensure the Office hires, develops and retains staff that have the knowledge, skills, abilities and experience necessary to perform quality work.	<ul style="list-style-type: none"> Clarify expectations of staff as to what constitutes independence and objectivity. 	Low	2001
	<ul style="list-style-type: none"> Annually update the conflict of interest statements signed by all professional staff. 	High	2001
	<ul style="list-style-type: none"> Ensure staff are clear on which ethical standards they are expected to comply with, and that they have easy access to them. 	High	2001
	<ul style="list-style-type: none"> Establish a process to familiarize staff with ICANS rules of professional conduct and the code of conduct for the Provincial Public Service. 	High	2001
	<ul style="list-style-type: none"> Prepare a human resource plan which addresses staff hiring, compensation and succession/career-path. 	High	2001
	<ul style="list-style-type: none"> Identify our training and development needs, and develop a strategy to meet them. 	High	2001
	<ul style="list-style-type: none"> Develop a database of training plans and “actuals” for individual staff members. 	Low	2001
	<ul style="list-style-type: none"> Seek opportunities for expanding the experience of staff (team shuffles, special projects, secondments). 	High	Ongoing
	<ul style="list-style-type: none"> Monitor and achieve maximum benefit from the Office’s new performance management system. 	Medium	Ongoing

Exhibit 16.4 cont'd

Goals	Action Steps	Priority	Timeframe
<p>D-4 To maintain a safe and healthy work environment.</p> <p>D-5 To create an environment that supports a high level of motivation and work-satisfaction in all staff.</p>	<ul style="list-style-type: none"> • Review the need for and use of specialists, and develop a plan for meeting our needs. • Maximize the benefits of the Office’s OH&S Committee and practices. • Determine the level of job satisfaction and gather/consider suggestions for improvement. • Increase participation and foster a sense of ownership and pride by staff. • Increase positive-feedback, and celebrate successes. • Review efficacy of various non-remunerative benefits for staff. • Develop a strategy for Office team building and improving the social environment. 	<p>Medium</p> <p>Low</p> <p>Medium</p> <p>Medium</p> <p>High</p> <p>High</p> <p>High</p>	<p>2001</p> <p>Ongoing</p> <p>2001</p> <p>Ongoing</p> <p>Ongoing</p> <p>2001</p> <p>2001</p>
<p><i>Management of Resources</i></p> <p>E-1 To ensure resources available are managed with due regard for economy and efficiency.</p> <p>E-2 To benefit through leveraging work by/with other audit functions.</p> <p>E-3 To optimize resources available for significant assignments relevant to the enhancement of government accountability and performance.</p>	<ul style="list-style-type: none"> • Establish an Office audit plan and schedule, with an appropriate system to monitor achievements. • Implement appropriate project management systems and practices. • Improve audit suite time and performance reporting. • Implement a weekly Senior Management Advisory, Challenge and Knowledge-Update. • Identify opportunities to work with other audit functions in joint/collaborative audit assignments. • Establish strategies for effective use of alternative staffing arrangements. • Implement an expanded and participatory process for preparing the annual budget and longer-term financial plan. 	<p>High</p> <p>High</p> <p>Low</p> <p>High</p> <p>Low</p> <p>Low</p> <p>Medium</p>	<p>2001</p> <p>2001</p> <p>2001</p> <p>2001</p> <p>Ongoing</p> <p>Ongoing</p> <p>2001</p>

Goals	Action Steps	Priority	Timeframe
<p>E-4 To ensure practice/performance management systems are adequate/effective.</p> <p>E-5 To enhance/optimize the use and control of information technology to support assignments and/or other activities.</p> <p>E-6 To ensure open exchange and sharing of information and experiences across the Office.</p>	<ul style="list-style-type: none"> • Improve internal monthly financial reporting, including forecasting. • Review the support functions and identify possible improvements. • Increase the percentage of resources allocated to specific assignments. • Review team and portfolio assignments. 	Medium	2001
		Low	Ongoing
		High	2001
		Medium	2001
	<ul style="list-style-type: none"> • Ensure IT training requirements are integrated with Office training plan. • Identify strategies for improved knowledge transfer and sharing. • Migrate IT support functions to less senior staff to free up time of senior level staff to work on IT audit assignments. • Update our IT audit methodology and approaches, including an expanded use of CAATs. 	High	2001
		Medium	2001
		Medium	Ongoing
		Medium	2002-03
	<ul style="list-style-type: none"> • Enhance communication and exchange between senior management and managers. • Increase the number of staff meetings. • Make more effective use of discussion databases on an Office-wide basis. 	High	2001
		High	2001
Medium		Ongoing	
<p>Performance Measurement and Reporting</p> <p>F-1 To measure and report our performance to the House and public</p>	<ul style="list-style-type: none"> • Determine inputs, outputs and outcomes which we wish to report, and the related performance measures and standards. • Develop template for Office performance report. • Implement systems to gather necessary information. • Complete each of the above steps, and prepare an expanded and enhanced performance report for inclusion in the 2001 Report of the Auditor General. 	High	2001
		Medium	2001
		High	2001
		Medium	2001

Exhibit 16.4 cont'd

Goals	Action Steps	Priority	Timeframe
<p>F-2 Benchmark significant aspects of our operations and performance against our peers on an on-going basis.</p>	<ul style="list-style-type: none"> • Prepare 10 year retrospect report for 2002 Annual Report. • Determine which aspects of our operations and performance should be benchmarked either for internal monitoring or external reporting purposes. • Determine potential sources of benchmarking information. • Working with CCOLA and other appropriate networks, collect relevant benchmarking information from our peers. • Review results of benchmarking exercises, and take appropriate action. • Summarize significant benchmarking results and include in Office performance report 	<p>Low</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>High</p>	<p>2002-03</p> <p>2001</p> <p>2001</p> <p>2001</p> <p>2001</p> <p>2001</p>

*Exhibit 16.5***Extract from Procurement Guidelines***Audit*

All procurement activities will be subject to such audit processes as may be determined appropriate by the Auditor General or the Auditor General in consultation with the Procurement Branch. Two forms of audit may occur. A compliance audit may be conducted to determine the level of adherence with established procurement rules and policies. A quality audit may also be undertaken in conjunction with or separately from compliance audits. The quality audit will examine the process undertaken and decisions reached from a defensibility and accountability point of view. Departments experiencing unacceptable compliance or quality audits and, in the opinion of the Minister of Finance, fail to undertake suitable measures for their resolution, may have all delegated procurement authority revoked until such time as satisfactory steps have been taken.

All procurement activities will be subject to audit by departmental internal auditors and specific audits as instructed by the Procurement Branch.

Extract from Information Technology (IT) Standards*Review for Compliance:*

Perform formal review of various departments' use of IT standards. Done by the Office of the Auditor General.

Audit Process and Report:

Produce formal audit report on departments' use of IT Standards. Done by the Office of the Auditor General.

Audit for Benefit and Value:

Perform audit of IT standards use in departments regarding the benefit and financial value. Done by the Office of the Auditor General.