



Elisabeth

Memorandum

To: Members of the Audit and Evaluation Committee Our File: 1009.6

From: Garry A. Comber

Date: June 9, 1989

Re: MEETING OF THE AUDIT AND EVALUATION COMMITTEE

Further to my memo of June 6, 1989, I am pleased to attach two other documents to be reviewed at our meeting:

- (a) Proposed Internal Audit Plan
(Item 5 on the Agenda)
- (b) Internal Review of ICOD Fiscal Issues
(to be discussed in reference to
either item 3 or item 5)

The proposed evaluation plan will be tabled at the meeting as it is not yet ready.

Also, we will suggest some minor revisions to the delegated signing authorities chart.

A handwritten signature in black ink, appearing to read 'Garry A. Comber', written in a cursive style.

Garry A. Comber
Vice-President

GAC/ad
Attach.

Copies provided for:

Elizabeth Mann Borgese ✓
Chairman, ICOD

Gary C. Vernon
President, ICOD

Gastien Godin
Director, Audit Committee

Ellen McLean
Director, Audit Committee

Sharon Proctor
Director, Audit Committee

Garry A. Comber
Vice President, ICOD

Christopher L. Barr
Director of Finance, ICOD



AUDIT
SERVICES
BUREAU

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

PROPOSED INTERNAL AUDIT PLAN

Prepared by
Audit Services Bureau
Supply and Services Canada
June, 1989

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM

Audit Services Bureau (ASB) is very pleased to submit this proposal in response to your request of May 3, 1989. Through this initiative we are seeking to demonstrate our expertise in developing a very comprehensive internal audit plan and a reasonable schedule to carry out its contemplated activities over the next few years.

Our position as part of the Public Service of Canada, provides us with an excellent understanding of the needs and priorities of the government, the current political environment as well as the knowledge of governmental systems and procedures in general. Both our own staff and our private sector colleagues, who are registered with us on our private sector database, present a wealth of complementing experience in internal and external auditing and a variety of other specialized audit services. Together we can assist you in carrying out your audit plan in the most cost-effective manner.

We are very excited about this ASB initiative that we are proposing to you. We look forward to working with you and would like to assure you of our full cooperation and our commitment to professional excellence. ASB is part of Supply and Services Canada, providing a broad range of professional auditing and related services to federal government departments and agencies for over 40 years. Typical assignments include internal comprehensive and management audits, audits of automated data processing systems, financial and analytical services, audits of personnel functions, contract audits, compliance audits and contribution audits. Our work is performed in both the public and private sector and in both official languages.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM (cont'd)

We have a large pool of highly skilled professional personnel with the ability to provide professional auditing services quickly and at a reasonable cost. We have a database of private sector consultants and through this database we can access a broad range of skills and expertise from private sector firms. Our staff are familiar with the applications of the Standards for Internal Audit in the Government of Canada, have a working knowledge of the comprehensive audit methodology of the Canadian Comprehensive Auditing Foundation, and have extensive experience in the audit of federal contracts and contributions.

ASB provides services to its clients through its Head Office in Ottawa and through seven offices across the country. The location and size of these offices are as follows:

<u>Location</u>	<u>Size of Permanent Professional Staff</u>
1. Ottawa	90
2. Halifax	20
3. Quebec City	10
4. Montreal	27
5. Toronto	20
6. Winnipeg	20
7. Edmonton	8
8. Vancouver	19

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM (cont'd)

In terms of our experience with internal and comprehensive audit, we provide such services to a multitude of federal departments, corporations and agencies covering all facets of the government organization.

In regard to audit of international aid and other international contributions, we acknowledge the Canadian International Development Agency (CIDA) and the Department of External Affairs as two of our major clients, both with requirements for international audit expertise.

Our present involvement with CIDA consists of the provision of a variety of audit services:

- (i) Contract and Contribution Audits;
- (ii) Educational Institutions Program Audits;
- (iii) Public Participation Program Audits;
- (iv) Institutional Cooperation and Development Services Audits; and,
- (v) Internal Project Audits.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
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1.0 PRESENTATION OF THE FIRM (cont'd)

The majority of these services are coordinated between ASB Head Office and CIDA Head Office in Ottawa. In our Halifax Office, we have had some considerable involvement in these various types of audits and in particular, direct involvement with project audits which have included the following:

- (i) Port Cargo Handling System - Grenada, St. Kitts-Nevis, St. Vincent;
- (ii) Anguilla Water Development Project;
- (iii) Fish Plant Complex - St. Lucia;
- (iv) Malawi Dairy Cattle Project;
- (v) Kenya Technical Teachers College; and,
- (vi) Lesotho Dairy Development Project.

Other international audit experience from our Halifax Office includes audit of foreign headquarters of multinational corporations with divisions resident in Canada, and participation in the provision of audit training to foreign government and industry. Throughout the Bureau we have been involved in a wide variety of audits involving travel over the entire globe.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
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1.0 PRESENTATION OF THE FIRM (cont'd)

Our involvement with internal comprehensive auditing goes back to 1973 when ASB obtained the mandate to perform operational audits encompassing all activities of the Unemployment Insurance Commission. Over the last fifteen years we have performed internal comprehensive audits (management audits, broad-scope audits and value for money audits) for and on behalf of departmental Heads of Audit in many government departments and agencies. In recent months we have completed organizational audits of two regions of Indian and Northern Affairs Canada. These audits were done in partnership with private sector firms. Comprehensive audits at Employment and Immigration Canada, conducted by our staff include Financial Transactions Audit, Records Management Audit and Access to Information and Privacy Audit. At National Museums of Canada we have performed comprehensive audits of Finance Accommodation, Security and Contracting functions; ASB also acts as the Internal Auditor for a number of small departments and agencies. In addition to our very extensive experience in comprehensive auditing with federal government departments and agencies, our staff have been involved in broad-scope audits with federal crown corporations.

Furthermore, ASB is an active participant in professional organizations such as the Institute of Internal Auditors, the Canadian Comprehensive Auditing Foundation, the Financial Management Institute, and the Canadian Institute of Chartered Accountants.

Our pool of some 200 professional staff from coast to coast supplemented by contract staff from our private sector database give us the ability to provide suitably qualified back-up resources quickly. We have a well earned reputation of being able to respond quickly and demonstrate flexibility.

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1.0 PRESENTATION OF THE FIRM (cont'd)

In our Halifax Office we have 2 audit managers, 6 chief auditors, 9 senior auditors, and a number of junior staff. We anticipate that a number of the Project Audits to be undertaken, in particular in Western Africa, will require involvement of fully bilingual auditors experienced in international aid and we intend to utilize the appropriate resources which are available in our Montreal and Quebec City Offices to fulfill this need. All of our professional personnel have a university degree and most have a professional accounting designation. With such a large staff and our access to the private sector firms through our database, we will be able to provide suitable back-up resources quickly should the need arise.

2.0 UNDERSTANDING OF REQUIREMENTS

From discussion with Executive Officers of ICOD, it is understood that our undertaking is to provide an appropriate plan for the conduct of internal audit to ensure effectiveness of the audit function and compliance with legislation and central agency requirements.

The Proposed Internal Audit Plan provided is prepared with reference to the relevant requirements for conduct of audit, organizational background, current audit background, an explanation of the audit scope, methodology, and the general audit objectives. The Plan then proceeds to identify and define the manageable internal audit units of ICOD, provide a ranking criteria to determine their priority for scheduling purposes, and cost them in terms of the effort required to complete each audit.

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3.0 CURRICULUM VITAE OF THE STAFF

Curriculum vitae of our professional staff with extensive experience in internal and international aid auditing will be provided for review. These will follow under separate cover.

4.0 EXECUTIVE SUMMARY OF THE PROPOSED PLAN

The proposed audit plan is intended to establish a framework for the conduct of audit within ICOD that will fundamentally satisfy central agency requirements for audit and serve as an effective management tool for the ongoing activities of the Corporation. The audit scope, methodology and objectives, as outlined in the plan, are consistent with current practice regarding audit in the public sector. It is important to note that aside from meeting statutory requirements for audit we see that the role of internal audit within ICOD is to present opportunities to provide information to enhance and improve decision making in the Corporation. Through establishing an audit agent's relationship with ICOD, ASB will be sensitive to the internal environment of ICOD and the changing demands of central agencies and of ICOD's clients.

