



Strategic Plan 2013-2015

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1. INTRODUCTION

1.1 General

The purpose of this 3-year strategic plan is to establish a roadmap which will be used as a guide in achieving the vision and mission of the Office of the Auditor General (OAG). The desired outcome of the plan is to positively impact public sector efficiency, transparency and accountability. The success of this strategic plan is dependent on the resources available, the use made of those resources and the individual effort committed to the plan's success. This plan aligns with our commitment to the Parliamentary Standing Committee on the Office of the Auditor General, our budget process and our performance measures. It articulates our vision, mission, values and mandate. It also sets out a broad approach for accomplishing our objectives as well as stated performance criteria for measuring outcomes.

1.2 Vision

The vision of the OAG is to be an agent of change in enhancing public sector efficiency, transparency and accountability. This vision directly correlates with our mandate and articulates our intention to be a positive force through quality work and timely reports.

1.3 Mission

The mission of the OAG, derived from its legislative mandate, is to add credibility to the Government's financial reporting and to promote improvement in the financial administration of all Government Ministries, Departments and all other entities for which the Government is accountable to Parliament. To achieve our mission, we conduct the following activities:

- The audit of the financial statements of the Consolidated Fund of the Government of Bermuda. The focus of this audit is to determine whether the presentation of the Consolidated Fund financial statements is fair.
- Audits of all other entities for which the Government is accountable to Parliament as well as funds, parish councils and aided schools. These audits focus on the fair presentation of the financial statements;
- Performance audits of programs and projects which examine the economy, efficiency and effectiveness of management systems and practices as well as the degree to which value for money is achieved;
- Compliance audits and investigations which determine compliance with legislation, guidelines or other requirements, and
- Reports to the House of Assembly on the results of such audits, investigations or inquiries in an objective and timely manner.

1.4 Values

Our relationship with our auditees is based on objectivity and is exercised with integrity and independence. Our conduct within the OAG is premised on the following values which we cherish:

Professionalism – We conduct ourselves in a professional manner in our interactions with our colleagues, auditees and other stakeholders. We strive to meet or exceed the standards promulgated by the Institute of Chartered Accountants of Bermuda and our internal Office standards.

Credibility – We produce results which are relevant, credible and based on evidence. Our intention is to be an agent of change by making recommendations that are informed, timely, relevant and appropriate.

Integrity – We conduct our audits in an unbiased, objective and ethical manner taking an honest approach to our auditees. We strive for the highest degree of fairness.

Independence – We are independent of our auditees in fact and appearance and maintain a high standard of confidentiality and objectivity.

One Office – We are one office conducting financial, performance and compliance audits and special investigations. Although financial auditing is our core mandate, our overall success depends on collaborative work as a team across the entire spectrum of audits.

Diversity - We value each other's contributions and celebrate our differences.

1.5 Mandate

The Bermuda Constitution Order 1968 (the “Constitution”) and the Audit Act 1990 provide the legislative mandate for the OAG. The OAG’s primary responsibility is to assist the House of Assembly in carrying out its oversight responsibilities relating to Government spending and accountability for the use of public money.

The Auditor General’s primary function as established in the Constitution is to audit the accounts of the Senate, the House of Assembly, all government departments and offices (including the Public Service Commission), all courts of Bermuda and the accounts of every Government-controlled entity.

This primary function requires the OAG to audit and issue reports on the results of such audits to the relevant Minister who is responsible for the laying of such reports before the House of Assembly.

A secondary function of the OAG is to make enquiries and conduct investigations where any public money has been paid by way of grant or contribution to any person or has been placed by way of investment with any person. Reports in connection with these enquiries or investigations are made to the Minister and any other person to whom the Auditor General considers it necessary or expedient to make such a report.

An additional function of the Auditor General is to render any technical advice or assistance within her professional qualifications and experience.

In addition, where at any time in the course of the performance of the Auditor General's functions, a significant or other matter arises which warrant a report in the public interest, the Auditor General is required to immediately report to the House of Assembly.

A significant matter includes any case where:

- a collection of public money, or a disbursement of public money has not been made, or has been made otherwise than, as required by any enactment, regulation, rule, order or directive applicable to that collection or disbursement; or has not been accounted for, or has not been properly reflected, in any relevant accounts; or
- property has not been adequately safeguarded or accounted for; or
- any accounting or management control system (or any system designed to ensure economy and efficiency in the collection of public money or the making of disbursements, or in the preservation or use of assets, or in the determination of liabilities) was not in existence when it should have been, or was inadequate or had not been complied with; or
- such procedures either had not been established or were not being complied with even though appropriate and reasonable procedures could have been used to measure and report on the effectiveness of programmes.

