



Office of the Auditor General of Canada

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# **2012–13 Estimates**

## **Report on Plans and Priorities**

Approved

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Auditor General of Canada

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# A Message from the Auditor General of Canada



Michael Ferguson, Auditor General of Canada

I am pleased to present the Office of the Auditor General of Canada's Report on Plans and Priorities for 2012–13. This is my first such report on behalf of the Office.

The Office has identified three strategic priorities for the coming fiscal year:

- continuing to successfully implement its Renewal of Audit Methodology (RAM) project,
- beginning to implement its Strategic and Operating Review (SOR) proposal, and
- effectively managing the transition to a new Auditor General.

Our first strategic priority for 2012–13 is to continue to successfully deploy the RAM project. This project was undertaken to respond to significant changes in international and Canadian auditing standards as well as to respond to findings of our internal practice reviews, feedback from practitioners, and recommendations of the 2010 international peer review. It involves renewing the Office's audit methodology and updating the design and documentation of our Quality Management System. The majority of the project has been completed, meeting its deadlines and financial budgets. This year, we will focus on training, change management support, and monitoring the application of our new audit methodology.

Our second strategic priority is to begin to implement our SOR proposal. This proposal will result in a budget reduction of over \$6.5 million for the Office and a staff reduction of approximately 10 percent. It will not only generate cost savings but will provide increased consistency in our audit efforts across federal organizations. We are working with the government to ensure the necessary legislative changes to our mandate will be introduced to Parliament in a timely manner.

In May 2011, Sheila Fraser's 10-year term as Auditor General came to an end. She was succeeded by John Wiersema, who was Interim Auditor General until November. On 28 November 2011, my 10-year term as Auditor General began. I am working with employees from across the Office to get to know them and the work they do. I am very impressed with the professionalism of all of the people I have met so far. Over the coming months, I will begin to set the strategic direction for the Office under my mandate.

As I begin my term as Auditor General, I look forward to working with the Office's dedicated employees as well as with parliamentarians and public servants across the federal government, to assist Parliament in its work on the authorization and oversight of government spending and operations.

Michael Ferguson, FCA

Auditor General of Canada

April 2012

# Section I—Office Overview

## Who we are

The Office of the Auditor General of Canada is the legislative audit office of the federal government. We are the legislative auditor of the three territories (Nunavut, Yukon, and the Northwest Territories). We conduct independent audits and studies that provide objective information, advice, and assurance to Parliament, territorial legislatures, governments, and Canadians. With our reports and testimony at parliamentary hearings, we assist Parliament in its work on the authorization and oversight of government spending and operations.

## What we do

The Auditor General is an Officer of Parliament, who is independent from the government, in the execution of his work and responsibilities, and reports directly to Parliament. His duties are set out in the *Auditor General Act*, the *Financial Administration Act* (FAA), and other acts and orders-in-council. These duties relate to legislative auditing and, in certain cases, to monitoring of federal departments and agencies, Crown corporations, territorial governments, and other entities.

The Office of the Auditor General's main legislative auditing duties are

- financial audits,
- performance audits,
- special examinations,
- sustainable development monitoring activities and environmental petitions, and
- assessments of agency annual performance reports.

## Financial audits

Our financial audits provide assurance that financial statements are presented fairly, in accordance with the applicable financial reporting framework. Where required, we provide assurance that the organizations we audit comply, in all significant respects, with legislative authorities that are relevant to a financial audit. We conduct financial audits of federal and territorial Crown corporations and of other organizations. We also audit the summary financial statements of the Government of Canada and of the three territories (Nunavut, Yukon, and the Northwest Territories).

If issues or opportunities for improvement in areas such as financial reporting and internal controls come to our attention during our financial audit work, we make recommendations to management. We also provide information and advice to support audit committees in meeting their responsibilities for the oversight of financial reporting and internal control.

## **Performance audits**

Performance audits examine, against established criteria, whether government programs are being managed with due regard to economy, efficiency, and environmental impact, and whether the government has the means to measure and report on their effectiveness. Our reports contain recommendations for addressing the most serious deficiencies identified.

The *Auditor General Act* gives the Office the discretion to determine what areas of government it will examine in its performance audits. We may decide to audit a single government program or activity, an area of responsibility that involves several departments or agencies, or an issue that affects many departments and agencies. We consider requests for audits that we receive from parliamentary committees. However, the final decision about what to audit is made by the Auditor General.

