

International Centre for Ocean Development  
REPORT TO THE AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS

DECEMBER 1, 1988

OFFICE OF THE AUDITOR GENERAL



BUREAU DU VÉRIFICATEUR GÉNÉRAL

301, 1888 Brunswick Street  
Halifax, Nova Scotia  
B3J 3J8

December 1, 1988

To the Audit Committee of the  
Board of Directors  
International Centre for Ocean Development

The attached report and appendix provide information on the scope of and approach to our audit of the financial statements of the International Centre for Ocean Development for the year ending March 31, 1989, the audit staff associated therewith, a brief description of significant audit areas and an overview of the audit approach.

We wish to emphasize that we are aware of our responsibilities under the International Centre for Ocean Development Act and the Financial Administration Act and, in carrying them out, will bring to the attention of management and the Audit Committee any accounting, auditing or reporting matters which we believe deserve consideration.

The manager responsible for the 1989 audit, Kevin Potter, will brief you at the Audit Committee meeting on December 2, 1988 on the matters covered in this report and on the special examination requirements and processes. We look forward to a continued relationship with the Audit Committee and wish to inform the members that we are available for consultation at any time.

Yours very truly,

A handwritten signature in cursive script that reads "Brian Pearce".

Brian Pearce, C.A.  
Principal, Atlantic Region

BP/ccz

Attach.

International Centre for Ocean Development  
REPORT TO THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS  
December 1, 1988  
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**INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT**  
**REPORT TO THE AUDIT COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**INTRODUCTION**

This audit plan is for the use of the Office of the Auditor General, senior Centre officials and the Audit Committee for purposes of documenting the arrangements for the audit of the financial statements of the International Centre for Ocean Development ("ICOD"), for the year ending March 31, 1989. It provides a basis for discussion of the scope and approach to the 1989 audit and the reports that we consider necessary in the performance of our statutory responsibilities as auditor of the Centre.

This plan may be subject to change as new developments occur and as the results of our audit procedures are evaluated.

An important step in this procedure is the review of this plan by the Audit Committee.

**AUDIT SCOPE**

Our audit is carried out in accordance with generally accepted auditing standards. It is designed to enable us to render, without qualification as to scope, an opinion on the financial statements of the International Centre for Ocean Development in accordance with the requirements of the Financial Administration Act (FAA). The Auditor General will give his opinion as to whether the financial statements of the Centre present information fairly in accordance with generally accepted accounting principles. Further, in accordance with subsection 139 (2) of the FAA, he will give his opinion as to whether the transactions that were examined in the course of the audit complied with Part XII of the FAA and regulations, the ICOD Act and regulations and the by-laws of the Centre. Appendix A contains the proposed wording of the audit report.

Our audit includes a review of the significant systems of internal control to determine the extent to which we will rely on them in determining the nature, extent and timing of our audit procedures. This review is not specifically designed to determine all weaknesses which may exist in the systems or to express an opinion exclusively on internal control. The decision as to whether to rely on internal control in the performance of our audit largely relates to considerations of audit efficiency.

In conducting our audit, we are aware of the possibility that fraud may exist and that, as a result, financial statements may be misstated. We recognize that fraud, if sufficiently material, may affect our opinion on the financial statements and we, therefore, give consideration to this possibility in planning and conducting our examination. However, our examination is not primarily or specifically designed, and cannot be relied upon, to disclose defalcations and other irregularities, although their



discovery may result in some cases.

## **AUDIT APPROACH**

### Planning

We will complete an initial planning survey to obtain a current understanding of corporate and financial policies, key audit areas, the implications of the Financial Administration Act, the organization structure and accounting applications. With this information, we will develop an initial audit plan. As the plan is developed and refined, we will discuss it in general terms with management to ensure that all areas of concern are appropriately dealt with.

In carrying out our audit, evidence in respect of specific financial statement assertions is collected and evaluated as effectively and efficiently as possible. As indicated earlier, the accounting systems and related internal controls are reviewed, and if it results in greater audit efficiency, tested for compliance.

Based on previous experiences with ICOD, we consider it more efficient to adopt a substantive approach for the audit - that is, we will concentrate on detailed testing of transactions and balances, supplemented by analytical review and direct confirmations rather than relying on internal control. For this year, we will be utilizing Interactive Data Extraction for Auditors (IDEA). This is an audit software package which will increase our audit efficiency through computerized sample selection and analysis of financial information.

With a sound understanding of the business and its environment, our audit work on balances at March 31, 1989 will concentrate on areas of high dollar value and relative audit risk. Similarly, our review of the results of operations for the year then ended is from an operational perspective, stressing reasonableness, the impact of factors affecting relationships among account balances and fluctuations relative to budget and past performance.

We propose to complete the audit in two phases with the first or interim phase commencing in late February 1989. The second or year-end phase will commence in late April 1989.

### Liaison with Internal Audit

As part of our examination, we would normally consider the work carried out by the Internal Auditor to minimize our work and avoid duplication of testing. However, the Centre has not yet established an internal audit function. We encourage the centre to follow the requirements of the FAA.

## AUDIT TEAM

The Auditor General of Canada is appointed the statutory auditor of the Centre pursuant to Section 20 of the International Centre of Ocean Development Act and is available for consultation on significant accounting and auditing issues. The audit is directed by J.G. Laliberte C.A. (Assistant Auditor General), Brian Pearce C.A. (Principal) and Kevin Potter C.M.A. (Manager). Nancy Adams C.A. (Field Senior) and Jay Cussons are assigned to lead the audit team.

## REPORTS

### Auditor's Report

Upon completion of the examination, we issue our auditor's report on the statutory financial statements. Prior to the issuance of this report, we work closely with Centre management in reviewing and discussing the year-end financial statements and our opinion thereon. We also submit our draft auditor's report to the Audit Committee, together with the accompanying financial statements, for review.

It is our current expectation that the auditor's report on the 1989 financial statements will be in the form shown in Appendix A.

Members of the Audit Committee may be interested to note that the Financial Administration Act now clearly specifies the authorities with which the transactions of the Centre must comply. These are Part XII of the Financial Administration Act and regulations, the ICOD Act, and the by-laws of the Centre. We are required to report whether the transactions that have come to our notice have, in all significant respects, been within these authorities.

No quantitative performance information has, to date, been required by the Treasury Board to be included in the annual report of the Centre and audited. It is possible that certain of the quantitative information currently presented in the annual report of the Centre could become the subject of a directive.

### Management Letter

In the course of our examination, we make recommendations to management for changes in procedures which we feel improve the system of internal accounting control of financial and reporting practices. We monitor the implementation of our recommendations to ensure that appropriate follow-up action has been taken. The more significant of these recommendations and observations will be communicated to the Audit Committee.



We believe in effective communication with our clients and, to achieve this objective, we communicate with management in several ways, such as:

- reporting to management on each phase of our audit, by making recommendations and observations on matters which we believe warrant attention;
- meeting periodically with senior officials in the financial and accounting areas, and with the Audit Committee, so that all problems or questions on changes in accounting or financial reporting are dealt with fully and promptly. Such meetings help in minimizing "surprises".

#### **INDEPENDENCE**

As statutory auditors of the Centre, we are required by the Financial Administration Act and the rules of professional conduct of our Institute to maintain independence from the Centre. Amongst other independence matters, the Code of Conduct of the Office of the Auditor General requires that our principals and staff have no direct or indirect financial interest in ICOD. :

We confirm that the Office of the Auditor General is independent under the rules and statute referred to above.



**DRAFT AUDITOR'S REPORT**

In the absence of unusual circumstances, the auditor's report will likely be as follows:

**AUDITOR'S REPORT**

To the Minister for External Relations

I have examined the balance sheet of the International Centre for Ocean Development as at March 31, 1989 and the statements of operations, deficit, contributed surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Centre that have come to my notice during my examination of the Financial statements have, in all significant respects, been in accordance with Part XII of the Financial Administration Act and regulations, the International Centre for Ocean Development Act and regulations, and the by-laws of the Centre.

