Report to

The Institute of Internal Auditors
Ottawa Chapter

Internal Audit Guide
on
Assessing the Effectiveness of an Organization’s Accountability Framework

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1. **What is accountability?**

Accountability is often mentioned in a variety of contexts, but what does it really mean?

Accountability may be described as being obliged to explain or justify one’s actions, and requires reporting both actions and the results of those actions.

The fundamentals of effective accountability require a subordinate to provide to his/her superior, an account of what has been done, the level of success achieved, and justifiable explanations to support results. This process allows the recognition of achievement and timely corrective action, but also requires a commitment from all individuals to undertake their responsibilities and to account to superiors for what they have done.

**Features of an Accountability Relationship**

Generally, one party (an individual, group, department, organization, government, etc.) is said to be directly or indirectly accountable to another party for some action, process, output or outcome. In an accountability relationship there are two parties, one who allocates the responsibility, and the other who accepts it.

Accountability is called for wherever there are hierarchical relationships, or delegation of duties or responsibilities. With delegation of duties comes discretion as to how responsibility will be exercised, resources deployed, and an obligation to explain specific actions and how the delegated responsibility or duty has been discharged. However, if there is no obligation, either explicitly or implicitly to render an account, then an accountability relationship does not exist.

Explaining specific actions and providing information as to how the responsibility has been discharged, allows those that have delegated this responsibility to assess whether responsibilities have been exercised as intended. This assessment may include a system for rewards and sanctions related to achievement, or lack of achievement, of results.

In the case of a superior/subordination relationship, even though responsibility may have been delegated to a subordinate, the superior cannot relinquish his own accountability. Ultimate accountability remains with the superior who must demonstrate adequate supervision of subordinates, as it is the superior who will ultimately be held responsible for subordinates’ actions.

In addition, accountability also entails a requirement to commit to achieving responsible relationships that consider organizational values and ethics, professional standards, and
legislative and statutory requirements. While research indicates that a good fit between individual and organizational values is generally required to build a strong culture of accountability, stakeholder expectations and values should ultimately drive the formation of an accountability framework.

Accountability is not always easy to accept, as many individuals do not have the proper attitude when it comes to accountability. At the subordinate level, the subordinate must want to be accountable. The Canadian Comprehensive Auditing Foundation (CCAF) has said:

"Being accountable starts with an attitude. Becoming accountable is a nature extension of feeling responsible if you feel that you have to render an account to someone...on the responsibilities conferred, you are in a situation of accountability."

An individual is truly accountable if he/she has:

- Said what they are going to do, how it will be accomplished, and to what extent;
- Believed in what they said;
- Accomplished what they set out to do; and
- Demonstrated what they have done.

A positive attitude toward accountability is often found in individuals with strong personal ethics and values.

It is evident therefore; that an accountability framework impacts all levels within an organization, and should not be seen as a function or practice of senior management only. A culture of accountability needs commitment from the highest levels of management to ensure that it is developed and nurtured – accountability does not just happen.

**Definition**

The Office of the Auditor General (OAG), in its December 2002 Report – Chapter 9 – Modernizing Accounting in the Public Sector, proposed the following definition for accountability:

“Accountability is a relationship based on obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used.”

For the purposes of this Guide, the OAG’s definition will be used. An analysis of the definition notes the following:

- There must be a association between *two parties*;
- A requirement to *render an account* on performance;
An indication that the information provided clearly shows what has or has not been accomplished;

The requirement of a review to learn from mistakes; and

That performance must be linked to expectations that were defined in advance by both parties, and how results were achieved.

These components, address the significant issues of accountability and clearly link to the features of an accountability relationship described previously.