Being respectful of the budget limitation established for performance of audit within ICOD, we have identified manageable audit units, the criteria for audit selection on a priority basis, and have developed a five-year plan to perform the required internal audits on these units. At the present budget levels, \$50,000 has been allocated to fund audit on an annual basis. The Plan anticipates spending the \$50,000 each year through estimation of fees and travel cost applicable to identified audits.

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4.0 EXECUTIVE SUMMARY OF THE PROPOSED PLANS (cont'd)

In Schedule 3 of the Plan, we identify the audits and related costs. We attempt to firmly schedule one or more audits each year to a budget level of approximately \$40,000 and identify contingent audit(s) to consume the balance. The identification of the contingent audit(s) is to enable setting aside this amount of budgetted funds until the commencement of the fourth fiscal quarter each year to allow for unanticipated or special audits, or overruns on firmly scheduled assignments. If no other priority exists to consume the funds, the contingent audit(s) will be carried out in the fourth quarter.

Generally, the Plan anticipates addressing audit of the operational divisions of ICOD on a priority basis over its established span. The first two years audit activity as identified in the detail in Schedule 3 to the Plan is relatively firm, while beyond that date there is, and should be, considerable flexibility to change or alter as needs arise and priorities change. Having scheduled complete achieved performance of the Plan at the end of the fourth fiscal year of a five-year cycle allows a comfort zone to take care of deferred work, unanticipated work, special assignments or economic increases in fees and travel costs. Although we have scheduled achievement by the fourth fiscal year, we must be able to respond to natural, unforeseen events in the Corporation's future which may influence audit activities.

All audit activities will be coordinated with the ICOD Director of Finance, all findings will be progressively and formally debriefed with the auditee management and reviewed with the Director of Finance, and all reports will be addressed to the President.

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5.0 PROPOSED INTERNAL AUDIT PLAN

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.1 INTRODUCTION

This plan has been prepared pursuant to an agreement between the International Centre for Ocean Development (ICOD) and Audit Services Bureau (ASB). The purpose of this audit plan is to present to and seek approval of Executive Management and the Audit Committee to the basis for internal audit activity within ICOD over a medium term.

The plan provides a commentary on the background, reporting relationship and audit scope and methodology, and contains a breakdown of the audit universe into manageable audit units together with a ranking in terms of audit priorities and an estimate of the audit resources required.

The plan is intended to satisfy the requirements of the Financial Administration Act (FAA) and central agencies. Section 138(3) of the FAA requires each Crown Corporation to cause internal audits to be conducted to assess compliance with regard to the corporation's responsibility to maintain books, records, systems and practices in such a manner as to provide reasonable assurance that:

- the assets of the corporation and each subsidiary are safeguarded and controlled;

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.1 INTRODUCTION (cont'd)

- the transactions of the corporation and each subsidiary are in accordance with the Part XII of FAA, the regulations, the charter and by-laws of the corporation or subsidiary and any directive given to the corporation; and
- the financial, human and physical resources of the Corporation and each subsidiary are managed economically and efficiently and the operations of the corporation and each subsidiary are carried out effectively.

The Office of the Auditor General for Canada is both the annual auditor and the special examiner for ICOD and is required by the FAA to rely, to the extent they consider practicable, on any internal audit of the corporation. The audit plan is intended to facilitate the coordination of audit activities within ICOD and minimize the duplication of audit effort.

The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed. The work of internal auditors does not in any way diminish the responsibility of line managers to ensure that adequate control is maintained in their areas of responsibility.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.1 INTRODUCTION (cont'd)

The preparation of this plan involved a review of key documentation on ICOD's operations. Interviews were conducted with the following:

Garry Comber, Vice President, ICOD
Christopher Barr, Director of Finance, ICOD
Kevin Potter, Auditor General's Office

As part of these interviews we also solicited concerns to assist us in preparing the plan. The assistance and cooperation of the individuals concerned is greatly appreciated.

5.2 BACKGROUND

5.2.1 Organizational Background

The International Centre for Ocean Development was established by the International Centre for Ocean Development Act in 1985 as a Crown Corporation without share capital, named in Schedule C, Part I to the Financial Administration Act. The Centre is dependent on the Government of Canada for operating appropriations.

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PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

ICOD has its headquarters in Halifax and a branch office in Ottawa and, in addition, in November, 1988 a regional office has been opened in Fiji to service the South Pacific Program and to manage a major CIDA project in that area. A new corporate structure slated to be effective in the 1989-1990 fiscal year identifies six organizational divisions:

- (i) Corporate Services Division - responsible for legal, finance, personnel, and administrative functions.
- (ii) Sectoral Consultants Division - responsible for general consultancy activities.
- (iii) South Pacific-Caribbean Basin Division - responsible for regional programs.
- (iv) Africa-Indian Ocean Division - responsible for regional programs.

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PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

- (v) Interregional and Cooperative Activities Division - responsible for world-wide projects, scholarships, training, data analysis, and information services.
- (vi) Executive Office Division - President, Vice President, responsible for promotion, information, and executive functions.

Total Corporate staff is expected to number approximately 50 during fiscal 1989-90, with an additional 5 or 6 contracted persons. Over the medium term growth is expected to reach 60 staff and 10 contracted persons. The Divisions report to the Vice President whose function is Chief Operating Officer and this position reports directly to the President who serves as Chief Executive Officer.

The Divisional Budgets in summary form, provided for our information in audit planning, 1989-90, are as follows:

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

Divisional Budgets - Summary

	1989-90 (\$000)
Corporate Services and Sectoral Consultants (includes Executive Office)	\$ 1,330
South Pacific-Caribbean Basin	3,320
Africa-Indian Ocean	2,275
Interregional and Cooperative Activities	<u>3,350</u>
	<u>\$10,275</u>

It is recognized that this budgetted amount exceeds the \$10.1 million approved 1989-90 budget, however, in consideration of normal slippage these amounts are deemed useful for audit planning purposes.

ICOD's mandate is to initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development. It will accomplish this mandate by:

- (a) initiating and supporting programs in developing countries for the improved management and utilization of ocean resources, particularly as a source of food;

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

- (b) supporting the development of indigenous expertise and institutions in developing countries in order to increase the capacity of developing countries in integrated ocean use management;
- (c) enlisting the expertise of people and institutions in Canada, developing countries and elsewhere;
- (d) developing and sponsoring the collection and dissemination of information relating to ocean resource development;
- (e) developing and sponsoring training programs, technical assistance and advisory services relating to ocean resource development; and,
- (f) supporting research relating to ocean resource development.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

In addition, the following three principles have been adopted to guide program development:

- (a) responding quickly and efficiently to requests from developing countries or regions;
- (b) concentrating on the development of human resources and management capacity in developing regions; and,
- (c) limiting geographical focus and building on specific areas of sectoral expertise.

5.2.2 Current Audit Background

The Office of the Auditor General for Canada is the external auditor and special examiner of ICOD. During preparation of this Plan, we briefly discussed their audit involvement with ICOD from a historical perspective as well as a brief overview of the expectations of the special examination to be conducted.

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PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.2 Current Audit Background (cont'd)

As background, a significant development, related to the internal audit within ICOD, is amendments to the FAA that affect the audit regime in Crown Corporations with the intention of strengthening control and accountability through expansion of the role of internal audit and a further requirement that a special examination be conducted at least every five years. The office of the Auditor General has indicated they wish to commence their special examination on or about September, 1989, and they project completion of this examination by February, 1990.

During this examination, they will review management systems and practices and will conduct risk analyses to emphasis certain areas in their review. Their review will include, but not be restricted to, program and project planning, project management, program and project evaluation, human resources, finance, administration, information systems. There may be an emphasis on review of the proactive planning within ICOD to ensure achievement of the corporate mandate, in other words, how projects get into an integrated planning document to meet the mandate.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.2 Current Audit Background (cont'd)

Also, during the examination, they will of necessity assess the internal audit function within ICOD. The development of this Plan, and the background of ASB as ICOD's audit agent, should serve to satisfy their concerns that an effective plan is in place and the resources are available to carry the plan out.

Insofar as it may assist ICOD, and the government as an entity, to effectively discharge its responsibilities and meet its mandate we will liaise with the Office of the Auditor General to ensure the continued effectiveness of the audit function within the Corporation.