## **Special examinations**

Our special examinations assess the systems and practices maintained by Crown corporations to safeguard their assets; to manage their human, physical, and financial resources economically and efficiently; and to carry out their operations effectively. A special examination provides an opinion to a corporation's board of directors on whether there is reasonable assurance that there are no significant deficiencies in the corporation's systems and practices. In addition to reporting on significant deficiencies, our special examinations highlight the systems and practices that contribute to a corporation's success and provide information and recommendations to boards of directors about opportunities for improvement.

All parent Crown corporations are subject to a special examination by the Office, except the Bank of Canada, which is exempt from this requirement, and the Canada Pension Plan Investment Board, which, under its Act, is subject to a special examination by an auditor chosen by its board of directors. Under the FAA, special examinations are required at least once every 10 years.

## **Sustainable development monitoring activities and environmental petitions**

The Commissioner of the Environment and Sustainable Development assists the Auditor General in performing his duties related to the environment and sustainable development. The Commissioner conducts performance audits to monitor the government's management of environmental and sustainable development issues and, on behalf of the Auditor General, reports to Parliament on issues that should be brought to its attention. The Commissioner has additional responsibilities under the *Kyoto Protocol Implementation Act* and the *Federal Sustainable Development Act*. He also monitors responses to environmental petitions and reports annually to Parliament on petition activities.

## **Assessments of agency performance reports**

The legislation governing Parks Canada, the Canadian Food Inspection Agency, and the Canada Revenue Agency currently requires the Auditor General to periodically carry out an assessment of the fairness and reliability of the performance information reported in their annual reports against corporate objectives they provided to Parliament.



## **Professional practices**

In order to ensure the reliability and consistency of our audit work, the Office makes an ongoing investment in professional practices. This investment supports

- the development and maintenance of up-to-date audit methodology, guidance, and audit tools;
- communication and training to promote consistency in the application of audit methodology and our System of Quality Control; and
- advice on the interpretation and application of professional standards and our Office's policies, audit methodology, and System of Quality Control.

Through its Professional Practices Group, the Office works with other legislative audit offices and professional associations, such as The Canadian Institute of Chartered Accountants, to advance legislative auditing methodology, accounting and auditing standards, and best practices. The Office works with provincial legislative audit offices to develop and implement professional standards and to develop and provide training in methodology. We also collaborate with our provincial colleagues on issues that are cross-jurisdictional. We regularly participate in external reviews of other national legislative audit offices and are subject to external reviews.

## **International activities**

Our international strategy guides our international activities and positions the Office to meet future opportunities and challenges. The strategy has four goals:

- contributing to the development and adoption of appropriate and effective professional standards,
- sharing knowledge among audit offices,
- building capabilities and professional capacities of audit offices, and
- promoting better managed and accountable international institutions.

In order to support these goals, the Office is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and participates in various INTOSAI committees. The Office also provides training to auditors from other national audit offices and is the external auditor of the International Labour Organization until 2015.

## Strategic outcome and expected results

The long-term strategic outcome of the Office of the Auditor General is to contribute to better managed government programs and better accountability to Parliament through legislative auditing.

We have identified a number of results that we expect to achieve with our audits in the short, medium, and long term.

In the short term, we want to

- engage Parliament, territorial legislatures, and federal and territorial organizations in the audit process;
- ensure that they are well-informed about our work; and
- maintain support for our role and work.

In the medium term, we want to

- assist Parliament and territorial legislatures in holding governments to account;
- make our work relevant to federal and territorial organizations, departments, agencies, and Crown corporations; and
- ensure that the public is well informed about our work.

In the long term, we want our work to lead to more effective, efficient, and economical government programs and operations and to programs that foster sustainable development.

The following tables provide the Office’s planning summary, including our strategic outcome, expected results, performance objectives, indicators and targets, and details of planned spending for the coming year (Exhibits 1 and 2).

<b>Exhibit 1—Planning summary</b>	
<b>Strategic Outcome: We contribute to a well-managed and accountable government for Canadians</b>	
<p><b>Expected results</b></p> <ul style="list-style-type: none"> <li>• Parliament and territorial legislatures are well-informed.</li> <li>• Parliament, territorial legislatures, and federal and territorial organizations are engaged in the audit process.</li> <li>• Parliament and territorial legislatures hold government to account.</li> <li>• Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations.</li> <li>• The media and public are well-informed.</li> <li>• Support for our role and work is maintained.</li> </ul>	
<b>Objectives</b>	<b>Indicators and targets</b>
Key users of our reports are engaged in the audit process.	<ul style="list-style-type: none"> <li>• Maintain the percentage of audits that are reviewed by parliamentary committees.</li> <li>• Maintain the number of parliamentary hearings and briefings we participate in, relative to the number of sitting days.</li> </ul>
Our work adds value for the key users of our reports.	Maintain the percentage of users who find our audits add value.