**Responsibility and Authority**

There may be some confusion between accountability and responsibility and how they are to be viewed. Responsibility is the obligation to act or make a decision, and accountability is the obligation to answer for an action or responsibility conferred and an obligation to report back on the discharge of that responsibility. An individual is responsible for something, but accountable to someone. In light of this, it is important that accountability be aligned with the responsibility and authority granted. A person can only be expected to be held accountable for those responsibilities expressly delegated, and authorities conferred. If responsibility and authority are not in alignment with accountability, then accountability can only be exacted to the lesser of the responsibility or authority delegated. It is not possible to hold an individual accountable for that which he/she has no responsibility or authority. Further, an accountability relationship is a joint undertaking between the superior and the subordinate. It creates a two-way relationship in which the superior must be able to delegate accountability and hold the subordinate accountable; however, the subordinate must also be willing to be held accountable. This may prove difficult if authority and responsibility are not commensurate with the accountability conferred.

In addition to the alignment of responsibility with accountability, is the alignment of accountability with control. Often an individual may not be able to control certain factors that influence results of an activity for which the individual is responsible. This limitation may ultimately lead to difficulties in accountability. As further explained in Section 3 – Other Considerations (Extent to Which a Party Can be Held Accountable), being accountable suggests that one exercises reasonable actions within available authorities and resource levels to influence the achievement of expected results, regardless of whether or not the individual was in control of all factors. This places the onus on the individual to demonstrate his/her contribution to the result. Lack of control may serve to justify why the result may not have been achieved to its fullest, but should not prevent the individual from at least demonstrating his/her contribution to the achievement of expected results.
Scope of This Guide

Much has been written on accountability; however, most documentation takes a narrow view, highlighting responsibilities of the audit committee and senior management. The scope of this guide is much broader.

The *Internal Audit Guide to Assessing an Effective Accountability Framework* seeks to identify an efficient and effective methodology to assess the effectiveness of an organization’s accountability framework. Its goal is to provide direction to internal auditors in assessing accountability frameworks based on the management practices identified in the *Management Guide to an Effective Accountability Framework*, and also identifies the timing and level of internal audit involvement based on the changing risk profile of the organization. Guidance includes best practices, lessons learned, suggested objectives for the assessment, and procedures to follow in assessing an accountability framework. In addition, the Guide presents additional ways in which the internal audit function may assist management with respect to the implementation of improvements to its accountability framework and practices.

The guide addresses the current environment affecting the assessment of accountability in both the public and private sectors including guidelines for effective accountability published by the OAG and the impact of Sarbanes-Oxley legislation in the US.
2. Accountability in the Public and Private Sectors

Accountability in the Public Sector

Within the public sector, accountability is the process whereby public sector entities, and the individuals within them, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved in part by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure. The idea is to communicate accountability expectations, standards and principles to foster ownership of actions, processes, outputs and outcomes while allowing some flexibility in approaches used to promote this accountability.

In general, the process of public sector accountability can be illustrated in the following diagram:

![The Accountability Chain Diagram]

Within the Canadian federal government, Parliament is responsible for sanctioning an overall public sector financial plan or budget and authorizing departments to make expenditures, invest, borrow, and administer programs in accordance with applicable laws. Ministers in turn are responsible for overseeing and monitoring the implementation of the approved budget, and for planning, directing and controlling day-to-day operations and reporting on their administration. This includes directing operations with due regard to economy and efficiency, maintaining adequate system of internal control, ensuring compliance with applicable authorities, selecting and applying appropriate accounting policies, safeguarding assets, measuring the effectiveness of programs and reporting on their performance to those to whom they are accountable. As such, Parliament holds the various departments accountable for the management of its resources and the results achieved. Ultimately, all departments are accountable to the Canadian public
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regarding the use and results of taxpayers’ dollars. An important component of demonstrating accountability is met by departmental reporting on their activities to Parliament to enable activities and results to be scrutinized.

Within the public sector, there are two basic types of accountability: political accountability and managerial accountability. While political accountability within the public sector is often considered to be clear, managerial accountability is usually considered to be more diffused. Public servants, deputy ministers and ministers all play key roles in exercising due diligence and management accountability over the use of public funds. This dispersion of accountability among various players within a department is also challenged by a number of changes within the public environment over the past few years.

