

**2020–21 Annex to the
Statement of Management Responsibility
Including Internal Control
Over Financial Reporting**



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

© Her Majesty the Queen in Right of Canada, as represented by the Auditor General of Canada, 2021.

Cat. No. FA1-14/1E-PDF

ISSN 2291-0107

2020–21 Annex to the Statement of Management Responsibility Including Internal Control Over Financial Reporting

1 Introduction

This document summarizes the measures taken by the Office of the Auditor General of Canada (OAG) to maintain an effective system of internal control over financial reporting, including information on internal control management, assessment results, and related action plans.

Detailed information on the OAG's authority, mandate, and program activities can be found in the 2020–21 Departmental Results Report and the 2021–22 Departmental Plan.

2 Departmental system of internal control over financial reporting

2.1 Internal control management

The OAG has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its system of internal control. A departmental internal control management framework is in place and comprises

- organizational accountability structures as they relate to internal control management to support sound financial management, including roles and responsibilities of senior managers for control management in their areas of responsibility
- values and ethics that guide and support employees in their professional activities
- ongoing communication and training on statutory requirements, and policies and procedures for sound financial management and control
- regular monitoring and updates on internal control management, as well as the provision of related assessment results and action plans to the Auditor General, senior management, and, as applicable, the Audit Committee

The OAG's Audit Committee meets at least quarterly and provides advice to the Auditor General on the adequacy and functioning of the OAG's risk management, control, and governance frameworks and processes.

2.2 Service arrangements relevant to financial statements

The OAG relies on the following organizations for processing certain transactions that are recorded in its financial statements:

- Public Services and Procurement Canada centrally administers the payment of salaries and invoices, and provides accommodation services.
- The Treasury Board of Canada Secretariat provides services related to public sector insurance for OAG employees and centrally administers payment of the employer's share of contributions toward statutory employee benefit plans (that is, the Public Service Pension Plan, Employment Insurance, the Canada Pension Plan, the Québec Pension Plan, and the public service Supplementary Death Benefit plan).

The above-noted departments' annexes provide further information on the systems of internal control over financial reporting related to these specific services.

3 Departmental assessment results for the 2020–21 fiscal year

3.1 Previous fiscal year's areas for improvement

As part of our 2020–21 assessment, we followed up on areas for improvement identified in past assessments. We found that remedial actions had been taken in many of the identified areas. Remedial actions are also under way to address outstanding observations, which primarily relate to information technology (IT) general controls.

3.2 Assessment results

The work performed, key findings, and areas for improvement identified in the 2020–21 assessment of internal control over financial reporting are as follows:

- **New or significantly amended key controls.** In the 2020–21 fiscal year, no new or significantly amended relevant controls in existing processes required reassessment.
- **Ongoing monitoring program.** The OAG conducted ongoing monitoring according to its rotational plan. As part of this work, the OAG evaluated entity-level controls. We tested the operating effectiveness of controls for processing payroll and revenues. We also tested the design and implementation of controls for other business processes.

As a result of our work, we can conclude that the OAG did maintain an effective system of internal control over financial reporting in the 2020–21 fiscal year.

4 Action plan for the next 3 fiscal years

The following table shows the OAG’s rotational ongoing monitoring plan over the next 3 fiscal years. This plan will be revisited annually on the basis of the validation of high-risk processes and controls and related adjustments to the ongoing monitoring plan as required.

Rotational ongoing monitoring plan

Key control areas	2021–22 fiscal year	2022–23 fiscal year	2023–24 fiscal year
Entity-level controls	✓	✓	✓
IT general controls	✓	✓	✓
Payroll	✓	✓	✓
Operating expenses		✓	
Revenues			✓
Year-end reporting	✓		
Executive travel, hospitality, conferences, and events		✓	
Executive compensation			✓