<b>Exhibit 1—Planning summary (continued)</b>			
Our work adds value for the organizations we audit.	Maintain the percentage of senior managers who find our audits add value.		
Key users of our reports and the organizations we audit respond to our findings.	Our indicators for this objective are under review. <sup>1</sup>		
<b>Legislative auditing activity<sup>2</sup></b>	<b>Revised planned spending 2011-12 (\$ millions)<sup>4</sup></b>	<b>Forecast spending 2011-12 (\$ millions)</b>	<b>Planned spending 2012-13 (\$ millions)</b>
Financial audits of Crown corporations, territorial governments, and other organizations and of the summary financial statements of the Government of Canada	44.9	44.4	45.4
Performance audits and studies	39.5	39.2	38.5
Special examinations of Crown corporations	2.9	2.8	4.5
Sustainable development monitoring activities and environmental petitions	2.1	1.7	2.1
Assessments of agency performance reports	0.8	0.7	0.4
Professional practices	15.2	14.1	11.1
<b>Total cost of operations</b>	<b>105.4</b>	<b>102.9</b>	<b>102.0</b>
Less: costs recovered <sup>3</sup>	(0.8)	(0.8)	(0.7)
<b>Net cost of operations</b>	<b>104.6</b>	<b>102.1</b>	<b>101.3</b>

<sup>1</sup> We are currently reviewing the indicators we use to measure how the organizations we audit respond to our findings. For special examinations, our indicator has been the number of significant deficiencies that are addressed by the audited corporation from one special examination to the next. Since the time between examinations has increased from 5 to 10 years, we are looking to identify a more timely indicator. For performance audits, our indicator has been the percentage of our recommendations that audited departments implement. We are considering options for how we measure this indicator, in order to provide parliamentarians with the most reliable information available.

<sup>2</sup> We have allocated the cost of audit services to each legislative auditing activity.

<sup>3</sup> The costs recovered include spendable revenue from the National Professional Practices Group and from the audit of the International Labour Organization, which we conduct on a cost recovery basis.

<sup>4</sup> The figures for the Revised Planned Spending 2011–12 have been reclassified to conform to the presentation adopted for the Forecast Spending 2011–12 and Planned Spending 2012–13.

<b>Exhibit 2—Voted and statutory items (\$ millions)</b>			
<b>Vote # or statutory item (S)</b>	<b>Vote or statutory wording</b>	<b>2011-12 Main Estimates</b>	<b>2012-13 Main Estimates</b>
15	Program expenditures	74.5	74.0
(S)	Contributions to employee benefit plans	10.4	10.3
<b>Total<sup>1</sup></b>		<b>84.9</b>	<b>84.3</b>

<sup>1</sup> The difference between the net cost of operations (Exhibit 1) and Main Estimates includes cost of services received without charge from other government departments, costs recovered, and other adjustments that are routine in nature, including the carry-forward funding, parental leave and severance payments, and other differences due to accrual accounting (salary accruals and capital asset acquisition less depreciation).

The following table provides the Office's planned financial and human resources for the next three years (Exhibit 3).

<b>Exhibit 3—Planned financial and human resources</b>				
<b>Financial resources</b>	<b>Forecast spending 2011-12 (\$ millions)</b>	<b>Planned spending 2012-13<sup>1</sup> (\$ millions)</b>	<b>Planned spending 2013-14 (\$ millions)</b>	<b>Planned spending 2014-15<sup>2</sup> (\$ millions)</b>
Net cost of operations	102.1	101.3	100.1	96.7

<sup>1</sup> We expect to lapse funds in 2011-12 and to be able to carry forward funds to 2012-13.

<sup>2</sup> We have included an estimate of funds that may be carried forward in future years as a result of progress toward Strategic Operational Review reductions.

<b>Human resources</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Full-time equivalents (FTEs)	633	615	601	576

## **Our priorities for 2012-13**

We have established three strategic priorities for 2012-13:

- continuing to successfully implement the Renewal of Audit Methodology (RAM) project,
- beginning to implement our Strategic and Operating Review (SOR) proposal, and
- effectively managing the transition to a new Auditor General.