Our audit work is conducted in accordance with our legislative mandate and our internal policies and practices. These policies and practices embrace the standards recommended by the Institute of Chartered Accountants of Bermuda and Canada.

As indicated in Appendix 1, the OAG's financial audit focus will be:

- the Consolidated Fund;
- 11 Funds;
- 17 Government controlled organizations;
- 9 Parish Councils;
- 4 Aided schools;
- 3 non-Government controlled organizations; and
- 5 new audits

Performance audits and/or investigations scheduled for 2013 are listed in Appendix 2.

2. STRATEGIC FRAMEWORK

2.1 Strategic Goals

To fulfill our mandate under the Audit Act 1990, this strategic plan establishes several goals or intended outcomes which are expected to be accomplished within a 3-year time-frame. These goals which define our current and future direction are:

Goal #1: Develop Employee Capacity with the end result of a skilled and motivated team of professionals committed to achieving the mission of the OAG

Goal #2: Strengthen the quality of the Financial Audit function

Goal #3: Strengthen the quality of the Performance Audit function

Goal #4: Establish the OAG as an appropriately resourced, legal and independent entity

Goal #5: Structure the internal environment to maximize the functioning of the Office

Goal #6: Enhance IT Infrastructure

Goal #7: Prepare for threats from the external environment

2.2 Alignment of strategic goals to objectives and strategies

The following objectives and strategies cascade from our goals and articulate concrete actions required to achieve the vision of the OAG:

Goal #1	Objectives	Strategies
	1.1 Enhance employee competence and knowledge	1.1a Identify employee competencies which need development 1.1b Coordinate with OAG-BC to provide exchange opportunities
	1.2 Provide appropriate resources	1.2a Develop a mentorship program 1.2b Establish a training schedule for the Office for each year based on the

Developed Employee Capacity	1.3 Improve the standardization and communication of office policies and methodologies	competencies identified
		<p>1.2c Coordinate training and development programs with OAG-BC including development of Senior Management staff</p> <p>1.3a Update job descriptions</p> <p>1.3b Prepare individual development plans</p> <p>1.3c Institute a formal performance appraisal system</p> <p>1.3d Update and disseminate Policy & Procedures Manual, Code of Ethics and other documents at regular staff meetings.</p>

Goal #2	Objectives	Strategies
Strengthened Financial Audit function	2.1 Train staff in applying C-PEM methodology	2.1 Provide training for audit staff on CPEM Methodology including risk-based auditing and incorporating theory, workshops, e-learning & updated manuals
	2.2 Implement audits of IT operations	<p>2.2a Perform IT General and Application Control audits of CF and 4 selected auditees</p> <p>2.2b Conduct two IT Special audits</p> <p>2.2c Perform monthly monitoring of payments</p> <p>2.2d Conduct IT assessment of E1</p>
	2.3 Enhance the use of technology in audits	2.3 Perform online reviews of OAG files to provide feedback on the quality and to help direct training
	2.4 Improve the efficiency of audits	2.4 Develop risk assessment strategy and apply risk assessment to focus audit efforts (in collaboration with the Department of Internal Audit)
	2.5 Improve communication with auditees	2.5 Meet twice per year with each auditee
	2.6 Timely reporting	<p>2.6a Complete 170 back-logged audits</p> <p>2.6b Report to Parliament on CF and Annual Report of OAG</p>

Goal #5	Objectives	Strategies
Effective internal environment	5.1 Operations	<p>5.1a Establish Business Interruption, Disaster Recovery Plans and Insurance policies</p> <p>5.1b Establish Document Management strategy for dealing with archiving, newspaper clipping management, emails and other matters</p> <p>5.1c Establish policy for circulating chronological letters</p> <p>5.1d Undertake operational risk assessment</p>
	5.2 Health & Safety Awareness	<p>5.2a Update Health and Safety Procedures</p> <p>5.2b Conduct Regular H&S Committee meetings and cascade significant information to staff</p>
	5.3 Enhance collaborative relationships with other professional groups	<p>5.3 Co-ordinate regular discussions and joined-up training with agent auditors and Internal Audit</p>
	5.4 Improve best practise compliance	<p>5.4 Arrange Practice Inspection every four years as mandated by the CICA and ICAB</p>
	5.5 Assess Security	<p>5.5a Assess Office Infrastructure and staff security policies</p> <p>5.5b Arrange for Site review by BPS</p> <p>5.5c Arrange for Information briefing on security awareness</p>
	5.6 Establish succession planning	<p>5.6 Develop a formal succession plan</p>