Over the last decade the federal government has changed dramatically. Traditional approaches to the management and delivery of public programs have been challenged by a number of factors including: public expectations for quality service delivery resulting in the use of partners, fiscal shortfalls, advances in information technology, globalization of economies, and demand for greater citizen engagement and participation.

The Government of Canada, and governments across leading jurisdictions, responded to these challenges with greater use of alternative service delivery as part of improving its performance that also included downsizing, decentralization, subsidiarity, commercialization, contractualization, and partnerships.

These new arrangements often change the “who” of program management and can further diffuse accountability as they typically involve the delivery of a significant public policy function or activity by partners outside of the direct government department. While these arrangements are potentially innovative, more efficient, and less costly to the federal government, they also present new risks to manage, including the need to clearly define each party’s accountability. Officials quickly realized the need to strike a balance between three factors pulling in different directions: accountability, efficiency and achieving results. That balance, together with the effective management of risks, is the key to managing the opportunities of modern management within the government.

Some of the significant changes in modern governance and management that may impact the application and practice of accountability include:

- The use of alternative service delivery mechanisms may transfer most or all of the service from one party to another, yet ultimate accountability for results may not be transferred. Although accountability should be in alignment with the responsibility and authority transferred, Canadians may ultimately hold the Government accountable for results.
• The Government of Canada’s increased focus on results and performance-based management, and an increased need for departments and management to assume greater flexibility and autonomy to effectively achieve their objectives; and

• A heightened awareness of the need for transparency in the use of public funds.

There is increasing pressure within the public sector to modernize accountability in response to changes in the manner in which the public sector delivers its various programs and services. The emphasis on accountability in the public sector is shifting from a historical approach which focused more on detecting deficiencies in accountability to one which assists in understanding performance, agreed upon the results to be achieved, improved performance through continuous feedback and learning, and demonstrates the achievement of results to the public. However, two fundamental principles, ethics and fairness, must not be set aside due to this renewed focus on achievement. Rather it is critical that ethics, fairness and due process exist in the attainment of public sector objectives.

Integration of Accountability with Other Federal Initiatives

Accountability is an integral component in establishing effective management practices within any organization. As discussed in previous sections, accountability practices within the public sector are receiving renewed attention and focus, due to its role in creating a results-based, transparent management culture and in strengthening the relationship between government and its citizens. Recent government-wide initiatives are devolving more authority and responsibility to managers, and in turn, management is expected to provide assurance that they have fully discharged their accountability responsibilities. This renewed focus on accountability within the public sector is evident through a number of recent federal government policies and initiatives.

At the core of the pressure to modernize and promote accountability is an emphasis on managing for results. The federal government has commenced a number of initiatives over the past few years to support departments in their efforts to better manage results and improve accountability, including the following:

• Treasury Board’s Results–based Management and Accountability Framework (RMAF) was developed to provide managers in departments, agencies and at the Treasury Board Secretariat with a single, comprehensive and reliable instrument to evaluate and report on the performance of this major learning and culture-changing initiative for the Government of Canada. It was developed to help in measuring and reporting on results being achieved through the Modern Comptrollership Initiative;

• The Results-based Auditing Framework Guide (RBAF) provides managers with step-by-step directions on how to prepare an RBAF document that clearly and concisely demonstrates that the requirements of the Policy on Transfer Payments regarding an emphasis on the integration of risk concepts into transfer payment management and
audit planning procedures have been met. The guide also addresses potential gains in efficiency and effectiveness of integrating, or at least coordinating, the RBAF with the RMAF, required by the Policy on Transfer Payments to address performance measurement and evaluation strategies.