### **Continuing to successfully implement the Renewal of Audit Methodology (RAM) project**

The Office's RAM project will continue to be a strategic priority in 2012-13. This multi-year project comprises renewing Office methodology, updating our System of Quality Control, and establishing internal processes to ensure that our methodology remains up to date.

In December 2011, the majority of the RAM project was implemented as planned, with the exception of one area in our financial audit practice. Work in this one area will be completed by 31 December 2012. In 2012-13, the Office will focus on providing effective change management support and training and on monitoring the application of the new methodology across all three product lines.

### **Beginning to implement our Strategic and Operating Review (SOR) proposal**

As a part of Budget 2011, the Government of Canada introduced the SOR, with the goal of achieving \$4 billion in fiscal savings, government-wide, by the end of 2014-15. All federal departments and agencies were required to submit proposals that identified areas in which savings could be generated. The Office received a letter from the Minister of Finance that strongly encouraged us to adhere to the spirit and intent of the SOR initiative. We responded positively to this request and carried out a review of our Office.

During the review, the Office considered both risk and value in analyzing our legislative audit responsibilities and internal operations. Overall, we are proposing to make reductions of approximately \$6.5 million, which will result in a 10 percent reduction in our Office staff by the end of 2014–15.

The majority of the reductions to our audit work are based in our financial audit practice. This will result in 18 fewer financial audits. For example, consistent with the government's decision to not proceed with audited departmental financial statements, the Office plans to discontinue our audits of the financial statements of department-like organizations. We believe this will generate cost savings as well as provide increased consistency in our audit efforts across federal organizations.

The completion of our Renewal of Audit Methodology project, at the end of 2012, will return approximately \$2.2 million to our audit operations. Rather than re-invest in our performance audit practice to restore our coverage of federal programs to pre-2009 levels, we are including these funds in our budget reduction proposal.

We plan to reduce and reorganize our corporate services, and we have committed to doing so in the most responsible and caring way we can. Other plans for generating cost savings include reducing our participation in several international subcommittees and working groups and discontinuing our periodic assessments of government agency performance reports.

In 2012–13, we will begin to implement our SOR proposal within the Office. As some components will require modifying existing legislation, we will engage and work with government officials to ensure that these changes are fully implemented in a timely manner.

### **Effectively managing the transition to a new Auditor General**

In May 2011, Sheila Fraser's term as Auditor General came to an end. Since the position has a fixed 10-year term that is non-renewable, John Wiersema was appointed Interim Auditor General. On 3 November 2011, the Government issued an order-in-council appointing Michael Ferguson as Auditor General of Canada, effective 28 November 2011. The Office is committed to providing the information, resources, and support required to ensure a smooth and effective transition.

## Section II—Planning Highlights by Product Line

### Our main legislative auditing activities

The Office contributes to a well-managed and accountable government for Canadians through our work in the five types of legislative auditing activities.

We gather information on the impact of our work and have established indicators and targets to measure the results for our three major activities: financial audits, performance audits, and special examinations. The following sections describe the main activities, expected results, performance objectives, indicators and targets, and planned financial resources for each of these activities.

A complete list of our performance indicators and targets is included in Section III—Supplementary Information.

### Financial audits of Crown corporations, territorial governments, and other organizations

Financial audits answer the following questions:

- Are the annual financial statements of Crown corporations, territorial governments, and other organizations presented fairly?
- Are federal and territorial governments presenting their overall financial situation fairly?
- Are these entities complying with their legislative authorities?

**Planning highlights.** The Office has statutory responsibilities for the audit of the summary financial statements of the Government of Canada and each of the three territorial governments, the financial statements of federal and territorial Crown corporations, and other entities. The audit of the International Labour Organization (a United Nations agency) is included among other entities.

In 2012–13, we will conduct a total of more than 140 financial audits and related assurance engagements.

The following table includes the expected results, performance objectives, indicators and targets, and planned financial resources for financial audits of Crown corporations, territorial governments, and other organizations, as well as for the audits of the summary financial statements of the Government of Canada (Exhibit 4).