5.3 REPORTING RELATIONSHIP

The internal audit function within ICOD will report to the President. The Audit Committee will have the responsibility to oversee the internal audit activities in ICOD. For administrative purposes, the coordination of day-to-day internal audit activities will be conducted through the Director of Finance.

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PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.3 REPORTING RELATIONSHIP (cont'd)

An audit report will be prepared for each audit assignment. The audit report will be reviewed with the auditee management and their response to any recommendations will be included in the report. The final audit report will be submitted to the President.

5.4 AUDIT SCOPE AND METHODOLOGY

The audit scope shall be unrestricted and shall include all corporate activities and operations of ICOD. The major corporate systems and activities will be reviewed at least on a five-year cycle. The five-year cycle is proposed because it is consistent with the Standards for Internal Audit in the Government of Canada and also coincides with the time frame for special examination as per the FAA.

The audit methodology to be used for each audit shall be the appropriate methodology available for expanded scope auditing. It will encompass key management and operational activities and the related systems and procedures. The audit will include a preliminary survey, the identification of audit criteria, and evaluation against the audit criteria.

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PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.5 GENERAL AUDIT OBJECTIVES

The general objectives for each assignment will be as follows:

- (a) to review and appraise the systems and controls in place to ensure that the financial, human and physical resources are managed economically and efficiently and operations are carried out effectively;
- (b) to assess the adequacy of information available for decision-making and whether the information is used for the purpose intended;
- (c) to determine whether the assets are safeguarded and controlled;
- (d) to assess the extent to which the applicable corporate, central agency and legislative requirements are complied with; and,
- (e) to develop recommendations, where appropriate and report them to management.

These general objectives may be modified as appropriate for an individual audit. The specific objectives for each audit will be developed at the commencement of the audit after consultation with auditee management and will be subject to approval by the President and Vice President, as coordinated through the Director of Finance.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.6 AUDIT PLAN

5.6.1 Planning Assumptions

The proposed audit plan is based on certain planning assumptions outlined as follows:

- (a) No previous audit experience is available in performing an expanded scope audit of ICOD. As audit experience is gained, it may result in revisions to the plan.
- (b) The plan is intended to be flexible and will be reviewed in the context of organizational changes and changes in priorities as required.
- (c) Provisions are made for follow-up audits to determine the status of the recommendations contained in the audit reports. As well, follow-up audits can be conducted on any special external audits performed. Such follow-ups will normally take place within one year from the date of the audit.
- (d) Internal Audit will consider participating in review activities during the development of major systems and provide input to proposed policies, if requested, in order that timely comments may be provided on the control features. This is consistent with the current professional approach.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

5.6 AUDIT PLAN

5.6.1 Planning Assumptions (cont'd)

(e) The costs are shown in current dollars based on ASB rates for 1989/90.

5.6.2 Overview

The audit plan is presented in three stages. The first stage represents the identification of the manageable audits within the audit universe. This breakdown is provided in Schedule 1.

The second stage is the establishment of a mechanism for ranking of the manageable audit units in terms of audit priorities using criteria such as size, risk, management concerns, prior audits, and current audit activity. This criteria is intended to be utilized by ICOD executive management as part of the ongoing process of audit selection. This information is provided in Schedule 2.

The third stage is the development of resource requirements and the scheduling for the proposed audit activity. This is shown in Schedule 3.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

Manageable audit units are established to provide a basis for effectively planning, controlling and executing the audit work. An audit unit is a potential assignment of manageable size, but of such scope and nature that, if audited with due care, it will produce significant and meaningful information for management. The following audit units are proposed for the International Centre for Ocean Development:

A. Regional Programs Divisions

- (i) Africa-Indian Ocean Division.
- (ii) South Pacific-Caribbean Basin Division.

The above two audit units will be subject to similar audit processes. Divisional activities and program development processes which are general internal responsibilities of the Divisions will be audited. Divisions are responsibility centers and the Divisional Administrative responsibilities will be addressed.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

As the focus of the operations of a division is to effectively and efficiently plan, control, coordinate, manage, and evaluate projects, a selection of projects will be made within each Division and both the internal ICOD activities and local project controls will be reviewed. These Project Audits will involve examination of Project Initiation, Monitoring, Reporting, Compliance and Control, Disbursement of Project Funds and Project Evaluation subsequent to completions or termination, and coordination with other government. As indicated, local project controls will be reviewed and this will involve development of audit assessment criteria for that purpose and on-site project visits to enable evaluation.

B. Interregional and Cooperative Activities

- (i) Audit activities will be conducted consistent with the explanation for the Regional Programs Division audits.
- (ii) Information Services - including an assessment of the adequacy of the program of providing project support to meet the information needs of Developing Countries in Ocean Management and resource development, ~~and of the adequacy of the system of providing information and communication services for the Corporation.~~

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLANS

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

C. Executive Office Division

An evaluation of the function, including:

- (i) decision making;
- (ii) planning;
- (iii) implementing;
- (iv) coordinating;
- (v) controlling;
- (vi) communicating;
- (vii) library services including the adequacy of the system of providing information and communication services for the Corporation;

and this will involve examination of information resources, managerial documentation, committee processes, and reporting processes. Prior to the commencement of the Executive Office Division audit, a general review of all corporate-wide activities will be carried out to ensure the completeness of audit coverage.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

D. Finance

- (i) Financial Policy and Responsibility.
- (ii) Budgetary System - Preparation and Control.
- (iii) Expenditure System - Procedures and Control.
- (iv) Maintenance of Bank Accounts - Treasury Functions.

E. Administration

- (i) Management of Information and EDP, includes:
 - communications;
 - telecommunications;
 - computer systems, policies, acquisition, utilization and control; and,
 - information resource centre.
- (ii) Management of Travel and Hospitality.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AND PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

E. Administration (cont'd)

- (iii) Printing Services, Forms Management and Maintenance of Files, Central Records, and Registry.
- (iv) Contracted Services including consultant selection, proposal calls.
- (v) Physical Property Management including asset control and security.
- (vi) Other includes reception, personnel safety, etc..

F. Personnel/Human Resources

- (i) Recruitment and Staffing.
- (ii) Pay and Benefits
- (iii) Leave and Overtime.
- (iv) Confidentiality.
- (v) Bilingualism.

G. Legal

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AND PROJECT AUDIT PLANS

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Ranking of Manageable Audit Units

Audit Units	Criteria					Overall Ranking
	Materiality	Risk	Management Concern	Other	Total	
A. Regional Programs Divisions: i) Africa-Indian Ocean Division ii) South Pacific-Caribbean Division						
B. Interregional and Cooperative Activities Division						
C. Executive Office Division						
D. Finance						
E. Administration: i) Management of Information & EDP ii) Management of Travel & Hospitality iii) Printing Services, Forms Management, Central Records, and Registry iv) Contracted Services and Consultant Selection v) Physical Property Management vi) Other						
F. Personnel						
G. Legal						

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLANS

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Ranking of Manageable Audit Units

Notes on Criteria

1. Materiality, Risk, Management Concern

The ranking by criteria is based on points 1-5, 1 being of lowest priority, 5 being of highest priority. The points assigned to each audit unit are to some extent subjective, but materiality, risk and management concern are paramount criteria.

2. Other

This criteria incorporates factors such as organizational changes proposed. The points are allocated as follows:

- 1 - Organizational change imminent. Therefore should be scheduled for later.
- 2 - Not critical for scheduling from a materiality viewpoint.
- 3 - No other significant issues.

General Notes on Ranking Process

The Schedule provided is for conceptual purposes and during ongoing audit planning and audit scheduling activities, the noted criteria for ranking should be considered.

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Schedule 2
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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLANS

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Ranking of Manageable Audit Units

General Notes on Ranking Process (cont'd)

Also, the detailed description of the audit units as provided in Schedule 1 are represented in Schedule 2 without complete breakdown. It is at the discretion of ICOD to direct ASB to carry out audit on separate elements of the audit units. It should be noted, however, that breaking down audit units into separate modules for audit assignment will generally increase the audit time required to perform the audit of the complete unit.

