

**Office of the Auditor General of Canada’s Action Plan in Response to
2019 International Peer Review Recommendations**

September 2019 (Updated August 2022)

IPR recommendation	Specific commitments and deliverables	Accountable	Target date Original (Revised)	August 2022 update
<p>Theme 1—Practice management</p> <p>1.1 Ensure that the organization is ready for the challenges of the future by identifying, developing, and monitoring a pool of appropriately capacitated professionals and practice leaders—which also includes putting plans in place with the objective of attracting and retaining such individuals.</p>	<p>By building on our current talent management framework, we will expand our succession plan program by focusing on medium- to long-term skill and development needs, which will result in a readily available pipeline of qualified professionals who may be ready for promotion. This holistic approach will also contribute to the OAG’s ability to attract and retain highly qualified individuals. In the context of our strategic planning exercise, senior management is reviewing and updating the medium - and long-term skill set requirements (know-how, competencies, and attributes) that will enable the audit practices to address the challenges of the future.</p>	<p>Principal, Human Resources</p>	<p>November 2020 (April 2022)</p>	<p style="text-align: center;">Completed</p> <p>The Talent Management Program, which includes succession planning, and its multi-phase implementation plan has been approved by the Auditor General. The program’s implementation will be monitored on an ongoing basis.</p>
<p>1.2 Consider possible strategic risk implications of the changes to the policy on declarations of team member independence and evaluate potential threats before the commencement of an audit, which can be complemented by systems and practices supporting the process and oversight of declarations.</p>	<p>The strategic risk implications of the changes to the policy on declarations of team member independence were considered by the OAG’s Senior Management Committee before the changes were made in 2018. We are monitoring the impact of these changes as part of our ongoing monitoring and inspection activities.</p>	<p>Assistant Auditor General, Audit Services</p>	<p>Ongoing</p>	<p style="text-align: center;">Completed</p> <p>We monitor the impact of these changes as part of our ongoing monitoring and inspection activities.</p>

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1.3 Ensure that the organization receives maximum benefit from its practice review processes by focusing on complex and risky audits and ensuring that the outcomes of these reviews are available to inform the planning of the next cycle of audits.	a) Practice Review and Internal Audit's (PRIA's) approach to practice reviews currently focuses on selecting engagement leaders randomly and adding audit files for review on the basis of risk and complexity. The rationale for selecting specific audit files was not documented for the period under review. In the future, PRIA will document its rationale for adding or not adding audit files.	Principal, PRIA	Ongoing at each planning cycle	Completed We document our rationale for selecting specific audit files as part of current planning.
	b) PRIA will modify its procedures to ensure that as individual practice reviews are completed, the results are rapidly shared with senior management and Audit Services.	Principal, PRIA	November 2019	Completed We publish on-time reports as individual practice reviews are completed and discuss the overall results of the reviews with the practices.
1.4 Enforce and monitor completion of training deemed to be mandatory and consider expanding learning activities with respect to ethical principles.	The OAG's Senior Management Committee will be informed of the status of compliance with mandatory training on a quarterly basis so that timely actions can be taken by accountable managers.	Assistant Auditor General, Audit Services	June 2019	Completed The committee is informed of the status of compliance with mandatory training quarterly.
	We will assess the need for additional ethics training and make recommendations to the OAG's Senior Management Committee. Ethics training is delivered through our standards-based audit training and Canada School of Public Service courses. We also incorporate ethics and independence training into courses that we have developed specifically for our auditors.	Assistant Auditor General, Audit Services	December 2019	Completed The need for additional ethics training continues to be regularly assessed. The committee is informed of ongoing progress.
Theme 2—Performance audit practices 2.1 Provide additional guidance and processes to ensure a consistent approach for the selection of performance audits topics.	Audits are selected based on potential impact, significance, and results for Canadians. We will identify the areas of the selection process for which additional guidance is needed so that the process better informs the Auditor General's decisions.	Assistant Auditor General, Performance Audit	May 2020	Completed We documented guidance on performance audit selection in section 1510 of the Direct Engagement manual, and we developed an audit selection tool for ranking audits, identifying approved audits for upcoming years and others to be kept in reserve.