Raymond Dubois, F.C.A.  
Deputy Auditor General  
for the Auditor General  
of Canada

Ottawa, Canada  
1989

**INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT  
REPORT TO THE AUDIT COMMITTEE  
SPECIAL EXAMINATION PLAN AND CRITERIA**

**INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT  
REPORT TO THE AUDIT COMMITTEE  
SPECIAL EXAMINATION PLAN AND CRITERIA**

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**INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT  
REPORT TO THE AUDIT COMMITTEE  
SPECIAL EXAMINATION PLAN AND CRITERIA**

**INTRODUCTION**

This plan, to be applied in the special examination of International Centre For Ocean Development ("ICOD" or the "Centre"), is for the use of the Office of the Auditor General, senior Centre officials and the Audit Committee for purposes of documenting the arrangements for the special examination of the Centre. It provides a basis for discussion of the scope of and approach to this examination and the report that we consider necessary in the performance of our statutory responsibilities as special examiner of ICOD.

This plan may be subject to change as new developments occur and as the results of our procedures are evaluated. It incorporates the requirements of Part X of the Financial Administration Act and the input of management and the Audit Committee resulting from the Audit Committee meetings held on December 2, 1988 and June 14, 1989.

The final report of the special examination will be addressed to the Board of Directors of the Centre. Our examination strategy contemplates ongoing discussions with management and the Audit Committee throughout the special examination including a review of our final report prior to issuance.

**EXAMINATION OBJECTIVES**

The Financial Administration Act (FAA) requires the Centre to maintain systems and practices in such a manner as will provide reasonable assurance that:

- o assets are safeguarded and controlled;
- o financial, human and physical resources are managed economically and efficiently; and
- o operations are carried out effectively.

These requirements are referred to as the "control objectives" in this report. It is the adequacy of the Centre's systems and practices designed to address and respond to these control objectives that the special examination will focus on. An evaluation of the findings will determine if there are any "significant deficiencies" for reporting to the Board of Directors. Deficiencies that, in our opinion, are not significant for inclusion in our final report will be communicated to management.

The objective of our special examination is to issue an examiner's report in accordance with the FAA. This requires:

- o the expression of an opinion, determined in relation to the criteria established for evaluation of the systems and practices to be examined, as to whether or not there is reasonable assurance that there are no significant deficiencies; and

- o a statement of the extent to which we were able to rely on internal audit.

Definitions of terms are provided in Appendix B.

### **SURVEY SCOPE**

Our survey of the Centre's systems and practices comprised the following:

- o interviews with appropriate Centre personnel, members of the Board of Directors and a review of project files in order to determine the existence and nature of appropriate systems and practices, and
- o a review of pertinent documentation such as annual reports, policies, procedures, budgets, plans and other reports submitted to the Board of Directors and government, for assessment of the economy, efficiency and effectiveness of operations.

The results of these survey procedures have been considered in the development of the examination strategy proposed herein.

### **RELIANCE ON INTERNAL AUDIT**

The FAA requires every Crown corporation to conduct internal audits of its systems and practices with respect to its control objectives, unless the Governor in Council is of the opinion that the cost of such internal audits is not justified by the benefits. The FAA also requires the special examiner to rely on any internal audits to the extent it is considered practicable to do so, and to include a statement on the extent of such reliance in the special examination report.

As of the date of completion of this plan, an internal audit plan had been approved by the Board. We understand that it is management's intention to contract with Audit Services Bureau to meet the FAA requirements for internal audit.

As this arrangement had not been finalized, we have not been able to plan for reliance on their work. This situation will be reviewed during the course of our examination.

### **EXAMINATION STRATEGY**

#### **PERIOD UNDER EXAMINATION**

Section 138(2) of the FAA requires that a special examination be carried out at least once every five years and suggests that systems and practices should be reviewed for the "period under examination."



However, the FAA does not define "period under examination". Our interpretation is that this would normally be the period that extends from the date of receipt of the examination plan by the Audit Committee to the completion of our fieldwork. That is not to say that, in order to gain a more complete understanding of those significant systems and practices selected for examination, we would not also examine certain matters which preceded the period of the special examination. We believe this is a reasonable approach as ICOD's operations differ from other Crown corporations -- its activities are comprised almost exclusively of ocean development projects that take several years to complete. As we are committed to carrying out a cost-effective examination, we do not wish to unnecessarily examine systems and practices that were in effect prior to the period under examination. Furthermore, we are informed that management is in the process of implementing a number of new systems and practices, not all of which are expected to be in place before the expected completion date of the special examination.

We anticipate the examination period to be June 14, 1989 to December 15, 1989.

#### SYSTEMS AND PRACTICES SELECTED FOR EXAMINATION

Systems and practices selected for detailed examination are based on our judgement and analysis of:

- o the significance of each system and practice; and
- o the risks associated with each control objective, considering the mandate and objectives of the Centre.

#### MAJOR SUCCESS/RISK FACTORS

To determine those systems and practices which in our opinion as examiner are key to the Centre, an assessment was made of the major success/risk factors that determine the Centre's ability to achieve its objectives. The identification of these major success/risk factors was an important step in the determination and selection of those systems and practices subject to special examination.

For each of the following major success/risk factors, we have agreed with management as to the key systems and practices to assist in attaining the Centre's objectives. Other systems and practices which were judged not to be significant to the attainment of the Centre's objectives, or to meeting the requirements of the FAA control objectives have been excluded from detailed examination.



## A. SAFEGUARDING OF ASSETS

The assets of ICOD, at March 31, 1989, amounted to some \$1,336,000 as follows:

	<u>\$ Thousand</u>
Cash	\$ 293
Accounts Receivable	70
Due from CIDA	<u>973</u>
	<u>\$ 1,336</u>

The safeguarding of assets, other than the systems to record and recover the costs incurred on the CIDA projects, are not significant.

### \* SUCCESS/RISK FACTORS

## COMPLIANCE WITH CIDA CONTRACTS

Cash flow for the Centre, other than drawdowns on its government appropriation, is derived from funds under contracts managed on behalf of CIDA. To ensure that all amounts are recorded and collected on a timely basis, the Centre must have adequate financial information systems to produce the necessary information on cash requirements and on actual expenditures.

## B. ECONOMIC AND EFFICIENT MANAGEMENT OF RESOURCES

The key systems supporting program management activity within ICOD are planning, project approval and control, human resource management and management information systems.

### \* SUCCESS/RISK FACTORS

#### PLANNING:

ICOD operates in the international development field. Knowledge of ocean development and the changing international circumstances are critical to its operations and activities. This information must be monitored and reflected in ICOD's corporate/strategic and operational plans.

#### PROJECT APPROVAL AND CONTROL:

The selection of suitable projects consistent with ICOD's mandate is critical to its success. Projects vary considerably in content and purpose and are directed towards improvement in developing countries. Projects which are not

approved and controlled at an appropriate standard are a potential risk to the achievement of the objectives of the Centre.

#### HUMAN RESOURCE MANAGEMENT:

ICOD's human resources include permanent employees as well as individual consultants, including cooperants, hired to provide a sustained level of expertise in the management of the Centre and its programs and projects. A significant portion of ICOD's financial resources are utilized for this means. The lack of adequate systems and practices in human resource management would create a significant risk to the achievement of the Centre's mandate.

#### MANAGEMENT INFORMATION:

To effectively manage the Centre's programs and numerous projects, it is essential to provide relevant, reliable and timely information to management. This information is both financial and non-financial in nature.

#### C. OPERATIONS CARRIED OUT EFFECTIVELY

The Centre's mandate is to "initiate, encourage and support co-operation between Canada and developing countries in the field of ocean resource development."