Goal #6	Objectives	Strategies
	6.1 Improve software capabilities	<p>6.1a Migrate data from SharePoint 2007 to 2010</p> <p>6.1b Upgrade Phone System with Microsoft Unified Communication (Lync) – Phase 2</p> <p>6.1c Integrate CaseWare Working papers and CaseWare Time</p>

Enhanced IT infrastructure	6.2 Enhance IT security	6.1d Improve Records Management 6.1e Develop new website 6.2a Establish and implement IT security policy 6.2b Develop a robust and reliable security infrastructure 6.2c Enhance VPN 6.2d Establish a separate internet line from ITO
	6.3 Implement business continuity arrangements	6.3a Revise IT Disaster Recovery Plan 6.3b Develop a Business Continuity Plan 6.3c Purchase ExaGrid Backup System

Goal #7	Objectives	Strategies
Preparedness for threats from the external environment	7.1 Create the OAG's Visual identity	7.1a Develop new website 7.1b Remove "gov" in the domain name 7.1c Print new logo on letterhead and reports
	7.2 Monitor challenges relating to political appointees on the Audit, PAC and Standing committees (such as COI)	7.2a Maintain frequent, open dialogue with all Committees, assist them in understanding the role of the OAG with respect to their oversight responsibilities 7.2b Assist in the development of the Audit, PAC and Standing Committees through affiliation with CCOLA and CAROSAI
	7.3 Transition to new CICA reporting frameworks	7.3 Provide timely staff training
	7.4 Prepare for emerging issues	7.4 Engage in documented dialogue with respect to priority or emerging issues such as P3 audits (i.e. Senior Management Team) 7.5 Initiate a public information program 7.6 Arrange meeting with the Governor, Secretary to Cabinet and Financial Secretary

2.3 Allocation of resources

At January 1, 2013, the OAG will have an establishment of 22 audit professionals dedicated to conducting attest and performance audits and investigations (See Appendix 3).

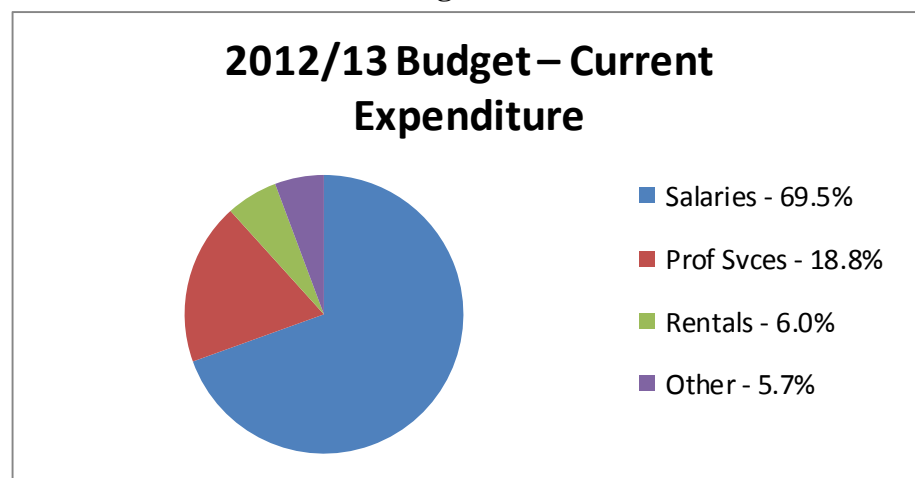
Chargeable hours have been estimated to be 40,650 excluding public holidays, annual vacation, professional development, staff meetings, etc.

Of these 40,650 hours, 29,572 hours are required to perform statutory audits inclusive of 13,522 hours which are needed to complete prior years' audits which are either in progress or not completed due to documentation not being received by the OAG. Statutory audits are listed in Appendix 1.

Approximately, 11,078 hours will be required to undertake performance audits and special investigations which are listed in Appendix 2.