- Treasury Board’s Results for Canadians: A Management Framework for the Government of Canada which requires federal departments to define anticipated results, focus attention towards results achievement, measure performance regularly and objectively, and learn and adjust to improve efficiency and effectiveness;

- Modernization of Comptrollership – an initiative which aims to link performance information with financial information to enable efficient and effective management decisions in the achievement of results;

- Modernizing Accountability Practices in the Public Sector, which identifies key principles of effective accountability;

- Financial Information Strategy, intended to enhance decision-making through the strategic use of financial information;

- Treasury Board’s Evaluation Policy states that managers must be accountable for their performance to higher management, to ministers, to Parliament and to Canadians. In the conduct of evaluations, organizations must consider the complexities of their environment that impact their ability to achieve results, including partnerships, devolution of program delivery to other parties, and other factors.

- Treasury Board’s Policy on Transfer Payments addresses the need to not only measure and report on performance, but to develop clear standards against which performance may be evaluated. The objective of the Policy is to ensure sound management of, control over and accountability for transfer payments. As payment of a contribution is conditional on performance and achievement, the recipient of a contribution must meet and continue to meet the specific terms and conditions of the agreement prior to a payment being made.

- Integrated Risk Management Framework which provides a comprehensive, overall approach and mechanism to better integrate risk management into strategic decision-making by creating a means to discuss, compare, and evaluate substantially different risks; and

- Other practical guidelines to preparing Treasury Board submissions which specifically requires departments to state expected outcomes, plans for monitoring and evaluating outcomes, and develop a performance and accountability framework that covers performance measurement, reporting and evaluation.

Each of these requirements should be considered in the development of the accountability environment within the public sector. Each focuses on effective measurement and evaluation of
performance, accountability and due diligence in the management of public funds, the application of sound risk-management practices and reporting of results. Also identified in these initiatives is the development of an effective internal control system that ensures proper monitoring of activities, programs and operations to enable corrective action to be taken when needed.

In “Reflections on a Decade of Serving Parliament”, the Office of the Auditor General notes that while measuring and managing for results is a commonly accepted concept within the federal government, progress to date in this initiative has been unsatisfactory. In general, departments are focusing on reporting results by year making it difficult to demonstrate to the Canadian public the long-term effects of programs, nor is there evidence that lessons learned are being identified and incorporated into future initiatives. As a result, accountability has been weakened.

According to the Office of the Auditor General, changes needed to modernize accountability in the public sector can be summarized into three objectives:

- Priority should be placed on results by establishing performance expectations, managing programs by learning from past experience, and in reporting on the achievement of intended results;
- Increase the transparency of accountability arrangements; and
- Increase public sector and public understanding of effective accountability.

Addressing accountability from an internal perspective will help to ensure good financial discipline within the organization, which in turn, fosters the public’s positive perception of organization accountability as well.

**Accountability in the Private Sector**

Within the private sector, accountability has been brought to centre stage by several recent business collapses of large US firms, specifically as a result of poor governance and weak internal controls. As a result, several reforms have been put in place which have formalized and institutionalized best practices.

In 1992, in the United Kingdom, the *Report of the Committee on The Financial Aspects of Corporate Governance* (“The Cadbury Report”) published its findings on governance and internal controls due to continuing concerns about standards of financial reporting and accountability, heightened by then recent significant corruption with an international impact. The report was the first statement on corporate governance and a model for sound practice worldwide with its recommendations contained in the *Code of Best Practice* still in use today, and by which organizations in the UK must comply. By adhering to the code, organizations have strengthened both their control over their businesses and their public accountability.
The Cadbury Report sparked reforms around the globe including the US which published its report by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This Committee developed the COSO framework to assist organizations in developing, maintaining, and assessing their internal control structures related to financial reporting. An effective internal control system will assist management in ensuring accountability to its shareholders due to improved performance targets, reporting, and compliance.