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PROPOSED INTERNAL AUDIT PLANSchedule 3
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5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Proposed Timing and Resource Requirements

Audit Units	Estimated Person Days						Total Cost
	1989/90	1990/91	1991/92	1992/93	1993/94	Total	
A. Regional Programs Divisions:							
i) Africa-Indian Ocean Division			40			40	30,000
ii) South Pacific-Caribbean Division	50					50	34,500
B. Interregional and Cooperative Activities Division		50				50	34,500
C. Executive Office Division				50		50	22,500
D. Finance			25			25	11,250
E. Administration:							
i) Management of Information & EDP							
ii) Management of Travel & Hospitality							
iii) Printing Services, Forms Management, Central Records, and Registry							
iv) Contracted Services and Consultant Selection	15					15	6,750
v) Physical Property Management							
vi) Other							
F. Personnel	15			25		40	18,000
G. Legal			15			15	6,750
Audit Administration	4	5	4	5.5	5.5	24	12,000
Follow-up Audits		20				20	13,000
Unspecified					105	105	47,250
Total						464	\$250,000

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN (cont'd)

Proposed Timing and Resource Requirements

Notes

1. The resource requirement estimates do not specifically identify or cost special audits that may be requested.
2. The estimated costs for 1990/91 and subsequent years will be subject to negotiation prior to the commencement of the fiscal year.
3. The per diem rates at ASB vary from \$435 to \$570 depending on the skill and level of personnel required. Audit Units A to G and Follow Up costed at \$450 per day. Audit Administration costed at \$570 per day. The Total Cost in Schedule 3, Page 1, includes associated travel cost.
4. The scheduling of audits takes into account the ranking for the first two fiscal years, as well as the need to spread the audit activity over the term of the plan. Subsequent fiscal years' audit activity will be subject to adjustment, if required.
5. Time estimates include the audit planning, the audit performance (including tests) and the reporting and review activities.
6. Audit administration includes activities such as scheduling meetings with external auditors and ICOD staff on general matters, attendance at audit committee meetings, updating of audit plans, day-to-day coordination, and routine provision of consultative services.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Notes (cont'd)

7. If there arises a need for technical expertise that cannot be met from ASB resources, ASB will seek to either subcontract for such expertise with the ICOD approval or arrange for assistance to be available from within ICOD.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule

Year 1 - 1989/90 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>									
1.	South Pacific-Caribbean Division										
	Internal audit of activities as described in Schedule 1. Internal project audit and on-site visit with the following projects inclusion considered:										
	<table border="0" style="width: 100%;"><thead><tr><th style="text-align: left;"><u>Project Number</u></th><th style="text-align: left;"><u>Project Name</u></th><th style="text-align: right;"><u>Project Cost</u></th></tr></thead><tbody><tr><td>85-0011</td><td>South Pacific Forum Fisheries Agency Forum Fisheries Surveillance</td><td style="text-align: right;">\$960,000</td></tr><tr><td>87-0116</td><td>South Pacific Forum Fisheries Agency Research Coordination Unit</td><td style="text-align: right;">\$430,000</td></tr></tbody></table>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>	85-0011	South Pacific Forum Fisheries Agency Forum Fisheries Surveillance	\$960,000	87-0116	South Pacific Forum Fisheries Agency Research Coordination Unit	\$430,000	
<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>									
85-0011	South Pacific Forum Fisheries Agency Forum Fisheries Surveillance	\$960,000									
87-0116	South Pacific Forum Fisheries Agency Research Coordination Unit	\$430,000									
	CCOP/SOPAC CIDA Project										
	in addition, a number of other smaller projects will be considered as available audit time permits inclusion.										
	50 days effort travel	\$22,500 <u>12,000</u>									
Forwarded		<u>\$34,500</u>									



INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 1 - 1989/90 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>
Brought Forward		<u>\$34,500</u>
2.	Recruitment and Staffing	
	15 days effort	<u>\$ 6,750</u>
3.	Consultant Selection and Contracting	
	15 days effort	<u>\$ 6,750</u>
	Audit Administration	<u>\$ 2,000</u>
	TOTAL ANNUAL AUDIT COST	<u><u>\$50,000</u></u>

Audits 2 and 3 will be identified as contingent audits to be performed in fourth fiscal quarter.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 2 - 1990/91 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>									
1.	Follow-up audit on the special audit conducted in the 1988-89 fiscal year on Organization of Eastern Caribbean States. Objective is to determine the adequacy of controls to be established in response to audit findings.										
	15 days effort travel	\$ 6,750 <u>4,000</u>									
		<u>\$10,750</u>									
2.(a)	Interregional and Cooperative Activities Division										
	Internal audit of activities as described in Schedule 1. Internal project audit and on-site visit with the following projects inclusion considered:										
	<table border="0" style="width: 100%;"><thead><tr><th style="text-align: left;"><u>Project Number</u></th><th style="text-align: left;"><u>Project Name</u></th><th style="text-align: right;"><u>Project Cost</u></th></tr></thead><tbody><tr><td>85-0127</td><td>World Maritime University South Pacific</td><td style="text-align: right;">\$190,000</td></tr><tr><td>85-0019</td><td>World Maritime University Research Coordination Unit</td><td style="text-align: right;">\$400,000</td></tr></tbody></table>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>	85-0127	World Maritime University South Pacific	\$190,000	85-0019	World Maritime University Research Coordination Unit	\$400,000	
<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>									
85-0127	World Maritime University South Pacific	\$190,000									
85-0019	World Maritime University Research Coordination Unit	\$400,000									
Forwarded		<u>\$10,750</u>									

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 2 - 1990/91 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>
Brought Forward		<u>\$10,750</u>
86-0097	World Maritime University/CIDA Scholarship Program administered by ICOD	\$350,000
	plus several other small projects as available audit time permits inclusion.	
	40 days effort travel	<u>\$18,000</u> <u>12,000</u>
		<u>\$30,000</u>
2.(b)	Information Services	
	Internal audit of activities as described in Schedule 1 related to Information Services.	
	10 days effort	<u>\$ 4,500</u>
3.	Follow-up Audit on Year 1 Coverage	
	5 days effort	<u>\$ 2,250</u>
	Audit Administration	<u>\$ 2,500</u>
	TOTAL ANNUAL AUDIT COST	<u>\$50,000</u>

Audit 3 is contingent audit.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 3 - 1991/92 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>
1.	Africa-Indian Ocean Division	
	Internal audit of activities as described in Schedule 1. Internal project audit selection to be identified.	
	40 days effort	\$18,000
	travel	<u>12,000</u>
		<u>\$30,000</u>
2.	Finance	
	25 days effort	<u>\$11,250</u>
3.	Legal	
	15 days effort	<u>\$ 6,750</u>
	Audit Administration	<u>\$ 2,000</u>
	TOTAL ANNUAL AUDIT COST	<u>\$50,000</u>

Audit 2 or 3 can be defined as contingent audit.

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 4 - 1992/93 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>
1.	Executive Office Division 50 days effort	<u>\$22,500</u>
2.	Administration Balance of audit coverage (Consultant Selection and Contracting carried out in Year 1) 30 days effort	<u>\$13,500</u>
3.	Personnel Balance of audit coverage (Recruitment and Staffing carried out in Year 1) 25 days effort	<u>\$11,250</u>
	Audit Administration	<u>\$ 2,750</u>
	TOTAL ANNUAL AUDIT COST	<u><u>\$50,000</u></u>

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
PROPOSED INTERNAL AUDIT PLAN

5.0 PROPOSED INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 5 - 1993/94 Fiscal Year Audit Activity

Unspecified activity. This unspecified activity will provide some leverage for ICOD to carry out unanticipated audits or to accomplish performance of those audits, identified as contingent audits in the previous fiscal years, which have been deferred as a result of any prior strategic decisions. It will also be appropriate that at this stage in the audit plan there will be a requirement for other follow-up audits.

It is estimated that the total annual audit cost, including audit administration, will also approximate \$50,000.



AUDIT
SERVICES
BUREAU

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

INTERNAL AUDIT PLAN

Prepared by
Audit Services Bureau
Supply and Services Canada
November, 1989

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM

Audit Services Bureau (ASB) is pleased to submit this proposal in response to your request of May 3, 1989. Through this initiative we are seeking to demonstrate our expertise in developing a very comprehensive internal audit plan and a reasonable schedule to carry out its contemplated activities over the next few years.

Our position as part of the Public Service of Canada, provides us with an excellent understanding of the needs and priorities of the government, the current political environment as well as the knowledge of governmental systems and procedures in general. Both our own staff and our private sector colleagues, who are registered with us on our private sector database, present a wealth of complementing experience in internal and external auditing and a variety of other specialized audit services. Together we can assist you in carrying out your audit plan in the most cost-effective manner.