<b>Exhibit 4—Financial audits</b>	
<b>Expected results</b>	
<ul style="list-style-type: none"> <li>• Parliament, territorial legislatures, and federal and territorial organizations are engaged in the audit process.</li> <li>• Parliament and territorial legislatures hold government to account.</li> <li>• Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations.</li> </ul>	
<b>Objectives</b>	<b>Indicators and targets</b>
Our work adds value for the key users of our reports.	At least 90 percent of audit committee chairs find our financial audits add value.
Our work adds value for the organizations we audit.	At least 80 percent of Crown corporation and large-department senior managers find our financial audits add value.
Key users of our reports and the organizations we audit respond to our findings.	100 percent of the reservations in our audit opinions are addressed from one financial audit to the next.
<b>Planned financial resources 2012–13: \$45.4 million</b>	

### **Performance audits and studies of departments, agencies, and territorial legislatures**

Performance audits can answer the following questions:

- Are federal and territorial government programs well managed?
- Have they been run with due regard to economy, efficiency, and their environmental effects?
- Does the government have the means to measure their effectiveness where it is reasonable and appropriate to do so?

**Planning highlights.** In 2012–13, we plan to report the findings of 30 federal and territorial performance audits identified through our risk-based planning process. Our audit schedule for the coming year is in Section III—Supplementary Information.

The following table includes the expected results, performance objectives, indicators and targets, and planned financial resources for performance audits and studies (Exhibit 5).

<b>Exhibit 5—Performance audits and studies</b>	
<b>Expected results</b>	
<ul style="list-style-type: none"> <li>• Parliament, territorial legislatures, and federal and territorial organizations are engaged in the audit process.</li> <li>• Parliament and territorial legislatures hold government to account.</li> <li>• Our work is relevant to federal and territorial organizations, departments, agencies, and Crown corporations.</li> </ul>	
<b>Objectives</b>	<b>Indicators and targets</b>
Key users of our reports are engaged in the audit process.	<ul style="list-style-type: none"> <li>• Maintain the percentage of performance audits reviewed by parliamentary committees.</li> <li>• Maintain the ratio of parliamentary hearings and briefings we participate in, relative to the number of sitting days.</li> </ul>
Our work adds value for the key users of our reports.	At least 90 percent of selected parliamentary committee members find our performance audits add value.
Our work adds value for the organizations we audit.	At least 70 percent of departmental senior managers find our performance audits add value.
Key users of our reports, and the organizations we audit, respond to our findings.	This indicator is under review. <sup>1</sup>
<b>Planned financial resources 2012–13: \$38.5 million</b>	

<sup>1</sup> Our indicator has been the percentage of our recommendations that are implemented by the audited department. We are considering options for how we measure this indicator in order to provide parliamentarians with the most reliable information available.

### Special examinations

A special examination of a Crown corporation answers the following question:

Do the systems and practices used by the Crown corporation provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently, and that operations are carried out effectively?

**Planning highlights.** During a 10-year period, the Office performs special examinations of about 45 federal Crown corporations. In 2012–13, we plan to substantially complete the special examinations of five corporations: the Canadian Broadcasting Corporation, Canada Employment Insurance Financing Board, Farm Credit Canada, Canada Lands Company Limited, and Old Port of Montréal.

The following table includes the expected results, performance objectives, indicators and targets, and planned financial resources for special examinations of Crown corporations (Exhibit 6).



<b>Exhibit 6—Special examinations</b>	
<b>Expected results</b>	
<ul style="list-style-type: none"> <li>• Parliament and federal organizations are engaged in the audit process.</li> <li>• Parliament holds government to account.</li> <li>• Our work is relevant to Crown corporations.</li> </ul>	
<b>Objectives</b>	<b>Indicators and targets</b>
Our work adds value for the key users of our reports.	At least 90 percent of board chairs find our special examinations add value.
Our work adds value for the organizations we audit.	At least 80 percent of Crown corporation chief executive officers find our special examinations add value.
Key users of our reports, and the organizations we audit, respond to our findings.	This indicator is under review. <sup>1</sup>
<b>Planned financial resources for 2012–13: \$4.5 million</b>	

<sup>1</sup> For special examinations, our indicator has been the number of identified significant deficiencies that are addressed by the audited corporation from one special examination to the next. Since the time between examinations has increased from 5 to 10 years, we are looking to identify a timelier indicator.

## Our measures of organizational performance

We measure and manage our performance as an organization in a number of ways. The following section describes three key areas of our performance and the objectives, indicators, and targets that we measure our performance against.

### Delivering our work on time and on budget

The following table includes the objectives, indicators, and targets for delivering our work on time and on budget (Exhibit 7).