Canada was not without its share of reforms and published a report by the Criteria of Control Board of the CICA ("CoCo") to be used as guidance to help improve control which sets out criteria for effective control in an organization and provides a framework that could be used throughout the organization to develop, assess and change control. Its focus is not simply control with respect to financial reporting but rather has a broader application of overall control. Properly functioning internal controls can assist an organization achieve its goals and objectives by developing an accountability framework that addresses the importance of internal controls and ensures that internal controls are in place and functioning as intended. The CoCo framework makes specific reference to accountability within the Commitment control element suggesting that “authority, responsibility and accountability should be clearly defined and consistent with an organization’s objectives so that decisions and actions are taken by the appropriate people”.  

Most recently however, the US Securities and Exchange Commission has initiated additional reforms. Not just a guideline for organizations to follow to ensure internal controls are working well, the Sarbanes-Oxley Act of 2002, has been implemented to help ensure that management of public companies are held accountable to their shareholders and that public accounting firms are also held accountable, to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports.

**Differences in Accountability Relationships Between the Two Sectors**

There are some differences between accountability in the public and private sectors. In the private sector, boards are subject to scrutiny but the degree of disclosure of information and the level of scrutiny of these boards is generally less than that required of ministers and public servants. However, boards of publicly traded organizations are subject to considerable shareholder pressure, both direct and indirect, and face daily assessments of their performance in specific and quantifiable terms. The depth and scope of accountability within the public and private sectors are also different. Information sought in the private sector is largely related to matters directly bearing on the company’s profitability and shareholder’s return on capital. There is less concern about how outputs have been achieved. Although the focus on profitability is a high indicator of accountability, the range of activities for which the private sector managers are publicly held accountable is much more extensive.

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1 “Guidance on Control” pg. 9, B3, CICA
accountable is considerably narrower than that which applies to politicians or senior public servants. Therefore in the public sector it has been argued that “the absence of a clear “bottom-line is more than adequately made up for by a greater variety of accountability mechanisms applied at more points in the decision-making process”.¹

3. Other Considerations

Key Concepts

Research has indicated that there are additional concepts that are critical to accountability, which include the following:

- The existence of a process to ensure and promote accountability;
- The perception of accountability;
- Transparency to the stakeholder\(^1\);
- The necessary infrastructure, such as existence of a clear mandate, policies, objectives and plans; effective delivery platform; adequate control systems, including risk-based performance measures and independent review capabilities (i.e. audit and evaluation); and
- Willingness to be held accountable (with sanctions for non-performance).

Should any of the above be missing, accountability and results may be threatened. Organizations must be acutely aware of the need to communicate accountability expectations, standards, and principles to foster ownership of actions, processes, outputs and outcomes as an efficient and effective way of managing, in order to achieve organizational objectives.

To develop an effective accountability framework, acceptance and clear demonstration of commitment should begin at the top. Management should clearly communicate the need for accountability and be able to demonstrate effective accountability practices and ongoing assessment of those practices. If this occurs, these practices will often fan out to the rest of the organization and create corporate buy-in. Addressing accountability from an internal perspective helps to ensure good management discipline within the organization.

\(^1\) For the purposes of this guide, the term “stakeholders” will be used to refer to the public, the stakeholder of the public sector, and the investor, the stakeholder of the private sector.
Management Functions and Processes

Management is responsible for maximizing the utilization of an organization’s resources and to determine whether controls are in place to help ensure:

- Funding is used as intended;
- An adequate segregation of duties;
- Assets are safeguarded;
- Policies and procedures have been documented and are being adhered to; and
- The potential for fraud is limited.

Accountability must be exercised by management in order to achieve the organization’s objectives.

There are several existing management processes that may be implemented or enhanced to help foster accountability within an organization, which are detailed below.