We look forward to working with you and would like to assure you of our full cooperation and our commitment to professional excellence. ASB is part of Supply and Services Canada, providing a broad range of professional auditing and related services to federal government departments and agencies for over 40 years. Typical assignments include internal comprehensive and management audits, audits of automated data processing systems, financial and analytical services, audits of personnel functions, contract audits, compliance audits and contribution audits. Our work is performed in both the public and private sector and in both official languages.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM (cont'd)

We have a large pool of highly skilled professional personnel with the ability to provide professional auditing services quickly and at a reasonable cost. We have a database of private sector consultants and through this database we can access a broad range of skills and expertise from private sector firms. Our staff are familiar with the applications of the Standards for Internal Audit in the Government of Canada, have a working knowledge of the comprehensive audit methodology of the Canadian Comprehensive Auditing Foundation, and have extensive experience in the audit of federal contracts and contributions.

ASB provides services to its clients through its Head Office in Ottawa and through seven offices across the country. The location and size of these offices are as follows:

<u>Location</u>	<u>Size of Permanent Professional Staff</u>
1. Ottawa	90
2. Halifax	20
3. Quebec City	10
4. Montreal	27
5. Toronto	20
6. Winnipeg	20
7. Edmonton	8
8. Vancouver	19

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM (cont'd)

In terms of our experience with internal and comprehensive audit, we provide such services to a multitude of federal departments, corporations and agencies covering all facets of the government organization.

In regard to audit of international aid and other international contributions, we acknowledge the Canadian International Development Agency (CIDA) and the Department of External Affairs as two of our major clients, both with requirements for international audit expertise.

Our present involvement with CIDA consists of the provision of a variety of audit services:

- (i) Contract and Contribution Audits;
- (ii) Educational Institutions Program Audits;
- (iii) Public Participation Program Audits;
- (iv) Institutional Cooperation and Development Services Audits; and,
- (v) Internal Project Audits.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM (cont'd)

The majority of these services are coordinated between ASB Head Office and CIDA Head Office in Ottawa. In our Halifax Office, we have had some considerable involvement in these various types of audits and in particular, direct involvement with project audits which have included the following:

- (i) Port Cargo Handling System - Grenada, St. Kitts-Nevis, St. Vincent;
- (ii) Anguilla Water Development Project;
- (iii) Fish Plant Complex - St. Lucia;
- (iv) Malawi Dairy Cattle Project;
- (v) Kenya Technical Teachers College; and,
- (vi) Lesotho Dairy Development Project.

Other international audit experience from our Halifax Office includes audit of foreign headquarters of multinational corporations with divisions resident in Canada, and participation in the provision of audit training to foreign government and industry. Throughout the Bureau we have been involved in a wide variety of audits involving travel over the entire globe.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM (cont'd)

Our involvement with internal comprehensive auditing goes back to 1973 when ASB obtained the mandate to perform operational audits encompassing all activities of the Unemployment Insurance Commission. Over the last fifteen years we have performed internal comprehensive audits (management audits, broad-scope audits and value for money audits) for and on behalf of departmental Heads of Audit in many government departments and agencies. In recent months we have completed organizational audits of two regions of Indian and Northern Affairs Canada. These audits were done in partnership with private sector firms. Comprehensive audits at Employment and Immigration Canada, conducted by our staff include Financial Transactions Audit, Records Management Audit and Access to Information and Privacy Audit. At National Museums of Canada we have performed comprehensive audits of Finance Accommodation, Security and Contracting functions; ASB also acts as the Internal Auditor for a number of small departments and agencies. In addition to our very extensive experience in comprehensive auditing with federal government departments and agencies, our staff have been involved in broad-scope audits with federal crown corporations.

Furthermore, ASB is an active participant in professional organizations such as the Institute of Internal Auditors, the Canadian Comprehensive Auditing Foundation, the Financial Management Institute, and the Canadian Institute of Chartered Accountants.

Our pool of some 200 professional staff from coast to coast supplemented by contract staff from our private sector database give us the ability to provide suitably qualified back-up resources quickly. We have a well earned reputation of being able to respond quickly and demonstrate flexibility.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

1.0 PRESENTATION OF THE FIRM (cont'd)

In our Halifax Office we have 2 audit managers, 6 chief auditors, 9 senior auditors, and a number of junior staff. We anticipate that a number of the Project Audits to be undertaken, in particular in Western Africa, will require involvement of fully bilingual auditors experienced in international aid and we intend to utilize the appropriate resources which are available in our Montreal and Quebec City Offices to fulfill this need. All of our professional personnel have a university degree and most have a professional accounting designation. With such a large staff and our access to the private sector firms through our database, we will be able to provide suitable back-up resources quickly should the need arise.

2.0 UNDERSTANDING OF REQUIREMENTS

From discussion with Executive Officers of ICOD, it is understood that our undertaking is to provide an appropriate plan for the conduct of internal audit to ensure effectiveness of the audit function and compliance with legislation and central agency requirements.

The Internal Audit Plan provided is prepared with reference to the relevant requirements for conduct of audit, organizational background, current audit background, an explanation of the audit scope, methodology, and the general audit objectives. The Plan then proceeds to identify and define the manageable internal audit units of ICOD, provide a ranking criteria to determine their priority for scheduling purposes, and cost them in terms of the effort required to complete each audit.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

3.0 CURRICULUM VITAE OF THE STAFF

Curriculum vitae of our professional staff with extensive experience in internal and international aid auditing will be provided for review. These will follow under separate cover.

4.0 EXECUTIVE SUMMARY OF THE PLAN

The audit plan is intended to establish a framework for the conduct of audit within ICOD that will fundamentally satisfy central agency requirements for audit and serve as an effective management tool for the ongoing activities of the Corporation. The audit scope, methodology and objectives, as outlined in the plan, are consistent with current practice regarding audit in the public sector. It is important to note that aside from meeting statutory requirements for audit we see that the role of internal audit within ICOD is to present opportunities to provide information to enhance and improve decision making in the Corporation. Through establishing an audit agent's relationship with ICOD, ASB will be sensitive to the internal environment of ICOD and the changing demands of central agencies and of ICOD's clients.

Being respectful of the budget limitation established for performance of audit within ICOD, we have identified manageable audit units, the criteria for audit selection on a priority basis, and have developed a five-year plan to perform the required internal audits on these units. At the present budget levels, \$300,000 has been allocated to fund audit over five years. The Plan anticipates spending on the average of \$60,000 each year through estimation of fees and travel cost applicable to identified audits.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT
INTERNAL AUDIT PLAN

4.0 EXECUTIVE SUMMARY OF THE PLAN (cont'd)

In Schedule 3 of the Plan, we identify the audits and related costs. After the first year, we attempt to firmly schedule one or more audits each year and identify a contingent amount to consume the balance of the budgetted cost. The identification of the contingent amount is to enable setting aside this amount of budgetted funds until the commencement of the fourth fiscal quarter each year to allow for unanticipated or special audits, or overruns on firmly scheduled assignments. If no other priority exists to consume the funds, the funds will be applied to identified activity to be carried out in the fourth quarter.

Generally, the Plan anticipates addressing audit of the operational divisions of ICOD on a priority basis over its established span. The first two years audit activity as identified in the detail in Schedule 3 to the Plan is relatively firm, while beyond that date there is, and should be, considerable flexibility to change or alter as needs arise and priorities change. Having substantially scheduled complete achieved performance of the Plan at the commencement of the fifth fiscal year of a five-year cycle allows a comfort zone to take care of deferred work, unanticipated work, special assignments or economic increases in fees and travel costs. Although we have scheduled this substantial achievement by the commencement of the fifth fiscal year, we must be able to respond to natural, unforeseen events in the Corporation's future which may influence audit activities.

All audit activities will be coordinated with the ICOD Director of Finance, all findings will be progressively and formally debriefed with ICOD management and reviewed with the Director of Finance, and all reports will be addressed to the President.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

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INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.1 INTRODUCTION

This plan has been prepared pursuant to an agreement between the International Centre for Ocean Development (ICOD) and Audit Services Bureau (ASB). The purpose of this audit plan is to present to and seek approval of Executive Management and the Audit Committee to the basis for internal audit activity within ICOD over a medium term.