<b>Exhibit 7—Delivering our work on time<sup>1</sup> and on budget<sup>2</sup></b>	
<b>Objectives</b>	<b>Indicators and targets</b>
<i>Financial audits</i>	
On time	<ul style="list-style-type: none"> <li>• 100 percent of financial audits of federal Crown corporations are completed on time.</li> <li>• 100 percent of financial audits of other federal organizations with a statutory deadline are completed on time.</li> <li>• At least 80 percent of financial audits of federal organizations with no statutory deadline are completed on time.</li> <li>• At least 60 percent of financial audits of territorial organizations are completed on time.</li> </ul>
On budget	At least 80 percent of financial audits are completed on budget.

<b>Exhibit 7—Delivering our work on time<sup>1</sup> and on budget<sup>2</sup> (continued)</b>	
<i>Performance audits</i>	
On time	At least 90 percent of performance audit reports are completed by the planned tabling date, as published in the Report on Plans and Priorities.
On budget	At least 80 percent of performance audits are completed on budget.
<i>Special examinations</i>	
On time	100 percent of special examination reports are delivered on or before the statutory deadline.
On budget	At least 80 percent of special examinations are completed on budget.

<sup>1</sup> "On time" for financial audits means the statutory deadline, where one exists (usually 90 days after year end), or 150 days after the year end, where no statutory deadline exists.

<sup>2</sup> "On budget" means that the actual hours taken to complete an audit did not exceed the budgeted hours by more than 15 percent.

### **Ensuring that our audit reports are reliable**

Our audit work is guided by a rigorous methodology and System of Quality Control. Annual internal reviews and periodic external peer reviews provide the Auditor General with opinions on whether our audits are conducted in accordance with professional standards, and whether our System of Quality Control is appropriately designed and effectively implemented. We report publicly on the results of these reviews in order to provide assurance to members of Parliament and the public that they can rely on the opinions and conclusions contained in our audit reports.

Our System of Quality Control is based on professional standards and Office policies. It guides auditors through a set of steps they must follow during their audits and ensures that these audits are conducted according to professional standards and Office policies. Annual internal reviews also conclude on whether the opinions and conclusions contained in our audit reports are appropriate. The Office's Practice Review and Internal Audit Plan, as well as the reports, can be found on the Office of the Auditor General website. A list of the internal audits planned for the next three years is included in the supplementary tables.

External reviews conducted by the provincial institutes of chartered accountants conclude on whether we are following professional standards.

The following table includes the objectives, indicators, and targets for ensuring that our audit reports are reliable (Exhibit 8).

<b>Exhibit 8—Ensuring that our audit reports are reliable</b>	
<b>Objectives</b>	<b>Indicators and targets</b>
Our audit reports are reliable.	100 percent of internal practice reviews find the opinions and conclusions expressed in our audit reports are appropriate and supported by the evidence.

<b>Exhibit 8—Ensuring that our audit reports are reliable (continued)</b>	
Our System of Quality Control is suitably designed and operating effectively.	100 percent of internal practice reviews and external reviews find our System of Quality Control is suitably designed and operating effectively.

### **Providing a respectful workplace**

The Office is committed to creating and maintaining a respectful workplace. Employees are guided in their work and their conduct by a balanced framework of professional, ethical, and people values that are outlined in the Office’s Code of Values, Ethics and Professional Conduct. The code is shared with all employees when they join our organization, and they must re-confirm their adherence to it on an annual basis.

Respectful workplace practices are included in the competency profiles for each group and level within the Office. These competencies are used in employee staffing, management, promotion, and evaluation activities. Furthermore, 50 percent of managers’ performance pay is tied to their demonstration of effective people management skills, which includes the promotion of a respectful workplace.

Our mandatory professional development program includes training on respectful communication and management practices. We are also introducing a new Respectful Workplace Policy, which will replace the previous Harassment and Discrimination Policy and will provide a clear process for managing and resolving complaints.

The following table includes the objectives, indicators, and targets for providing a respectful workplace at the Office (Exhibit 9).

<b>Exhibit 9—Providing a respectful workplace</b>	
<b>Objectives</b>	<b>Indicators and targets</b>
Overall employee satisfaction	At least 80 percent of employees believe the Office is either an above-average place to work or one of the best places to work.
Bilingual workforce	<ul style="list-style-type: none"> <li>• 100 percent of assistant auditors general and principals, as well as the Auditor General, meet our language requirements.</li> <li>• At least 75 percent of directors in bilingual regions meet our language requirements.</li> </ul>
Diverse workforce	100 percent representation relative to workforce availability for women, people with disabilities, Aboriginal peoples, and members of visible minorities.
Employee retention	At least 90 percent retention of audit professionals.