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2.2. Focus on instilling a practice of analyzing root causes in performance audit reports and, in order to better equip the audit teams to perform this task, assess whether its recommendations are appropriately focused on the root causes of issues identified, supported by guidance or an audit report template.	We will enhance tools, templates, and guidance for audit teams, as required, to further support discussions and analysis of root causes while developing recommendations.	Assistant Auditor General, Performance Audit	November 2021 (Summer 2022)	<p style="text-align: right;">Delayed</p> <p>A root cause analysis course was piloted and is now part of the OAG curriculum. However, there are issues procuring instructors. Internal course offerings will likely start in the 2022–23 fiscal year.</p> <p>Guidance and templates on root cause analysis have been developed and are being reviewed for inclusion in OAG methodology.</p>
2.3 Consider providing additional context to its auditees and key stakeholders through its interactions with them and/or redirecting any requests for additional context to the owners of the source information.	We will assess whether the information gathered during an audit should be provided to auditees and stakeholders. In addition, we will continue to redirect requests for additional information to the owners of the information.	Assistant Auditor General, Performance Audit	November 2021 (Fall 2022)	<p style="text-align: right;">Delayed</p> <p>The mandatory and optional derivative communications products have been defined, including infographics, videos, and related content, and the development and use of related products (content that relates to the audit report but is not directly tied to the findings) to augment the offering of contextual information have been explored. An online presentation of OAG’s reports and their derivatives to facilitate access to all available products is planned for fall 2022.</p>
2.4 Explore means of making additional information available (to other groups of users) while mitigating any possible ethical, confidentiality, legal, and operational risks that may arise from doing so.	We will assess whether additional information gathered during an audit could be made available to other groups of users without compromising ethical, confidentiality, legal, and operational risks.	Assistant Auditor General, Performance Audit	November 2021 (Fall 2022)	<p style="text-align: right;">Delayed</p> <p>See related item 2.3 above</p>
<p>Theme 3—Annual financial statement audit practices</p> <p>3.1 Make audit teams aware, on an ongoing basis, of the importance of achieving the intent of the auditing standards when documenting their work in the working paper templates.</p>	Through our annual training courses, we will remind management and staff of the methodology requirements of sufficiently documenting judgments and decisions that support audit conclusions. The goal is to strike the right balance between sufficiently documenting our audits and audit efficiency.	Assistant Auditor General, Attest Audit	December 2019	<p style="text-align: right;">Completed</p> <p>This message was communicated to staff through practitioner-led efficiency sessions.</p>
3.2 Reconsider the guidance that allows auditors to assess the implementation of relevant controls on a rotational basis over three years.	We will review our guidance in the context of current practices and standards.	Assistant Auditor General, Audit Services	October 2019	<p style="text-align: right;">Completed</p> <p>The OAG reviewed its guidance and removed the rotational approach.</p>

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<p>3.3 Consider additional policies, guidance, and procedures specific to joint audits to cover processes to address the risks relating to safe custody, integrity, accessibility, and retrievability of audit documentation.</p>	<p>For the audits of some Crown corporations, the Governor in Council appoints national audit firms to be joint auditors with the Office of the Auditor General of Canada. Those firms have quality assurance controls, and they are subject to the same professional standards as the Office of the Auditor General of Canada. We will review our guidance pertaining to joint audits in the context of legal framework, current practices, and standards.</p>	<p>Assistant Auditor General, Audit Services</p>	<p>October 2019</p>	<p style="text-align: center;">Completed</p> <p>The OAG reviewed its guidance pertaining to joint audits.</p>
<p>Theme 4—Areas of potential efficiency gains</p> <p>4.1 Continue using metrics to monitor efficiency more holistically and continue to review its practices to identify potential areas for efficiency gains. Some of those metrics focus on</p> <ul style="list-style-type: none"> • managing resource peaks by way of measuring the distribution of work and staff hours over the audit year and smoothing these peaks where possible; • analyzing audit hours across audits that are of a similar nature; • evaluating the value-add of audit procedures versus the risk that is being addressed and cost implications; • monitoring overall staff utilization by month; • analyzing workload by auditor level and audit size; • evaluating the value-add of current practices relating to report preparation, finalization, and production. 	<p>We will continue to:</p> <ol style="list-style-type: none"> a) Use tools and processes that allow us to manage and monitor our audit activities and identify further efficiency gains. b) Challenge ourselves on an ongoing basis to generate efficiency gains as part of our approach to continuous improvement. 	<p>Principal, Strategic Planning and Performance Measurement</p>	<p>Ongoing</p>	<p style="text-align: center;">Completed</p> <ol style="list-style-type: none"> a) Audit practice dashboards with visualizations for key metrics (such as full-time-equivalent usage, leave without pay, employee departures, overtime, budget hours, and forecasted spending) were developed and continue to be refined and shared with a wider audience. b) The audit practices have undertaken performance measurement initiatives. It is expected that the monitoring of efficiency indicators will be included.

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4.2 Review the potentially inefficient practices identified above relating to the direct engagement and annual financial statement audit assurance practices in an attempt to optimize work processes.	We are reviewing the processes that have an impact on finalizing the performance audit report. The objective is to relieve pressure on the audit teams, the audited entities, and the internal teams that support report production. This initiative includes reducing the number of draft reports that are shared with entities. This is an important factor considering the limited time frame available to complete the report's production process, including translation, before tabling in Parliament.	Assistant Auditor General, Performance Audit	May 2021	<p style="text-align: center;">Completed</p> <p>The process was reviewed. The project to share finding blocks rather than a full draft was piloted. On an ongoing basis, other ways to find efficiencies will be considered.</p>