#### \* SUCCESS/RISK FACTORS

#### PROGRAM EVALUATION:

Knowledge of the extent to which allocated resources have contributed to the achievement of the Centre's objectives and mandate is critical.

#### **Areas Considered But Excluded**

Several categories of systems and practices were identified during the survey, evaluated as to their importance as part of our success/risk assessment process, and will be excluded from detailed examination.

We recognize that the following categories of systems and practices are important from a management perspective and are relied on by the Board of Directors, however, the significance, sensitivity and overall risk to the Centre should they contain a deficiency, is not considered of sufficient importance to significantly impact the achievement of the Centre's objectives or the requirements of the FAA control objectives. These systems and practices are as follows:

- \* Treasury function
- \* Travel management
- \* Purchasing practices



\* Materiel management

**Reliance On Annual Financial Statement Audit**

Those systems to be excluded from the special examination are subject to examination during the course of the audit of the Centre's financial statements. The Office of the Auditor General, in its role as the statutory auditor of the Centre, reviews the systems of internal control, as considered necessary, in order to form an opinion on the Centre's financial statements. We intend to place reliance on the annual financial statement audit, where possible, for the purposes of the special examination.

**EXAMINATION CRITERIA**

The following criteria have been developed for application in the special examination.

**PLANNING:**

- o Corporate and strategic plans and budgets should be complete, accurate, communicated to appropriate levels of management and be prepared in accordance with the mandate and government guidelines. The corporate and strategic plans should be based on an objective assessment and evaluation of the Centre's capabilities, deficiencies, and performance.
- o The operational plans should be derived from the corporate and strategic plans and be reviewed and updated with suitable frequency. The operational plans should be used as a means of setting direction, allocating resources, making decisions and controlling activities.

**BILATERAL/REGIONAL/GLOBAL DEVELOPMENT PROGRAMS:**

- o Information on ICOD's programs and the pertinent administrative rules and procedures should be available to potential recipients.
- o Project approval criteria should be clearly stated and be communicated to management to assist in the identification and assessment of projects.
- o Procedures should be in place to ensure that approved projects are those most likely to contribute to ICOD's mandate and objectives.
- o Project terms and conditions should be documented, including evidence of acceptance by the recipient, prior to commencement.
- o Projects should be appropriately monitored and controlled.



- o Procedures to measure and report program effectiveness should be in place.
- o Procedures should be in place to ensure that the terms and conditions of the various contractual arrangements with CIDA are complied with.

#### HUMAN RESOURCE MANAGEMENT:

- o Roles, responsibilities and accountability relationships should be clearly defined, delineated and communicated.
- o Procedures should exist for the planning of human resource needs and the acquisition of personnel and consultants with the appropriate skills to enable ICOD to discharge its mandate in an economical and efficient manner.
- o Procedures should be in place to ensure that appropriately qualified consultants are obtained in a fair and economical manner approved by the appropriate authority.
- o Objectives, priorities and performance criteria should guide the work of program staff and be used to assess their performance.
- o Procedures should be in place to monitor, control and evaluate the performance of program staff and consultants.
- o Conflict of interest guidelines should exist and be adhered to, to prevent real or apparent conflict of interest in the allocation of projects and funds.
- o The Centre's conflict of interest guidelines should be communicated to and accepted by staff and the Board of Directors. Consultants should be required to report any real or apparent conflict of interest with respect to each assignment.

#### MANAGEMENT INFORMATION SYSTEMS:

- o Management information systems should provide relevant, reliable and timely information on the results of the Centre's activities and on the attainment of its objectives.
- o In the absence of any reservations, and subject to review of new or amended regulations to the FAA, our report may be presented as follows:

**DRAFT SPECIAL EXAMINER'S REPORT**

**To the Board of Directors of  
International Centre For Ocean Development**

As required by Part X of the Financial Administration Act (FAA), I have carried out a special examination of the financial and management control and information systems and management practices (the "systems and practices") maintained by the International Centre For Ocean Development. The purpose of my examination was to determine whether, during the period from June 14, 1989 to November 30, 1989 and as required by subsections 131(1)(b) and 131(2)(a) and (c) of the FAA, the Centre maintained these systems and practices in a manner that provided reasonable assurance that:

- the Centre's assets were safeguarded and controlled;
- its financial, human and physical resources were managed economically and efficiently; and
- its operations were carried out effectively.

A plan for the examination, based on my survey of the Centre's systems and practices, was submitted to the Audit Committee on June 14, 1989. The plan included the criteria to be applied in the special examination. These criteria are listed in the Appendix.

The plan also identified those systems and practices that I considered to be essential to providing the Centre with reasonable assurance with respect to its assets being safeguarded and controlled, its resources being managed economically and efficiently, and its operations being carried out effectively (see the Appendix). These systems and practices were selected for detailed examination. Other systems and practices of the Centre, although covered in the survey, were excluded from detailed examination because my analysis of the significance and risks associated with them indicated that, during the period under examination, they were not critical to providing the Centre with the reasonable assurance required by subsections 131(2)(a) and (c) of the FAA.

My examination was made in accordance with the plan, as well as the value for money auditing standards recommended by the Canadian Institute of Chartered Accountants. Accordingly, it included such tests and other procedures as I considered necessary in the circumstances. During the period of my examination, the Centre had not implemented an internal audit function; accordingly, no reliance on internal audit was possible.

In my opinion, with respect to the criteria established, there is reasonable assurance that there are no significant deficiencies in the systems and practices examined.

Kenneth M. Dye, F.C.A.  
Auditor General of Canada

Ottawa, Canada  
Date

#### Appendices

Examination Criteria  
Elaboration of significant deficiencies, if any.



## SPECIAL EXAMINATION - DEFINITIONS

These definitions, as they apply to special examinations, are proposed for application at ICOD.

### 1. 'Examination Criteria'

Examination criteria are reasonable standards against which financial and management control and information systems and management practices can be assessed. They are used to judge the degree to which ICOD conforms to expectations that have been expressly articulated in subsection 131(2)(a) and (c) of the Financial Administration Act.

### 2. 'Control Objectives'

These are the conditions that the financial and management control and information systems and management practices are supposed to help bring about:

- assets safeguarded and controlled;
- financial, human and physical resources managed economically and efficiently; and
- operations carried out effectively.

The control objectives are logically related. In particular, to carry out operations effectively (in the full sense of the term in a Crown corporation), resources must be managed economically and efficiently and assets must be safeguarded and controlled. However, economical and efficient management of resources and safeguarding and control of assets do not by themselves ensure effective operations.

### 3. 'Financial Control Systems'

A subset of the management control system concerned with safeguarding and control of assets, the integrity of accounting records and the reporting of all appropriate financial information required for the operation of the Centre.

### 4. 'Financial Information Systems'

A subset of the management information systems concerned with serving the requirements of management for financial information.

## 5. **'Management Control Systems'**

The systems and sub-systems used by management at all levels to carry out planning, budgeting, operating, controlling and evaluation activities so as to achieve the objective(s) of the Centre.

These include:

- setting the Centre's goals, objectives and strategies;
- directing the Centre's activities toward achieving these goals and objectives;
- measuring key elements of the Centre's results;
- signalling and evaluating significant discrepancies between actual achievements and previously established objectives or between actual and intended results; and
- taking appropriate and timely action in the Centre's interests.

## 6. **'Management Information Systems'**

Management-oriented systems serving the information requirements of management in executing its functions, complying with statutory requirements, meeting demands/requests from the appropriate minister, central agencies and others, and accounting for its stewardship. These systems typically comprise collecting, verifying, organizing and reporting information in such a manner that relevant information is available to the right people at the right time.

## 7. **'Management Practices'**

The decisions made and actions taken by managers to plan, implement, monitor, evaluate, control and report on the operations and results of the Centre.