Funding for the OAG is approved by the House of Assembly. Our budgeted expenditures for 2012/13 of \$4,048,600 are detailed in Figure 1:

Figure 1



2.4 Internal Performance Measures

In order to measure our achievements as well as the economy, efficiency and effectiveness of our operations, the OAG has determined the following performance measures:

Figure 2

	Performance Measures			
		Target 2013	Target 2014	Target 2015
	Number of Employee Capacity strategies implemented by 31/3			
	Percentage completion of CF audit by November 30			
	Number of Financial Audits completed compared to annual budgeted number			
	Percentage of Financial Audits completed on/under budget (or within a 15% variance of actual vs. budgeted time)			
	Percentage of FA recommendations agreed by management			
	Number of Government-controlled entity audits completed within 6 months of receipt of complete documents			
	Number of IT audits completed			
	Percentage of IT Audits completed on/under budget (or within a 15% variance of actual vs. budgeted time)			
	Percentage of IT audit recommendations agreed by management			
	Percentage of audit reviews conducted online			
	Number of clean opinions issued			
	Annual Report presented to the House by Nov 30			
	Number of quarterly auditee meetings held			
	Number of Performance Audits completed compared to annual budgeted number			
	Percentage of Performance Audits			

	completed on/under budget (or within a 15% variance of actual vs. budgeted time)			
	Percentage of PA recommendations agreed by management			
	Number of reports presented to the House			
	Percentage of PAC meetings attended			
	Percentage of Standing Committee meetings attended			
	Percentage of Audit Committee meetings attended			
	Percentage of strategies implemented by 31/3 to achieve OAG independence			
	Percentage of strategies implemented by 31/3 to achieve an effective internal environment			
	Percentage of IT Infrastructure initiatives completed by 31/3			

These measures will guide us in our annual planning and will be incorporated in our year-end reviews as well as our report to Parliament.

3. APPENDICES

1	Planned Statutory Audits - 2013	13
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Appendix 1

Planned Statutory Audits - 2013

	Planned	In progress
12 Funds		
Bermuda Department of Tourism North America Retirement Plan	2008	
Confiscated Assets Fund	2010	2008,2009
Consolidated Fund	2012	2011
Contributory Pension Fund	2005	
FutureCare Fund	2010	
Government Borrowing Sinking Fund	2012	2011
Government Employees Health Insurance Fund	2007	2006
Government Reserves Fund	2012	
Health Insurance Fund	2011	2010
Ministers and Members of the Legislature Pensions Fund	2008	
Mutual Re-insurance Fund	2011	2010
Public Service Superannuation Fund	2007	
17 Government-Controlled Organizations		
African Diaspora Heritage Trail (ADHT) Bermuda Foundation (The)	2008	
Bermuda Arts Council	2009	
Bermuda College	2009	2005,2006,2007,2008
Bermuda Economic Development Corporation	2012	2009,2010,2011
Bermuda Educators Council	2012	2010,2011
Bermuda Health Council	2012	2011
Bermuda Hospitals Board	2012	
Bermuda Housing Corporation	2012	2011
Bermuda Housing Trust	2011	
Bermuda Land Development Company Limited	2011	2010
Board of Trustees of the Golf Courses	2007	2006
CedarBridge Academy	2012	2010,2011
Financial Intelligence Agency	2010	
Healthcare Partners Ltd.	2012	2010,2011
Pension Commission	2010	2009
Trustees of the National Sports Centre	2010	
West End Development Corporation	2012	
9 Parish Councils		
Devonshire Parish Council	2009	2007,2008
Hamilton Parish Council	2011	2006-2010
Paget Parish Council	2010	2009
Pembroke Parish Council	2011	
Sandys Parish Council	2011	
Smith's Parish Council	2011	
Southampton Parish Council	2011	
St. George's Parish Council	2011	
Warwick Parish Council	2011	2010
4 Aided Schools		
Berkeley Institute Capitation Grant Account	2012	2011
Sandys Secondary Middle School Capitation Account	2008	2007,2008
St. George's Preparatory School Capitation Account	2011	2010
Whitney Educational Trust Capitation Account	2006	2005
3 Other		
Bermuda Cricket Board of Control	2011	
Bermuda Monetary Authority	2011	
Office of Ombudsman for Bermuda	2011	2010
5 New Statutory Audits		
Anti-Money Laundering Unit		
Bermuda Deposit Insurance Corporation		
Bermuda Public Accountability Board		
Bermuda Tourism Fund		
The Bermuda Sport Anti-Doping Authority		

Appendix 2

Planned Performance Audits and/or Investigations - 2013

Subject	Department/Entity
Procurement Procedures	Port Royal Golf Course
Procurement Procedures – X-ray Scanner	H. M. Customs
Procurement Procedures - Dock	Tourism
Public Accountability	Finance
Coco Reef	Bermuda College

Appendix 3

OAG Organization Chart