The plan provides a commentary on the background, reporting relationship and audit scope and methodology, and contains a breakdown of the audit universe into manageable audit units together with a ranking in terms of audit priorities and an estimate of the audit resources required.

The plan is intended to satisfy the requirements of the Financial Administration Act (FAA) and central agencies. Section 138(3) of the FAA requires each Crown Corporation to cause internal audits to be conducted to assess compliance with regard to the corporation's responsibility to maintain books, records, systems and practices in such a manner as to provide reasonable assurance that:

- the assets of the corporation and each subsidiary are safeguarded and controlled;

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.1 INTRODUCTION (cont'd)

- the transactions of the corporation and each subsidiary are in accordance with the Part XII of FAA, the regulations, the charter and by-laws of the corporation or subsidiary and any directive given to the corporation; and
- the financial, human and physical resources of the Corporation and each subsidiary are managed economically and efficiently and the operations of the corporation and each subsidiary are carried out effectively.

The Office of the Auditor General for Canada is both the annual auditor and the special examiner for ICOD and is required by the FAA to rely, to the extent they consider practicable, on any internal audit of the corporation. The audit plan is intended to facilitate the coordination of audit activities within ICOD and minimize the duplication of audit effort.

The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed. The work of internal auditors does not in any way diminish the responsibility of line managers to ensure that adequate control is maintained in their areas of responsibility.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.1 INTRODUCTION (cont'd)

The preparation of this plan involved a review of key documentation on ICOD's operations. Interviews were conducted with the following:

Garry Comber, Vice President, ICOD
Christopher Barr, Director of Finance, ICOD
Kevin Potter, Auditor General's Office

As part of these interviews we also solicited concerns to assist us in preparing the plan. The assistance and cooperation of the individuals concerned is greatly appreciated.

5.2 BACKGROUND

5.2.1 Organizational Background

The International Centre for Ocean Development was established by the International Centre for Ocean Development Act in 1985 as a Crown Corporation without share capital, named in Schedule C, Part I to the Financial Administration Act. The Centre is dependent on the Government of Canada for operating appropriations.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

ICOD has its headquarters in Halifax and a branch office in Ottawa and, in addition, in November, 1988 a regional office has been opened in Fiji to service the South Pacific Program and to manage a major CIDA project in that area. A new corporate structure slated to be effective in the 1989-1990 fiscal year identifies six organizational divisions:

- (i) Corporate Services Division - responsible for legal, finance, personnel, and administrative functions.
- (ii) Sectoral Consultants Division - responsible for general consultancy activities.
- (iii) South Pacific-Caribbean Basin Division - responsible for regional programs.
- (iv) Africa-Indian Ocean Division - responsible for regional programs.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

(v) Interregional and Cooperative Activities Division - responsible for world-wide projects, scholarships, training.

(vi) Executive Office Division - President, Vice President, responsible for promotion, information, and executive functions.

Total Corporate staff is expected to number approximately 50 during fiscal 1989-90, with an additional 5 or 6 contracted persons. Over the medium term growth is expected to reach 60 staff and 10 contracted persons. The Divisions report to the Vice President whose function is Chief Operating Officer and this position reports directly to the President who serves as Chief Executive Officer.

The Divisional Budgets in summary form, provided for our information in audit planning, 1989-90, are as follows:

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)Divisional Budgets - Summary

	<u>1989-90</u> <u>(\$000)</u>
Corporate Services and Sectoral Consultants (includes Executive Office)	\$ 1,330
South Pacific-Caribbean Basin	3,320
Africa-Indian Ocean	2,275
Interregional and Cooperative Activities	<u>3,350</u>
	<u>\$10,275</u>

It is recognized that this budgetted amount exceeds the \$10.1 million approved 1989-90 budget, however, in consideration of normal slippage these amounts are deemed useful for audit planning purposes.

ICOD's mandate is to initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development. It will accomplish this mandate by:

- (a) initiating and supporting programs in developing countries for the improved management and utilization of ocean resources, particularly as a source of food;

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

- (b) supporting the development of indigenous expertise and institutions in developing countries in order to increase the capacity of developing countries in integrated ocean use management;
- (c) enlisting the expertise of people and institutions in Canada, developing countries and elsewhere;
- (d) developing and sponsoring the collection and dissemination of information relating to ocean resource development;
- (e) developing and sponsoring training programs, technical assistance and advisory services relating to ocean resource development; and,
- (f) supporting research relating to ocean resource development.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.1 Organizational Background (cont'd)

In addition, the following three principles have been adopted to guide program development:

- (a) responding quickly and efficiently to requests from developing countries or regions;
- (b) concentrating on the development of human resources and management capacity in developing regions; and,
- (c) limiting geographical focus and building on specific areas of sectoral expertise.

5.2.2 Current Audit Background

The Office of the Auditor General for Canada is the external auditor and special examiner of ICOD. During preparation of this Plan, we briefly discussed their audit involvement with ICOD from a historical perspective as well as a brief overview of the expectations of the special examination to be conducted.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.2 Current Audit Background (cont'd)

As background, a significant development, related to the internal audit within ICOD, is amendments to the FAA that affect the audit regime in Crown Corporations with the intention of strengthening control and accountability through expansion of the role of internal audit and a further requirement that a special examination be conducted at least every five years. The office of the Auditor General has indicated they wish to commence their special examination on or about September, 1989, and they project completion of this examination by February, 1990.

During this examination, they will review management systems and practices and will conduct risk analyses to emphasis certain areas in their review. Their review will include, but not be restricted to, program and project planning, project management, program and project evaluation, human resources, finance, administration, information systems. There may be an emphasis on review of the proactive planning within ICOD to ensure achievement of the corporate mandate, in other words, how projects get into an integrated planning document to meet the mandate.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.2 BACKGROUND (cont'd)

5.2.2 Current Audit Background (cont'd)

Also, during the examination, they will of necessity assess the internal audit function within ICOD. The development of this Plan, and the background of ASB as ICOD's audit agent, should serve to satisfy their concerns that an effective plan is in place and the resources are available to carry the plan out.

Insofar as it may assist ICOD, and the government as an entity, to effectively discharge its responsibilities and meet its mandate we will liaise with the Office of the Auditor General to ensure the continued effectiveness of the audit function within the Corporation.

5.3 REPORTING RELATIONSHIP

The internal audit function within ICOD will report to the President. The Audit Committee will have the responsibility to oversee the internal audit activities in ICOD. For administrative purposes, the coordination of day-to-day internal audit activities will be conducted through the Director of Finance.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.3 REPORTING RELATIONSHIP (cont'd)

An audit report will be prepared for each audit assignment. The audit report will be reviewed with ICOD management and their response to any recommendations will be included in the report. The final audit report will be submitted to the President.

5.4 AUDIT SCOPE AND METHODOLOGY

The audit scope shall be unrestricted and shall include all corporate activities and operations of ICOD. The major corporate systems and activities will be reviewed at least on a five-year cycle. The five-year cycle is proposed because it is consistent with the Standards for Internal Audit in the Government of Canada and also coincides with the time frame for special examination as per the FAA.

The audit methodology to be used for each audit shall be the appropriate methodology available for expanded scope auditing. It will encompass key management and operational activities and the related systems and procedures. The audit will include a preliminary survey, the identification of audit criteria, and evaluation against the audit criteria.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.5 GENERAL AUDIT OBJECTIVES

The general objectives for each assignment will be as follows:

- (a) to review and appraise the systems and controls in place to ensure that the financial, human and physical resources are managed economically and efficiently and operations are carried out effectively;
- (b) to assess the adequacy of information available for decision-making and whether the information is used for the purpose intended;
- (c) to determine whether the assets are safeguarded and controlled;
- (d) to assess the extent to which the applicable corporate, central agency and legislative requirements are complied with; and,
- (e) to develop recommendations, where appropriate and report them to management.

These general objectives may be modified as appropriate for an individual audit. The specific objectives for each audit will be developed at the commencement of the audit after consultation with management and will be subject to approval by the President and Vice President, as coordinated through the Director of Finance.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.6 AUDIT PLAN

5.6.1 Planning Assumptions

The audit plan is based on certain planning assumptions outlined as follows:

- (a) No previous audit experience is available in performing an expanded scope audit of ICOD. As audit experience is gained, it may result in revisions to the plan.
- (b) The plan is intended to be flexible and will be reviewed in the context of organizational changes and changes in priorities as required.
- (c) Provisions are made for follow-up audits to determine the status of the recommendations contained in the audit reports. As well, follow-up audits can be conducted on any special external audits performed. Such follow-ups will normally take place approximately one year from the date of the audit.
- (d) Internal Audit will consider participating in review activities during the development of major systems and provide input to proposed policies, if requested, in order that timely comments may be provided on the control features. This is consistent with the current professional approach.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

5.6 AUDIT PLAN

5.6.1 Planning Assumptions (cont'd)

(e) The costs are shown in current dollars based on ASB rates for 1989/90.