## 8. **'Operations Carried Out Effectively'**

The operations of ICOD are carried out so that they meet their stated or implied objectives within the constraints of the environment in which the Centre operates.

In ICOD, these objectives comprise all the following, even though they may not be expressly articulated in these terms:

- funding objectives have to do with the amount of funds the Centre will need to continue in operation;



- service objectives involve the provision of specified quality or quantity of product or service required; and
- cost objectives entail achieving funding and service objectives within some predetermined limits and guidelines.

#### 9. **'Reasonable Assurance'**

The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived therefrom, and that the assessment of costs and benefits requires estimates and judgments to be made by management. As such, reasonable assurance involves a satisfactory level of confidence under given considerations of costs, benefits and risks.

There are two kinds of "reasonable assurance" involved in connection with a special examination:

- the Centre should have reasonable assurance, by virtue of systems and practices maintained, of specified outcomes (completion of projects , etc.) being achieved; and
- the examiner should have reasonable assurance, by virtue of his or her examination of conditions against criteria, that there are no significant deficiencies in the systems and practices examined.

In the first case, "reasonable" denotes steps taken by management that restrict outcomes within a tolerable range for an acceptable proportion of the time, but that do not guarantee that there can never be outcomes that fall outside this range. What is a "tolerable" range of outcomes for an "acceptable" proportion of the time will vary from one corporation to another and from one time to another, depending on such factors as industry norms, perceived risks and rewards.

In the second case, "reasonable assurance" requires the examiner to carry out the examination with such care, objectivity and professional competence as to allow "reasonable" judgement to be made in relation to the criteria used to assess systems and practices. Included is the notion that the examination should be cost-effective -- that is, that the examination should be carried out efficiently and effectively.

#### 10. **'Resources Managed Economically'**

The management of physical, human and financial resources in such a manner that they are acquired in the appropriate quantity and quality at the lowest practicable cost, taking into account the operating framework of the Centre as well as conditions prevailing in the field in which the Centre operates.



11. **'Resources Managed Efficiently'**

The management of physical, human and financial resources so that the relationship between the quantity of output (of adequate quality and timeliness) and the resources used to produce it meets a predetermined performance standard.

12. **'Safeguarding and Control of Assets'**

In the context of a special examination "assets" are interpreted to refer to balance sheet assets (e.g., cash, receivables, etc.) and the Centre's information base and reputation rather than all the productive resources, including human resources, that the Centre employs.

Safeguarding assets involves knowing of their existence, location and cost, as well as protecting them against loss or damage that might result from theft, negligence, misuse and so on.

The control of assets involves the ability to direct the assets to the Centre's purposes.

13. **'Scope'**

The scope of a special examination opinion is established by its legislated purpose ("to determine if the systems and practices referred to in paragraph 131(2)(a) and (c) were, in the period under examination, maintained in a manner that provided reasonable assurance that assets were safeguarded", etc.). However, another aspect of the scope relates to the depth and breadth of work required to allow the opinion to be expressed. This will depend on a number of constraints, including materiality and risk, such that some systems and practices will not be examined, others will be examined hardly at all, while others will be subject to rigorous examination.

14. **'Significant Deficiency'**

A significant deficiency in systems and practices occurs when a failure to satisfy one or more of the examination criteria prevents or puts at material risk the achievement of one or more of the Centre's key control objectives. The existence of a significant deficiency means that the Centre does not have the reasonable assurance as required by the FAA.

As a practical matter, a significant deficiency is most likely to occur as the result of an accumulation of findings where individual examination criteria have not been met, and also may relate to more than one control objective.

## OVERVIEW OF THE INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT

### Background

The United Nations Convention on the Law of the Sea of 1982 extended the jurisdiction over the effective management and development of ocean resources for all coastal states. It created Exclusive Economic Zones (EEZ's) within which coastal states could exercise their sovereign rights over all economic uses of large stretches of ocean and the continental shelf. This provided significant opportunities and challenges for all coastal states, in particular, for developing countries. These countries lack the basic financial, human, material and institutional resources needed to exploit this new resource base. In recognition of this, the Canadian government created the International Centre for Ocean Development ("ICOD" or "the Centre").

### Legislative Authority

The Centre was originally incorporated on October 26, 1983 as a non-profit, non-governmental organization (NGO) under Part II of the Canada Corporations Act. On February 14, 1985 the Centre was incorporated under its own act, the International Centre for Ocean Development Act. It is a scheduled Crown corporation listed under Part I, Schedule III of the Financial Administration Act. The newly formed Crown corporation assumed all of the assets, liabilities and obligations of the former organization.

### Objectives and Powers of the Centre

The mandate for the Centre, as stated in the ICOD Act, is to "initiate, encourage and support cooperation between Canada and developing countries in the field of ocean resource development". This general mission is to be pursued in the context of a number of more specific objectives, also set out in the Act:

- a) initiating and supporting programs in developing countries for the improved management and utilization of ocean resources, particularly as a source of food;
- b) supporting the development of indigenous expertise and institutions in developing countries in order to increase the capacities 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 supporting the collection and dissemination of information relevant 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.

### Canadian International Development Assistance

In 1987, the Canadian government tabled its Official Development Assistance (ODA) policies in the form of a publication called "Sharing Our Future". This policy paper sets out the government's principles and priorities for international development assistance. Although the Centre is not bound to strictly adhere to this policy paper, it has, in its latest corporate plan, indicated that the general principles and priorities of this policy paper have been reflected in its planned activities for the upcoming five year period. In particular, the Centre concluded that its programs were well suited to support the four basic tenets of the ODA charter:

Putting poverty first;  
 Helping people help themselves;  
 Development priorities must prevail; and  
 Partnership is the key.

### Strategies and Objectives

The mandate of the Centre, established by statute, has been supplemented by three basic operating principles in order to guide its program development, as follows -

- o the Centre must be able to respond quickly and efficiently to requests and proposals from developing countries and regional organizations;
- o the Centre should concentrate on the development of human resources and management capacity in developing regions; and
- o the Centre should limit geographical focus and build on specific areas of sectoral expertise.

In the most recent corporate plan the Centre has indicated that it has adopted the following strategies:

- o Its programs will encompass all aspects of ocean resource development and management through environmentally sound projects;
- o Its programs will be designed to provide assistance to all types and levels of human resources involved in ocean development;



- o It will deliver its programs in those areas where maximum impact can be obtained. This strategy involves four areas - the Caribbean basin, the South Pacific, the South and West Indian Ocean, and West Africa (included in these target areas are 17 of the 22 least developed countries).
- o The Centre will deliver its programs on a bilateral, regional and global basis. The preferred level of program delivery is regional.
- o The Centre will promote "South-South" transfers of technology, information and expertise.
- o The Centre will undertake projects that involve new or experimental approaches to ocean development.
- o The role of women in developing countries will be considered, wherever possible, in project development.
- o The disadvantaged and poorest groups will be considered, wherever possible, in project development.
- o Projects to be undertaken by the Centre will be submitted by government bodies and regional organizations in order to ensure that they have full support of local authorities.
- o Canadian expertise will be utilized, wherever possible, in the implementation of programs.
- o The Centre will act as an "aid broker" between developing countries/regions and major aid agencies. Possible joint funding or implementation of proposed projects (e.g. CIDA projects) could result.
- o The Centre will attempt to coordinate its programs with that of other Canadian and foreign aid agencies in order to avoid unnecessary duplication and to deliver complimentary programs, wherever possible.

### Corporate Organization

In the past, the Centre has organized its operations along program lines (i.e. technical, information and training). Effective May 1, 1989 programs have been reorganized based on geographic regions. There are two regional divisions - South Pacific-Caribbean Basin and Africa-Indian Ocean, the Interregional and Cooperative Activities (IRCAD) division and the Executive/Corporate Services/Sectoral Consultants groups.

