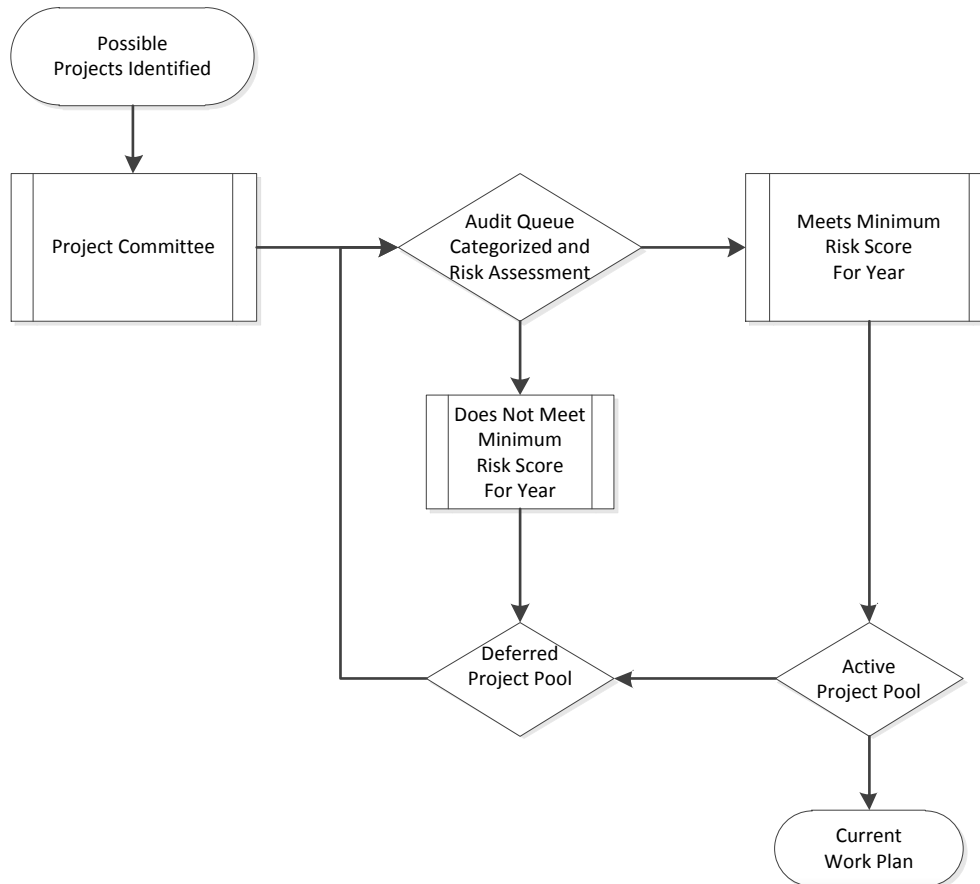


DEVELOPMENT AND MANAGEMENT OF YEARLY WORK PLAN

All projects, regardless of type are selected for inclusion in the yearly work plan based upon the same selection process and criteria. The process used in illustrative terms is as follows:



Possible projects - identified or referred to the Office of the Auditor General (OAG) by any one of the following:

- The Auditor General and/or OAG Professional Staff
- Regional Council
- HRM Senior Administration
- Audit Committee
- Members of the public via Contact Line or other means
- Information developed or received from complaints raised via Administrative Orders 40/41 process

Project Committee Vetting - each project is discussed and an assessment made as to merit of the project. Projects passing the initial screening are entered into an audit queue. Projects accepted are initially categorized as to type, i.e. performance, audit of opportunity, compliance or controls. Once categorized, the risk evaluation filter is applied. Each project is assigned a risk weighting.

Risk Categories (in weighted order):

6. Internal controls environment – a measure of the adequacy of existing controls, expertise of management and the perceived effectiveness of operations, also considers lack of expected controls.
5. Financial value/volume – a measure of exposure based on the value or volume of assets, expenditures or transactions, considers possible off- book transactions as well.
4. Complexity or uniqueness of service – a measure of the extent to which a service, program or activity affects or is administered across the entire organization. Included in the criteria are considerations around the number of stakeholders who have an interest or impact as well as the additional complexity caused by competing interests and objectives. Also the question of the extent to which the service, program or activity is measurable or comparable across similar entities is considered.
3. Vulnerability of Assets – the degree to which an asset is portable, desirable, accessible or transferable. Assets include information.
2. Legal and Liability – a measure of the extent that regulations and/or policies can be enacted, modified or changed which affects a program, service or activity. Liability is a measure of the potential for a claim against the organization for action or inactions taken.
1. Reputation – an acknowledgement of the possibility of a loss of public confidence as a result of decisions made or actions taken which may include decisions/actions made contrary to policies and/or regulations.

Yearly Work Plan

Projects which pass screening for the yearly minimum risk assessment scoring are placed in the Active Project Pool. Projects in this pool are reviewed and subsequently included in the current work plan, depending upon a number of factors, including:

- The relative risk scoring attached to the project, maximum score is 21
- The type of project, with the objective being a weighting of all project types
- Availability of OAG staff with appropriate expertise to conduct the project
- Potential fraud projects may require immediate attention
- The professional judgement of the Auditor General
- Annual Audit Focus

Annual Audit Focus

Each audit cycle, the Auditor General, using professional judgement and environmental analysis, will identify a theme which will be used to validate the draft audit plan and make the final determination of work to be undertaken.

Year 1 Theme: Performance/Value for Money

Given the economic and budgetary concerns which Halifax Regional Municipality is facing, Performance or Value for Money projects were given priority.