## Section III—Supplementary Information

### Supplementary information tables

In addition to the tables in this section, the following supplementary information tables can be found on the Treasury Board of Canada Secretariat website at <http://www.tbs-sct.gc.ca/rpp/2012-2013/index-eng.asp> or on the Office of the Auditor General website at [http://www.oag-bvg.gc.ca/internet/English/acc\\_lp\\_e\\_9377.html](http://www.oag-bvg.gc.ca/internet/English/acc_lp_e_9377.html):

- Sources of spendable and non-spendable revenue
- Internal audits planned for 2012–13 to 2014–15
- Green Procurement

### Planned reports for 2012–13

#### Reports to the House of Commons

##### Spring 2012

##### Auditor General—Spring Report

- Border Controls on Commercial Imports
- Replacing Canada’s Fighter Jets
- Interest-Bearing Debt—Finance Canada
- Non-Filers and Non-Registrants—Canada Revenue Agency
- Oversight of Civil Aviation—Transport Canada
- Special Examinations of Crown Corporations—2011

##### Commissioner of the Environment and Sustainable Development

- *Kyoto Protocol Implementation Act*
- Meeting Canada’s 2020 Climate Change Commitments
- Federal Contaminated Sites and Their Impacts

##### Report to the Board of Internal Economy of the House of Commons

- Administration of the House of Commons

##### Report to the Senate Committee on Internal Economy, Budgets and Administration

- Administration of the Senate

## **Reports to Northern Legislatures**

- Yukon—Status Report (June 2012)

## **Fall 2012**

### **Auditor General—Fall Report**

- Grants and Contributions
- Professional Service Contracts in the Public Service
- Cyber Security Strategy
- Military Infrastructure—National Defence
- Transition of Ill and Injured Military Personnel to Civilian Life—Veterans Affairs Canada
- Science and Technology Grants and Contributions—Industry Canada
- Long Term Fiscal Sustainability—Finance Canada

### **Commissioner of the Environment and Sustainable Development**

- Protecting Marine Biodiversity
- Offshore Petroleum Boards
- Financial Assurances for Environmental Risks
- A Study of Federal Support to the Fossil Fuels sector
- Environmental Petitions

## **Spring 2013**

### **Auditor General—Status Report (follow-up on previous audit work)**

- Collections—Canada Revenue Agency
- Evaluating the Effectiveness of Programs
- Public Safety and Anti-Terrorism Initiative
- Protecting Government Information and Assets in Contracting

## **Reports to Northern Legislatures**

- Yukon—Capital Projects of the Yukon Hospital Corporation (February 2013)
- Northwest Territories—Income Security Programs (March 2013)

## Our performance indicators and measures

The following tables summarize our targets and actual performance for 2010–11 and our targets for 2012–13 (Exhibits 10 and 11).

<b>Exhibit 10—Summary of our indicators of impact</b>			
<b>Objectives and indicators</b>	<b>2010–11 Actual</b>	<b>2010–11 Target</b>	<b>2012–13 Target</b>
<b>Our work adds value for the key users of our reports</b>			
Percentage of audit committee chairs who find our financial audits add value	81%	90%	90%
Percentage of parliamentary committee members who find our performance audits add value	n/a <sup>1</sup>	90%	90%
Percentage of board chairs who find our special examinations add value	n/a <sup>2</sup>	90%	90%
<b>Our work adds value for the organizations we audit</b>			
Percentage of Crown corporation and large-department senior managers who find our financial audits add value	89%	80%	80%
Percentage of departmental senior managers who find our performance audits add value	74%	70%	70%
Percentage of Crown corporation chief executive officers who find our special examinations add value	n/a <sup>2</sup>	80%	80%
<b>Key users of our reports are engaged in the audit process</b>			
Number of parliamentary hearings and briefings we participate in relative to the number of sitting days	46	Maintain or increase <sup>3</sup>	Maintain or increase <sup>3</sup>
Percentage of performance audits reviewed by parliamentary committees	62%	Maintain or increase <sup>3</sup>	Maintain or increase <sup>3</sup>
<b>Key users of our reports and the organizations we audit respond to our findings</b>			
Percentage of reservations that are addressed from one financial audit to the next	26% <sup>4</sup>	100%	100%
Our indicator for performance audit is under review <sup>5</sup>			
Our indicator for special examinations is under review <sup>5</sup>			