The regional divisions are responsible for carrying out the broad spectrum of the Centre's programs within that region.

The IRCAD division undertakes projects where there is a widespread commonality of need beyond a specific region.

The Executive/Corporate Services/Sectoral Consultants groups provides the administrative and sectoral expertise necessary to support the Centre's programs. The Executive group is responsible for the gathering and analysis of program information.

ICOD's Act provides for a Board of Directors consisting of a Chairman, a President and not more than 12 other Directors. The Chairman, the President and seven directors must be Canadian and at least eight of the directors must have experience in the field of ocean resource development. The Chairman and President positions are Governor in Council appointments, holding office for a term to be established by the Governor in Council. The balance of the Board is appointed by the Minister for External Relations, with the approval of the Governor in Council, to hold office for a term not exceeding three years .

The Board of Directors is comprised of the following:

Chairman: Elisabeth Mann Borgese

Vicechairman: John H. Vandermeulen

President: Gary C. Vernon

Directors: Roy Cheeseman  
Mary Jo Duncan  
Gastien Godin  
Vaughan A. Lewis\*  
Robert Maguire  
Ellen Mclean  
Moise C. Mensah\*  
D.A. Phillip Muller\*  
Sharon Proctor  
Danielle De St.-Jorre\*  
Nicole Senecal

\* Foreign director

The Executive Committee consists of:

Chairman: Elisabeth Mann Borgese  
Roy Cheeseman  
Robert Maguire  
John Vandermeulen  
Gary Vernon



The Audit and Evaluation Committee consists of:

Chairman:	Ellen Mclean Gastien Godin Sharon Proctor Elisabeth Mann Borgese, Ex Officio Gary Vernon, Ex Officio
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The Officers of the corporation are as follows:

Chairman:	Elisabeth Mann Borgese
Vice-Chairman:	John Vandermeulen
President:	Gary Vernon
Vice-President and Secretary-Treasurer:	Garry Comber

The principal office of the Centre is located in Halifax, N.S.. An Ottawa Bureau is maintained for purposes of liaison and coordination with foreign government embassies and other federal government organizations. In November 1988, the first of four anticipated regional offices was established in Suva, Fiji (South Pacific).

The approved organization structure is attached as Appendix A.

### Program Delivery

In addition to the geographic organization change, ICOD now is emphasizing programming on a theme basis rather than the former activity structure. Seven program and thirteen operational themes have been identified to guide program staff. The following are the program themes:

- 1) Integrated ocean management and development
- 2) Fisheries management and development
- 3) Mariculture
- 4) Coastal development and management
- 5) Non-living resource management and development
- 6) Ports and marine transportation
- 7) Marine environmental conservation

In the past, the Centre has spent the largest percentage of its annual program budget on training activities. The major training program developed for the Centre has been the Marine Affairs Diploma(MAD) which has been conducted by

the University of Quebec at Rimouski and Dalhousie University of Halifax. These training programs have approved expenditure levels of \$2.3 million. The development of a graduate training program in Marine Resource and Environmental Management at the University of the West Indies(UWI) - \$699,000 - is closely linked to the MAD program in that materials developed for MAD are to be shared with the UWI program. A Nearshore Non-fuel Mineral Course -Indian Ocean at \$155,000 is one in a series of such courses planned for each of the geographic regions.

The Centre provides support for eligible applicants for training on its own courses and for other appropriate training programs throughout the world. The largest component of its support goes to its own program - the Marine Affairs Diploma Program - and to scholarships for study at Canadian universities at the masters level. These scholarships have budget approvals of \$2.08 million and \$3.692 million, respectively. Other large scholarship programs are with the World Maritime University of Sweden at \$ 1.17 million(a portion of this relates to scholarships managed on behalf of CIDA), training in geology in the Pacific Island countries at \$833,000 and regional university scholarships at the University of the West Indies, the University of the South Pacific and the University of Papua-New Guinea at \$576,000.

In the South Pacific region the Centre has focused its attention on three institutions - the South Pacific Fisheries Forum Agency (FFA), the University of the South Pacific(USP) and the Committee for the Coordination of Joint Prospecting in South Pacific Offshore Areas(CCOP/SOPAC). Projects at the FFA include a surveillance project at \$1 million over 5 years and the establishment of a Research Coordination Unit at \$490,000 over 3 years. Other smaller projects have been established with the FFA.

The Pacific Islands Marine Resources Information System (PIMRIS) is a joint effort of four institutions in the South Pacific designed to make marine resource information more accessible. The institutions involved include the USP as the central coordinating centre and the FFA, CCOP/SOPAC and the South Pacific Commission(SPC) as users and suppliers of information. ICOD has approved or provided funding for five PIMRIS related projects at a total cost of \$ 1.1 million. The SPC portion of the PIMRIS project is being funded by another country donor.

In the Caribbean region the Organization of Eastern Caribbean States (OECS) is the organization with which ICOD is most active. ICOD supported the establishment of the Fisheries Unit of the OECS at a cost of \$ 660,000 over 3 years. Since then there have been numerous other projects with the OECS Fisheries Unit. Examples of these projects include monitoring, control and surveillance, small project funds and boundary delimitation.

Since its establishment, the Centre has implemented the majority of its projects in the South Pacific and the Caribbean. This has largely been the result of the existence of regional organizations in these areas that have the capability and interest in working with ICOD. Similar regional organizations in the West Africa and Indian Ocean regions do not currently exist or have been deemed not suitable for ICOD's purposes . In its most recent corporate plan the Centre has



given indications that funding in the other regions - West Africa and the Indian Ocean - will be increasing but will not reach the same levels achieved in the other two regions within the timeframe of the corporate plan.

Although research activities are in the Centre's mandate, it has never been included in the formal activity structure. Management has indicated that research is not a priority for the Centre mainly because of the existence of the International Development Research Centre. ICOD has undertaken projects in the past that include elements of applied research and it has now included ocean research as one of its thirteen operational themes.

### Financing and Other Resources

The Centre is entirely dependent on the Government of Canada for its financing, although it may receive funding from other sources. All of the funding comes either directly or indirectly as part of the ODA. Direct funding is received from an appropriation within the External Affairs ministry. Indirect funding is obtained from projects managed on behalf of CIDA (also part of the ODA).

The Centre's reference levels have increased from \$6.4 million in 1987/88 to \$10.1 million for 1989/90. The Centre had even higher levels approved but these were reduced as a result of the most recent budget cutbacks. The Treasury Board reference level for 1991/92 is \$18.5 million but the Centre has been informed by Treasury Board that this could be reduced if and when further reductions in the ODA are made.

With the establishment of the CIDA Canada-South Pacific Ocean Development project, managed by the Centre on behalf of CIDA, it is planned that an additional \$10 million, over five years, will flow through the Centre. It will have a significant impact on the Centre's operations, as explained in the following chart.

	1988/89	1989/90	1990/91 \$ millions	1991/92	1992/93
Actual Appropriation	8.0	10.1			
T.B Reference Level			15.0	18.5	18.5
Funds Managed On Behalf Of CIDA:					
Anticipated		2.75	4.0	7.0	8.0
Received	<u>.55</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Total Funding	<u>8.55</u>	<u>12.85</u>	<u>19.0</u>	<u>25.5</u>	<u>26.0</u>

The Centre's effectiveness in managing its programs is dependent on the ability of its human resources to translate its mandate into action. The Centre has added new staff at all levels during 1988/89 and, as at March 31, 1989, had a complement of 34. It is anticipated that this figure will reach 50 during 1989/90. Key positions filled during the year include the Directors of Human Resources, Finance and a Legal Counsel.