Planning, Implementation and Evaluating Results

Planning allows management to determine what constitutes the maximum utilization of resources, how this is to be achieved, and to decide on the optimum method to implement the stated plans. Once the plans have been developed, management must now supply and deploy the resources needed to carry out its plans and achieve the organization’s objectives. However, management cannot do this unilaterally, and must delegate accountability for various processes and activities within the organization. With the resources deployed and working towards the achievement of stated objectives, management focuses on determining if resources are being utilized effectively and efficiently by assessing the performance of those held accountable to determine if stated objectives have been achieved. This is accomplished via feedback by comparing actual results with the plan. Further, continuous monitoring by management of on-going processes will allow prompt action in the removal or reduction of barriers and/or revisions to the plan to meet challenging conditions.

Controlling

Embedded within the management functions noted above are control mechanisms, systems and procedures designed to promote effective and efficient planning, implementation and evaluation in the achievement of the organization’s objectives. Control is not a distinct and separate step in the management process, rather it permeates the process. Management is accountable for control and therefore needs to assess its functioning overall. Individuals are responsible for assessing the effectiveness of control in the activity, team or unit for which they are accountable, and for communicating such assessments to those to whom they are accountable.
Multi-year Strategic Plan
A multi-year strategic plan should be developed and implemented which would include a structure for sound governance that deals with the objectives of an organization and the value systems within which it operates. Clear roles and responsibilities for a given activity\(^1\) should be established, including a clear statement of the roles and responsibilities of the parties involved in delivering results. There should be an allocation of resources to expected results and a clear depiction of the logical sequence of resources, activities, outputs, and key results of the activity.

Operational Plans
Operational plans should be developed and implemented that clearly link to the strategic plan and illustrate how the strategic plan will be actioned. There should be a clear statement of goals, objectives, performances measures and indicators, and an approved budget.

Staffing
The organization should be staffed with qualified individuals. A performance management system should be in place and functioning to track progress, measure results, support subsequent evaluation results, and improve the activity on an ongoing basis. A performance management system may include the following: organizational charts, position descriptions, other resources required (funding, equipment, etc.), up-to-date operational manuals, formalized communication channels, ongoing performance appraisals, and a determination of workflow and outputs.

Monitoring and Maintaining Direction
There should be a reporting system in place to monitor ongoing achievement of the organization’s objectives and results.

External Review Processes
There should be an external review process, which exists in several forms, to assist in demonstrating an organization’s accountability. Some examples of external review processes are as follows:

- Financial audit by an independent auditor
- Quality assurance to measure the ongoing quality of service delivery
- Complaints and appeals regarding service levels/delivery addressed in a fair and equitable manner

\(^1\) For the purposes of this guide, the term “activity” will be used to refer to a program, within the public sector, and project, within the private sector.
• Risk management to evaluate and mitigating risks to improve quality and the achievement of the organization’s objectives

• Evaluations to review the outcomes of a particular activity

• Operational reviews to assess the functioning of a department/division in relation to economy and efficiency

These processes will enhance the effectiveness of accountability within an organization and also serve as part of the accountability framework. Directing the development of this framework will provide a challenge for management in that deliverables must be met while ensuring attention to cost and efficiency gains

**Impact of Alternative Service Delivery Arrangements on Accountability**

Technological advancements, the dynamic nature of the modern global business environment and demands for services to be delivered in a more cost-effective and timely manner, have all impacted the way organizations conduct business. To meet these challenges, many organizations have turned to the creation of strategic alliances to transfer some responsibilities.

In most respects these alliances have taken the form of alternative service delivery (ASD). Under ASD arrangements certain risks and responsibilities are transferred to the provider of the services, however, accountability in some degree remains with the initiating organization. The use of ASD arrangements is discussed in this document, as it is an important service delivery trend which may have a significant impact on accountability. Ultimately many benefits may be gained from the use of ASD’s such as:

- The initiating organization is able to focus on core business activities. Thus, senior management time spent on non-core activities can be reduced and resources can be freed up to focus on the core activities of the business.
- The service provider may have access to leading edge technology from which the initiating organization can benefit.
- The service provider can help improve service delivery with the initiating organization having access to readily available specialized expertise through the service provider.
- The service provider can provide access to well-defined methodologies and best practice processes.
- Service providers allow for a change in the business without going through the actual process of officially changing the business. This reduces the associated risk.
Service providers allow initiating organizations to avoid fixed costs and share support/maintenance costs.