<b>Exhibit 11—Summary of our organizational performance</b>			
<b>Objectives and indicators</b>	<b>2010–11 Actual</b>	<b>2010–11 Target</b>	<b>2012–13 Target</b>
<b>Our work is completed on time</b>			
Percentage of financial audits completed on time <sup>6</sup>			
• federal Crown corporations with statutory deadlines	96%	100%	100%
• other federal organizations with statutory deadlines	96%	100%	100%
• federal organizations with no statutory deadlines	100%	80%	80%
• territorial organizations	31%	60%	60%
Percentage of performance audit reports completed by the planned tabling date, as published in the Report on Plans and Priorities	92%	90%	90%
Percentage of special examination reports delivered on or before the statutory deadline	100% (4 of 4)	100%	100%
<b>Our work is completed on budget</b>			
Percentage of audits completed on budget <sup>7</sup>			
• Financial audits—federal Crown corporations	69%	80%	80%
• Financial audits—other federal organizations with statutory deadlines	65%	80%	80%
• Financial audits—federal organizations without statutory deadlines	69%	80%	80%
• Financial audits—territorial organizations	26%	80%	80%
• Performance audits	88%	80%	80%
• Special examinations	50% (2 of 4)	80%	80%
<b>Our audit reports are reliable</b>			
Percentage of internal practice reviews that find the opinions and conclusions expressed in our audit reports are appropriate and supported by the evidence	95% (18 of 19)	100%	100%
External peer reviews find our System of Quality Control is suitably designed and operating effectively	Mostly <sup>8</sup>	Yes	Yes
<b>We provide a respectful workplace</b>			
Percentage of employees who believe the Office is an above-average place to work	78% <sup>9</sup>	80%	80%
Percentage of management who meet our language requirements			
• Assistant auditors general and principals as well as the Auditor General	84%	100%	100%
• Directors in bilingual regions	73%	75%	75%

<b>Exhibit 11—Summary of our organizational performance (continued)</b>			
<b>Objectives and indicators</b>	<b>2010-11 Actual</b>	<b>2010-11 Target</b>	<b>2012-13 Target</b>
Percentage representation relative to workforce availability for			
• Women	116%	100%	100%
• People with disabilities	106%	100%	100%
• Aboriginal peoples	105%	100%	100%
• Members of visible minorities	86%	100%	100%
Percentage retention of audit professionals	89%	90%	90%

<sup>1</sup> Due to the federal election, no survey of parliamentarians was conducted in 2010-11.

<sup>2</sup> Due to the small number of respondents, percentage results are not presented. The feedback we have received has been positive and consistent with our targets.

<sup>3</sup> There is no numeric target for these indicators, since they depend on the number of days Parliament is sitting. Instead, the target is to maintain the percentage of parliamentary hearings and briefings we participate in, relative to the number of sitting days, and to maintain the percentage of audits reviewed by parliamentary committees.

<sup>4</sup> In completing our financial audits in 2010-11, we found that 8 of the 31 reservations contained in our 2009-10 financial audit opinions had been addressed by the organizations we audited. Of the 23 reservations that were not addressed, 16 (70%) were violations related to Compliance with Authorities.

<sup>5</sup> We are currently reviewing the indicators we use for measuring how the organizations we audit respond to our findings. For special examinations, our indicator has been the number of significant deficiencies identified in our examinations that are addressed by the audited corporation from one special examination to the next. Since the increase in the period between examinations has increased from 5 to 10 years, we are looking to identify a more timely indicator. For performance audits, our indicator has been the percentage of our recommendations that are implemented by the audited department. We are considering options for how we measure this indicator, to provide parliamentarians with the most reliable information available.

<sup>6</sup> "On time" for financial audits means the statutory deadline where one exists (usually 90 days after year end), or 150 days after the year end where no statutory deadline exists.

<sup>7</sup> "On budget" means that the actual hours to complete an audit did not exceed the budgeted hours by more than 15 percent.

<sup>8</sup> Our most recent external peer review (2009-10) found that our System of Quality Control was suitably design and is overall operating effectively.

<sup>9</sup> Our employee survey is conducted every two years. The percentage shown is from our most recent survey in 2010.