In addition, all three program directors, under the old organization, have left or are leaving the Centre. A recent recruitment has yielded one new director but this still leaves a shortfall of two program directors. The Vice President has indicated that these positions will be filled internally on an acting basis until other arrangements can be made.

The Centre has in the past utilized consultants to assist in the management and development of the organization and to provide the expertise needed for program development and implementation (i.e. project specialists or cooperants). In 1988/89 all types of consultants received approximately \$690,000 from the Centre for services rendered.

The 1989/90 - 1993/94 Corporate Plan calls for contracting with 5 to 6 corporate experts in 1989/90, with an additional 4 to 5 over the next two years. Budget shortfalls will mean that these additions will be deferred.

### **Management Information Systems**

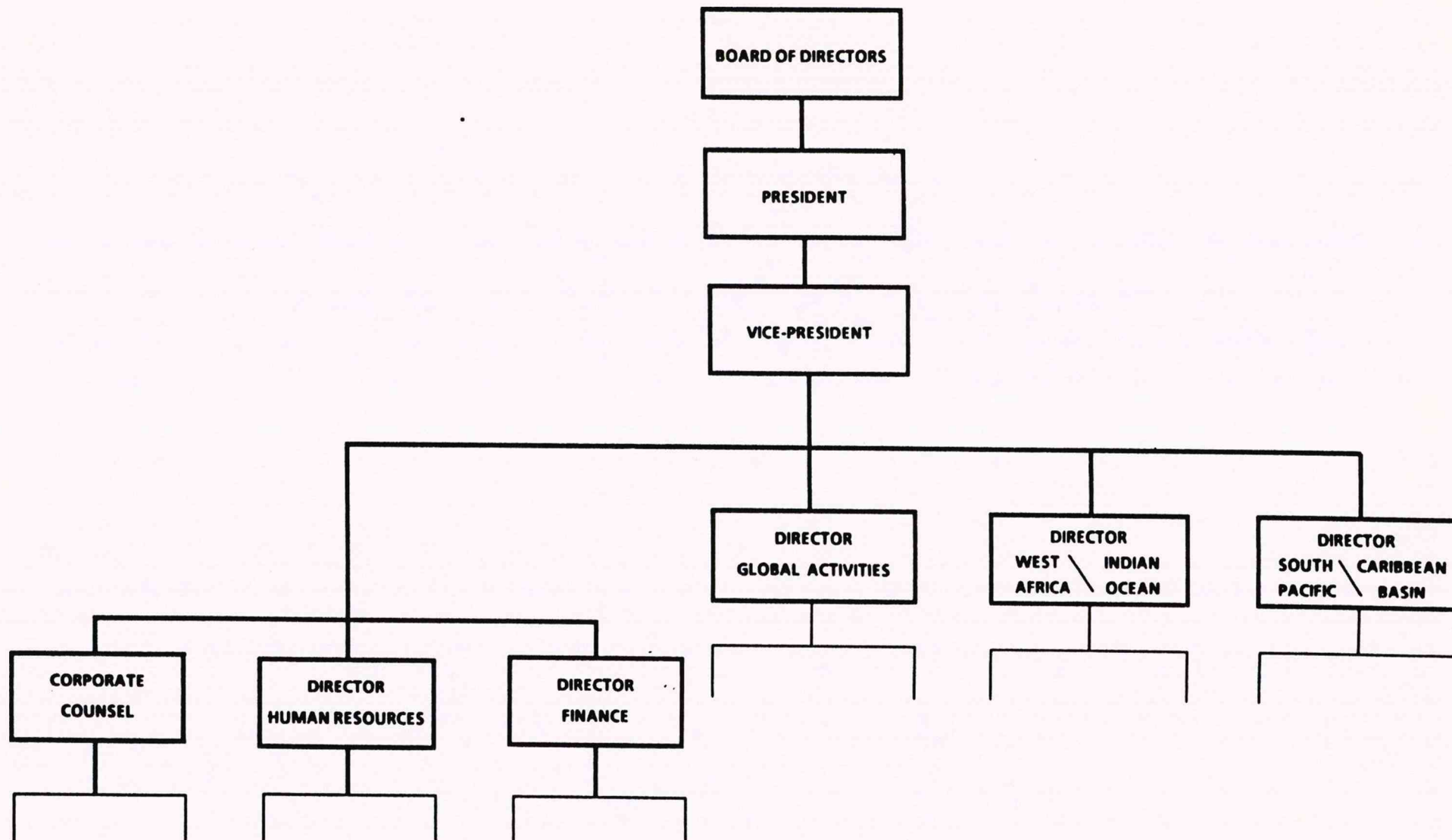
Until April 1989, the Centre's financial information systems consisted of in house developed microcomputer systems. With the expansion in the Centre's programming levels it became apparent that new systems, especially a new financial accounting system, were required. Management has previously identified project management information and commitment control as weaknesses to be addressed. During April, the Centre implemented a new financial information system, called the "Freebalance" system which has commitment control capabilities. Management is currently examining means of providing project management information to program staff.

### **Internal Audit and Evaluation**

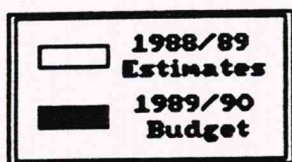
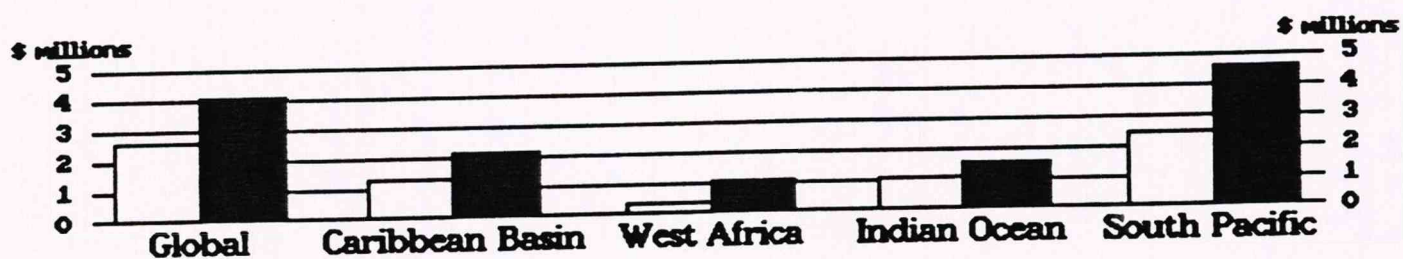
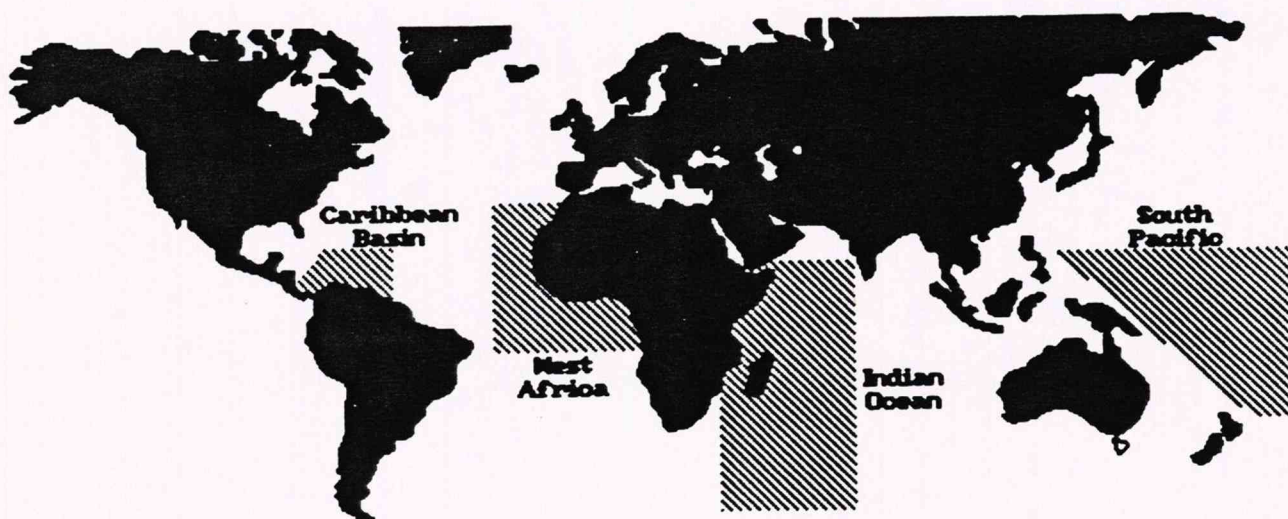
The Audit and Evaluation Committee of the Board of Directors approved managements' plans for internal audit and evaluation on June 14, 1989. Specific plans are being finalized with the Audit Services Bureau (ASB) for internal audit services and with two consulting firms for evaluation services.