5.6.2 Overview

The audit plan is presented in three stages. The first stage represents the identification of the manageable audits within the audit universe. This breakdown is provided in Schedule 1.

The second stage is the establishment of a mechanism for ranking of the manageable audit units in terms of audit priorities using criteria such as size, risk, management concerns, prior audits, and current audit activity. This criteria is intended to be utilized by ICOD executive management as part of the ongoing process of audit selection. This information is provided in Schedule 2.

The third stage is the development of resource requirements and the scheduling for the proposed audit activity. This is shown in Schedule 3.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

Manageable audit units are established to provide a basis for effectively planning, controlling and executing the audit work. An audit unit is a potential assignment of manageable size, but of such scope and nature that, if audited with due care, it will produce significant and meaningful information for management. The following audit units are proposed for the International Centre for Ocean Development:

A. Regional Programs Divisions

- (i) Africa-Indian Ocean Division.
- (ii) South Pacific-Caribbean Basin Division.

The above two audit units will be subject to similar audit processes. Divisional activities and program development processes which are general internal responsibilities of the Divisions will be audited. Divisions are responsibility centers and the Divisional Administrative responsibilities will be addressed.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

As the focus of the operations of a division is to effectively and efficiently plan, control, coordinate, manage, and evaluate projects, a selection of projects will be made within each Division and both the internal ICOD activities and local project controls will be reviewed. These Project Audits will involve examination of Project Initiation, Monitoring, Reporting, Compliance and Control, Disbursement of Project Funds and Project Evaluation subsequent to completions or termination, and coordination with other government. As indicated, local project controls will be reviewed and this will involve development of audit assessment criteria for that purpose and on-site project visits to enable evaluation.

B. Interregional and Cooperative Activities

Audit activities will be conducted consistent with the explanation for the Regional Programs Division audits.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

C. Executive Office Division

An evaluation of the function, including:

- (i) decision making;
- (ii) planning;
- (iii) implementing;
- (iv) coordinating;
- (v) controlling;
- (vi) communicating;
- (vii) library services including the adequacy of the system of providing information and communication services for the Corporation;

and this will involve examination of information resources, managerial documentation, committee processes, and reporting processes. Prior to the commencement of the Executive Office Division audit, a general review of all corporate-wide activities will be carried out to ensure the completeness of audit coverage.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

D. Finance

- (i) Financial Policy and Responsibility.
- (ii) Budgetary System - Preparation and Control.
- (iii) Expenditure System - Procedures and Control.
- (iv) Maintenance of Bank Accounts - Treasury Functions.

E. Administration

- (i) Management of Information and EDP, includes:
 - communications;
 - telecommunications;
 - computer systems, policies, acquisition, utilization and control; and,
 - information resource centre.
- (ii) Management of Travel and Hospitality.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Manageable Audit Units

E. Administration (cont'd)

- (iii) Printing Services, Forms Management and Maintenance of Files, Central Records, and Registry.
- (iv) Contracted Services including consultant selection, proposal calls.
- (v) Physical Property Management including asset control and security.
- (vi) Other includes reception, personnel safety, etc..

F. Personnel/Human Resources

- (i) Recruitment and Staffing.
- (ii) Pay and Benefits
- (iii) Leave and Overtime.
- (iv) Confidentiality.
- (v) Bilingualism.
- (vi) Maintenance of appropriate HRIS and HRIF.

G. Legal

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Ranking of Manageable Audit Units

Audit Units	Criteria					Overall Ranking
	Materiality	Risk	Management Concern	Other	Total	
A. Regional Programs Divisions: i) Africa-Indian Ocean Division ii) South Pacific-Caribbean Division						
B. Interregional and Cooperative Activities Division						
C. Executive Office Division						
D. Finance						
E. Administration: i) Management of Information & EDP ii) Management of Travel & Hospitality iii) Printing Services, Forms Management, Central Records, and Registry iv) Contracted Services and Consultant Selection v) Physical Property Management vi) Other						
F. Personnel						
G. Legal						

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Ranking of Manageable Audit Units

Audit Units	Criteria					Overall Ranking
	Materiality	Risk	Management Concern	Other	Total	
A. Regional Programs Divisions: i) Africa-Indian Ocean Division ii) South Pacific-Caribbean Division						
B. Interregional and Cooperative Activities Division						
C. Executive Office Division						
D. Finance						
E. Administration: i) Management of Information & EDP ii) Management of Travel & Hospitality iii) Printing Services, Forms Management, Central Records, and Registry iv) Contracted Services and Consultant Selection v) Physical Property Management vi) Other						
F. Personnel						
G. Legal						

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Ranking of Manageable Audit Units

Notes on Criteria

1. Materiality, Risk, Management Concern

The ranking by criteria is based on points 1-5, 1 being of lowest priority, 5 being of highest priority. The points assigned to each audit unit are to some extent subjective, but materiality, risk and management concern are paramount criteria.

2. Other

This criteria incorporates factors such as organizational changes proposed. The points are allocated as follows:

- 1 - Organizational change imminent. Therefore should be scheduled for later.
- 2 - Not critical for scheduling from a materiality viewpoint.
- 3 - No other significant issues.

General Notes on Ranking Process

The Schedule provided is for conceptual purposes and during ongoing audit planning and audit scheduling activities, the noted criteria for ranking should be considered. Further reference to this issue is contained in the

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

General Notes on Ranking Process (cont'd)

Internal Audit Handbook issued by Treasury Board of Canada, Comptroller General - Volume 1, Appendix C, entitled "Risk Determination for Internal Audit Planning Purposes".

Ranking of Manageable Audit Units

Also, the detailed description of the audit units as provided in Schedule 1 are represented in Schedule 2 without complete breakdown. It is at the discretion of ICOD to direct ASB to carry out audit on separate elements of the audit units. It should be noted, however, that breaking down audit units into separate modules for audit assignment will generally increase the audit time required to perform the audit of the complete unit.

5.0 INTERNAL AUDIT PLAN (cont'd)

Proposed Timing and Resource Requirements

Audit Units	Estimated Person Days						Total Cost
	1989/90	1990/91	1991/92	1992/93	1993/94	Total	
A. Regional Programs Divisions:							
i) Africa-Indian Ocean Division			40			40	\$ 30,000
ii) South Pacific-Caribbean Division		48				48	33,600
B. Interregional and Cooperative Activities Division	20	40				60	40,000
C. Executive Office Division				50		50	22,500
D. Finance			25			25	11,250
E. Administration:							
i) Contracted Services and Consultant Selection			15			15	6,750
ii) Balance of Functions/Operations				30		30	13,500
F. Personnel			12	25		37	16,650
G. Legal					15	15	6,750
Preparation of the Internal Audit Plan	10					10	5,000
Audit Management and Liaison	4	3	4	5	4	20	10,250
Follow-up Audits	20		10			30	17,500
Unspecified			20	40	125	185	86,250
Total						565	\$300,000

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN (cont'd)

Proposed Timing and Resource Requirements

Notes

1. The resource requirement estimates do not specifically identify or cost special audits that may be requested.
2. The estimated costs for 1990/91 and subsequent years will be subject to negotiation prior to the commencement of the fiscal year.
3. The per diem rates at ASB vary from \$435 to \$570 depending on the skill and level of personnel required. Audit Units A to G and Follow Up are costed at approximately \$450 per day. Audit Management and Liaison is costed at approximately \$570 per day. The Total Cost in Schedule 3, Page 1, includes associated travel cost.
4. The scheduling of audits takes into account the ranking for the first two fiscal years, as well as the need to spread the audit activity over the term of the plan. Subsequent fiscal years' audit activity will be subject to adjustment, if required.
5. Time estimates include the audit planning, the audit performance (including tests) and the reporting and review activities.
6. Audit Management and Liaison includes activities such as scheduling meetings with external auditors and ICOD staff on general matters, attendance at audit committee meetings, updating of audit plans, day-to-day coordination, and routine provision of consultative services.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Notes (cont'd)

7. If there arises a need for technical expertise that cannot be met from ASB resources, ASB will seek to either subcontract for such expertise with the ICOD approval or arrange for assistance to be available from within ICOD.

