

How to Deal with an External Audit Committee

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This Presentation

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My Own Experience

- Former central agency official, and now a consultant for 15 years
- Not an auditor (but managed an audit program)
- Long relationship with OAG
- Member of two DAAC's:
 - DFO (large department, with policy, programs, science and national presence)
 - OCOL (small agency, reports to Parliament)
- In both cases – a very positive experience

Understanding the DAAC

- “Departmental/Agency Audit Committee”
- A major innovation in governance
 - Resisted at first, but now welcomed by DMs
- Key features:
 - Advisory to the Deputy
 - Deals with issues of control, reporting, information for management decision-making, comptrollership
 - Majority of external members (usually 3)
 - Sometimes chaired by Deputy, sometimes not
 - Meets at least quarterly

Understanding the DAAC ...

- Major investment by OCG and TBS
 - Training, guidance, resources
 - Now developing a real sense of DAAC community
- Big impact on Audit function
 - CAE
 - New approach to audit planning and follow-up

A New World for Audit

- New expectations from management and from the DAAC
- Demand for:
 - Greater relevance
 - Greater selectivity in issues and scope of audits
 - “plain language
- Audit now being seen as essential tool for better management
- In most departments, separation from Evaluation

Making the Relationship Work

1. Understand that things are different now – can't run the audit shop as before
2. Work closely with all members – start by educating them on programs and systems
3. Aim for relevance – involve the DAAC in development of the Audit Plan
4. Scope the audits to ensure relevance to management concerns
5. Treat the DAAC as an essential part of departmental universe

Five Things to Remember

1. The DAAC is not a Board of Directors – it's a departmental/agency audit committee
2. Most members don't know the department (and may not know its business)
3. Most will take at least a year to become accustomed to their role
4. Director of Internal Audit, and senior auditors have key role to play in ensuring relevance, quality, timeliness
5. CAE is now a central player in management team; he or she is key to success of the DAAC