# ICOD



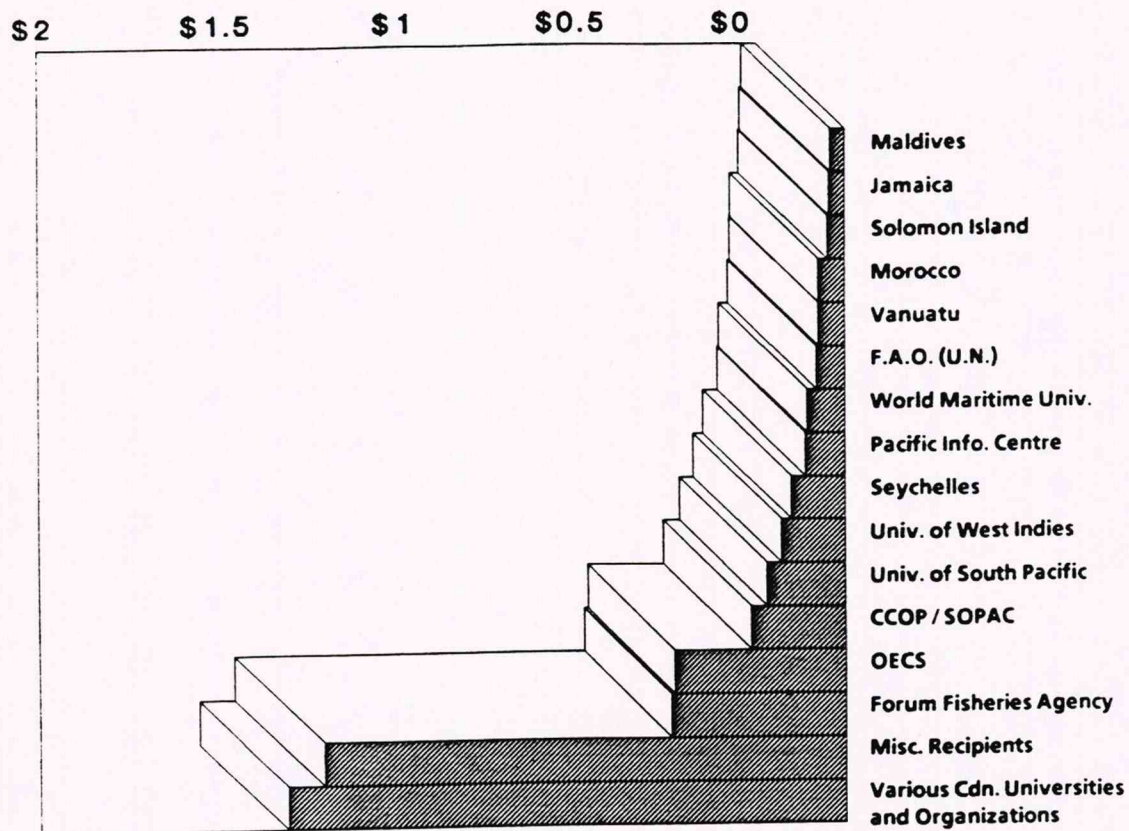
# **International Centre for Ocean Development Expenditures by Geographic Region**





# International Centre for Ocean Development

## Project Funding By Recipients

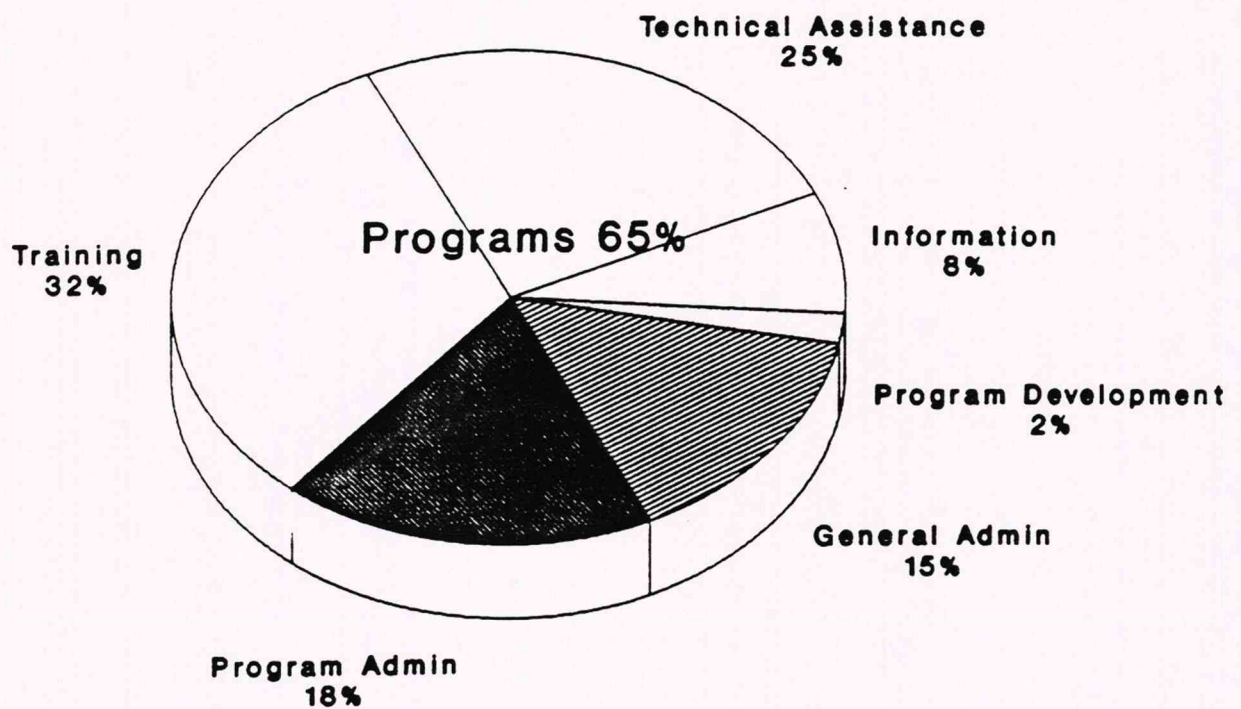


Millions

Source: 1988/89 Financial Statements

# International Centre for Ocean Development

## Expenditures by Activity





OFFICE OF THE AUDITOR GENERAL



BUREAU DU VÉRIFICATEUR GÉNÉRAL

414, 1660 Hollis Street  
Halifax, Nova Scotia  
B3J 1V7

January 29, 1990

To the Audit and Evaluation Committee  
of the Board of Directors  
International Centre for Ocean Development

The attached report and appendix provide information on the scope of and approach to our 1990 audit of the financial statements of the International Centre for Ocean Development, the audit staff associated therewith, a brief description of significant audit areas and an overview of the audit approach.