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule

Year 1 - 1989/90 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>												
N/A	Preparation of Internal Audit Plan and Presentation to ICOD Audit Committee	<u>\$ 5,000</u>												
1.	Interregional and Cooperative Activities Division													
	Preliminary audit work with respect to projects administered under the Marine Affairs Program in conjunction with Dalhousie University and University of Quebec at Rimouski, including verification of local financial controls and third party compliance with terms and conditions of contribution agreements.													
	Specifically the following projects will be addressed:													
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Project Number</u></th> <th style="text-align: left;"><u>Project Name</u></th> <th style="text-align: right;"><u>Project Cost</u></th> </tr> </thead> <tbody> <tr> <td>85-0014</td> <td>Marine Affairs Program</td> <td style="text-align: right;">\$1,700,000</td> </tr> <tr> <td>86-0070</td> <td>MAD Materials</td> <td style="text-align: right;">\$ 475,000</td> </tr> <tr> <td>86-0074</td> <td>Scholarships</td> <td style="text-align: right;">\$2,080,000</td> </tr> </tbody> </table>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>	85-0014	Marine Affairs Program	\$1,700,000	86-0070	MAD Materials	\$ 475,000	86-0074	Scholarships	\$2,080,000	
<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>												
85-0014	Marine Affairs Program	\$1,700,000												
86-0070	MAD Materials	\$ 475,000												
86-0074	Scholarships	\$2,080,000												
	20 days effort	\$ 9,000												
	Travel	<u>1,000</u>												
		<u>\$10,000</u>												
Forwarded		<u>\$15,000</u>												

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 1 - 1989/90 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>
Brought Forward		<u>\$15,000</u>
2.	South Pacific-Caribbean Division	
	Follow-up audit on the special audit conducted in the 1988-89 fiscal year on Organization of Eastern Caribbean States. Objective is to determine the adequacy of controls to be established in response to audit findings.	
	20 days effort	\$ 9,000
	travel	<u>4,000</u>
		<u>\$13,000</u>
	Audit Management and Liaison	<u>\$ 2,000</u>
	TOTAL ANNUAL AUDIT COST	<u><u>\$30,000</u></u>

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 2 - 1990/91 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>															
1.	South Pacific-Caribbean Division																
	Internal audit of activities as described in Schedule 1. Internal project audit and on-site visit with the following projects inclusion considered:																
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Project Number</u></th> <th style="text-align: left;"><u>Project Name</u></th> <th style="text-align: right;"><u>Project Cost</u></th> </tr> </thead> <tbody> <tr> <td>85-0011</td> <td>South Pacific Forum Fisheries Agency Forum Fisheries Surveillance</td> <td style="text-align: right;">\$960,000</td> </tr> <tr> <td>87-0116</td> <td>South Pacific Forum Fisheries Agency Research Coordination Unit</td> <td style="text-align: right;">\$490,000</td> </tr> <tr> <td>86-0041</td> <td>CCOP/SOPAC Reg. Marine Geology</td> <td style="text-align: right;">\$180,000</td> </tr> <tr> <td>88-0223</td> <td>CIDA/South Pacific Funding</td> <td style="text-align: right;">Various</td> </tr> </tbody> </table>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>	85-0011	South Pacific Forum Fisheries Agency Forum Fisheries Surveillance	\$960,000	87-0116	South Pacific Forum Fisheries Agency Research Coordination Unit	\$490,000	86-0041	CCOP/SOPAC Reg. Marine Geology	\$180,000	88-0223	CIDA/South Pacific Funding	Various	
<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>															
85-0011	South Pacific Forum Fisheries Agency Forum Fisheries Surveillance	\$960,000															
87-0116	South Pacific Forum Fisheries Agency Research Coordination Unit	\$490,000															
86-0041	CCOP/SOPAC Reg. Marine Geology	\$180,000															
88-0223	CIDA/South Pacific Funding	Various															
	in addition, a number of other smaller projects will be considered as available audit time permits inclusion.																
	48 days effort travel	\$21,600 <u>12,000</u>															
Forwarded		<u>\$33,600</u>															

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 2 - 1990/91 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>												
Brought Forward		<u>\$33,600</u>												
2.	Interregional and Cooperative Activities Division													
	Internal audit of activities as described in Schedule 1. Internal project audit and on-site visit with the following projects inclusion considered:													
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Project Number</u></th> <th style="text-align: left;"><u>Project Name</u></th> <th style="text-align: right;"><u>Project Cost</u></th> </tr> </thead> <tbody> <tr> <td>87-0127</td> <td>World Maritime University Training Modules</td> <td style="text-align: right;">\$190,000</td> </tr> <tr> <td>85-0019</td> <td>World Maritime University Scholarships</td> <td style="text-align: right;">\$400,000</td> </tr> <tr> <td>86-0097</td> <td>World Maritime University/CIDA Africa Scholarships</td> <td style="text-align: right;">\$350,000</td> </tr> </tbody> </table>	<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>	87-0127	World Maritime University Training Modules	\$190,000	85-0019	World Maritime University Scholarships	\$400,000	86-0097	World Maritime University/CIDA Africa Scholarships	\$350,000	
<u>Project Number</u>	<u>Project Name</u>	<u>Project Cost</u>												
87-0127	World Maritime University Training Modules	\$190,000												
85-0019	World Maritime University Scholarships	\$400,000												
86-0097	World Maritime University/CIDA Africa Scholarships	\$350,000												
	plus several other small projects as available audit time permits inclusion.													
	40 days effort travel	\$18,000 <u>12,000</u>												
		<u>\$30,000</u>												
	Audit Management and Liaison	<u>\$ 1,400</u>												
	TOTAL ANNUAL AUDIT COST	<u><u>\$65,000</u></u>												

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 3 - 1991/92 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>
1.	Africa-Indian Ocean Division Internal audit of activities as described in Schedule 1. Internal project audit selection to be identified.	
	40 days effort travel	\$18,000 <u>12,000</u>
		<u>\$30,000</u>
2.	Finance	25 days effort <u>\$11,250</u>
3.	Consultant Selection and Contracting	15 days effort <u>\$ 6,750</u>
4.	Recruitment and Staffing	12 days effort <u>\$ 5,400</u>
5.	Follow-up Audit on Years 1 and 2 Coverage	10 days effort <u>\$ 4,500</u>
6.	Unspecified	20 days effort <u>\$10,000</u>
	Audit Management and Liaison	<u>\$ 2,100</u>
	TOTAL ANNUAL AUDIT COST	<u><u>\$70,000</u></u>

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 4 - 1992/93 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>		<u>Estimated Cost</u>
1.	Executive Office Division	50 days effort	<u>\$22,500</u>
2.	Administration Balance of audit coverage (Consultant Selection and Contracting carried out in Year 3)	30 days effort	<u>\$13,500</u>
3.	Personnel Balance of audit coverage (Recruitment and Staffing carried out in Year 2)	25 days effort	<u>\$11,250</u>
4.	Unspecified	40 days effort	<u>\$20,000</u>
	Audit Management and Liaison		<u>\$ 2,750</u>
	TOTAL ANNUAL AUDIT COST		<u><u>\$70,000</u></u>

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

5.0 INTERNAL AUDIT PLAN

Proposed Timing and Resource Requirements

Annual Schedule (cont'd)

Year 5 - 1993/94 Fiscal Year Audit Activity

<u>Audit</u>	<u>Description</u>	<u>Estimated Cost</u>
1.	Legal 15 days effort	<u>\$ 6,750</u>
2.	Unspecified Activity and Audit Management and Liaison	<u>\$58,250</u>
	TOTAL ANNUAL AUDIT COST	<u><u>\$65,000</u></u>

The unspecified activity will provide some leverage for ICOD to carry out unanticipated audits or to accomplish performance of those audits, identified as contingent audits in the previous fiscal years, which have been deferred as a result of any prior strategic decisions. It will also be appropriate that at this stage in the audit plan there will be a requirement for other follow-up audits.

It is estimated that the total average annual audit cost for the five-year period will approximate \$60,000.