We wish to emphasize that we are aware of our responsibilities under the International Centre for Ocean Development Act and the Financial Administration Act and, in carrying them out, will bring to the attention of management and the Audit Committee any accounting, auditing or reporting matters which we believe deserve consideration.

We look forward to a continued relationship with the Audit and Evaluation Committee and wish to inform the members that we are available for consultation at any time.

Yours very truly,

A handwritten signature in dark ink that reads "Brian Pearce".

Brian Pearce, C.A.  
Principal, Atlantic Region

BP/ccz

Attach.

**International Centre for Ocean Development  
REPORT TO THE AUDIT AND EVALUATION COMMITTEE OF  
THE BOARD OF DIRECTORS**

**January 30, 1990 MEETING**



International Centre for Ocean Development  
REPORT TO THE AUDIT AND EVALUATION COMMITTEE  
OF THE BOARD OF DIRECTORS

January 30, 1990

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DRAFT AUDITOR'S REPORT

APPENDIX A

INTERNATIONAL CENTRE FOR OCEAN DEVELOPMENT  
REPORT TO THE AUDIT AND EVALUATION COMMITTEE  
OF THE BOARD OF DIRECTORS

INTRODUCTION

This audit plan is for the use of the Office of the Auditor General, senior Centre officials and the Audit and Evaluation Committee for purposes of documenting the arrangements for the audit of the financial statements of the International Centre for Ocean Development ("ICOD"), for the year ending March 31, 1990. It provides a basis for discussion of the scope of and the approach to the 1990 audit of and the reports that we consider necessary in the performance of our statutory responsibilities as auditors of the Centre.

The audit plan is subject to change as new developments occur and as the results of our audit procedures are evaluated.

An important step in this procedure is the review of this plan by the Audit Committee.

AUDIT SCOPE

Our audit is carried out in accordance with generally accepted auditing standards. It is designed to enable us to render, without qualification as to scope, an opinion on the financial statements of the International Centre for Ocean Development in accordance with the requirements of the Financial Administration Act (FAA). The Auditor General will give his opinion as to whether the financial statements of the Centre present information fairly in accordance with generally accepted accounting principles. Further, in accordance with subsection 139 (2) of the FAA, he will give his opinion as to whether the transactions that were examined in the course of the audit complied with Part X of the FAA and regulations, the ICOD Act and the bylaws of the Centre. Refer to Appendix A for the wording of the anticipated audit report.

Our audit includes a review of the significant systems of internal control to determine the extent to which we will rely on them in determining the nature, extent and timing of our audit procedures. The review is not specifically designed to determine all weaknesses which may exist in the systems or to express an opinion exclusively on internal control. The decision as to whether to rely on internal controls in the performance of our audit largely relates to considerations of audit efficiency.



In conducting our audit, we are aware of the possibility that fraud may exist and that, as a result, financial statements may be misstated. We recognize that fraud, if sufficiently material, may affect our opinion on the financial statements and we, therefore, give consideration to this possibility in planning and conducting our examination. However, our examination is not primarily or specifically designed, and cannot be relied upon, to disclose defalcations and other irregularities, although their discovery may result in some cases.

## AUDIT APPROACH

### Planning

We will complete an initial planning survey to obtain a current understanding of corporate and financial policies, key audit areas, the implications of the Financial Administration Act, the organization structure and accounting applications. With this information, we will develop an initial audit plan. As the plan is developed and refined, we continue to discuss it in general terms with management to ensure that all areas of concern are appropriately dealt with.

In carrying out our audit, evidence in respect of specific financial statement assertions is collected and evaluated as effectively and efficiently as possible. As indicated earlier, the accounting systems and related internal controls are reviewed, and if it results in greater audit efficiency, tested for compliance.

Based on previous experiences with ICOD, we consider it more efficient to adopt a substantive approach for the audit - that is, we will concentrate on detailed testing of transactions and balances, supplemented by analytical review and direct confirmations rather than relying on internal control. We will utilize Interactive Data Extraction for Auditors (IDEA), which is our audit software package, to access ICOD's databases for sample selection and the analysis of financial information.

With a sound understanding of the business and its environment, our audit work on balances at March 31, 1990 will concentrate on areas of high dollar value and relative audit risk. Similarly, our review of the results of operations for the year then ended is from an operational perspective, stressing reasonableness, the impact of factors affecting relationships among account balances and fluctuations relative to budget and past performance.

We propose to complete the audit in two phases with the first or interim phase commencing early in March, 1990. The second or year-end phase will commence in the early part of May 1990.



### Liaison with Internal Audit

As part of our examination, we would normally consider the work carried out by the Internal Auditor to minimize our work and to avoid duplication of testing. ICOD has appointed the Audit Service Bureau as their internal auditors, however due to the nature of their work (mainly project monitoring) we will not be able to rely on their reviews for our audit purposes.

### **AUDIT TEAM**

The Auditor General of Canada is appointed the statutory auditor of the Centre pursuant to Section 20 of the International Centre of Ocean Development Act and is available for consultation on significant accounting or auditing issues. The audit is directed by J.G. Laliberte C.A. (Assistant Auditor General), Brian Pearce C.A. (Principal) and Kevin Potter C.M.A. (Manager). Jay Cussons C.A. (Field Senior) is assigned to lead the audit team.

### **REPORTS**

#### Auditor's Report

Upon completion of the examination, we issue our auditor's report on the statutory financial statements. Prior to the issuance of this report, we work closely with Centre management in reviewing and discussing the year-end financial statements and our opinion thereon. We also submit our draft auditors report to the Audit and Evaluation Committee, together with the accompanying financial statements, for review.

It is our current expectation that the auditor's report on the 1990 financial statements will be in the form shown in Appendix A.

Members of the Audit and Evaluation Committee may be interested to note that the Financial Administration Act now clearly specifies the authorities with which the transactions of the Centre must comply. These are Part X of the Financial Administration Act and regulations, the ICOD Act, and the by-laws of the Centre. We are required to report whether the transactions that have come to our notice have, in all significant respects, been within these authorities.

No quantitative performance information has, to date, been required by the Treasury Board to be included in the annual report of the Centre and audited. It is possible that certain of the quantitative information currently presented in the annual report of the Centre could become the subject of a directive.



### Management Letter

In the course of our examination, we make recommendations to management for changes in procedures which we feel improve the system of internal accounting control of financial and reporting practices. We monitor the implementation of our recommendations to ensure that appropriate follow-up action has been taken. The more significant of these recommendations and observations will be communicated to the Audit and Evaluation Committee.

We believe in effective communication with our clients and, to achieve this objective, we communicate with management in several ways, such as:

- reporting to management on each phase of our audit, by making recommendations and observations on matters which we believe warrant attention;
- meeting periodically with senior officials in the financial and accounting areas, and with the Audit and Evaluation Committee, so that all problems or questions on changes in accounting or financial reporting are dealt with fully and promptly. Such meetings help in minimizing unexpected matters.

### INDEPENDENCE

As statutory auditors of the Centre, we are required by the Financial Administration Act and the rules of professional conduct of our Institute to maintain independence from the Centre. Amongst other independence matters, the Code of Conduct of the Office of the Auditor General requires that our principals and staff have no direct or indirect financial interest in ICOD.

We confirm that the Office of the Auditor General is independent under the rules and statute referred to above.

DRAFT AUDITOR'S REPORT

In the absence of unusual circumstances, the auditor's report will likely be as follows:

AUDITOR'S REPORT

To the Minister for External Relations

I have examined the balance sheet of the International Centre for Ocean Development as at March 31, 1990 and the statements of operations, deficit, contributed surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Centre that have come to my notice during my examination of the Financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the International Centre for Ocean Development Act and the by-laws of the Centre.

Raymond Dubois, C.A.  
Deputy Auditor General  
for the Auditor General  
of Canada

Ottawa, Canada  
May 1990