Service providers allow for a more effective allocation of scarce internal resources.

As in any accountability relationship, the achievement of an organization’s objectives through the use of ASD’s will likely depend on how the accountability relationship is managed. As discussed previously, due to the Federal Government’s ultimate accountability to Canadians, it is difficult to transfer this ultimate accountability to any private enterprise. In each of the following four types of ASD arrangements, attaining the degree to which accountability is transferred increases in almost all cases, however, ultimate accountability remains with the government.

Four types of ASD arrangements are as follows:

**Joint Delivery**
A joint delivery arrangement is one in which both the initiating organization and the service provider share responsibility for the service employing a collaborative approach.

In most cases, as a result of the delivery approach, much of the accountability remains with the initiating organization. Examples of this type of arrangement are public-private partnerships (PPP) and joint ventures.

In this type of arrangement, responsibility is divided between the initiating organization and the service provider who are involved in an ongoing relationship in which both organizations contribute to the effective delivery of the service. The initiating organization is still very much involved is often primarily accountable for the results.

**Contract-Out**
A contract-out arrangement is one in which the initiating organization transfers or delegates responsibility for the service, but not ownership of the assets, to the service provider. Examples of this type of arrangement are: outsourcing agreements and GOCO (government-owned, contractor-operated).

The Contract-out type of arrangement is one of the most common types of ASD arrangements. In this type of arrangement, the responsibility for the service has been transferred to the service provider, but the ownership of the assets remains with the initiating organization. A moderate degree of accountability remains with the initiating organization, even though control of the service shifts to the service provider. The initiating organization is still accountable for the custody of its assets, and the increased level of effort that comes with monitoring the results of this arrangement and has ultimate accountability for the results.

**Transfer**
A transfer arrangement is one in which the initiating organization transfers the responsibility for the service and ownership of the assets to the service provider. In a
transfer arrangement, the service provider continues to be governed by an Act of Parliament. An example of this type of arrangement is: devolution.

In this type of ASD arrangement, both responsibility for the service and the ownership of the assets are transferred to the service provider. The only factor that ties the two organizations together is that the service provider is governed by a law, act, or other legislative requirement and must report back to the initiating organization. The initiating organization is essentially entrusting the service provider to take over the intended service in a manner similar to which the initiating organization would have if the services remained in-house.

As a result, any accountability relationship is minimal even though ultimate accountability for this type of ASD, due to the service provided being governed by an Act of Parliament, remains with the Government.

**Privatization**

A privatization arrangement is one in which the initiating organization sells or hands-over responsibility for the service and ownership of the assets or business to the service provider. The initiating organization discharges itself as the provider of the service. Once the privatization arrangement is in place, accountability shifts to the service provider. Examples of this type of arrangement are: privatization and sale of a business unit.

In this type of arrangement, the initiating organization sells both the responsibility of the service and the assets to the service provider. After privatization occurs, the initiating organization has no ties to the service provider. The initiating organization no longer exercises control over the service, nor is there a delegation of responsibility, therefore an accountability relationship does not exist. However, this may not be true in all cases. If the privatized service falls within a regulated industry, then ultimate accountability remains with the Government.

As the ASD arrangement moves from a joint delivery arrangement to a private arrangement, accountability of the initiating organization decreases and the accountability arrangement must change. As a result, as outlined earlier, the responsibilities with respect to accountability should be clearly defined in all ASD arrangements.

**Issues to Consider in Establishing Accountability Relationships**

Generally in an accountability relationship, responsibility is delegated to another party who has been held accountable for inputs, compliance to policies and procedures, and for justification for actions taken. If problems are encountered, those responsible can be held accountable for what they control. The following summarize some of the potential issues that should be considered when establishing an accountability relationship and/or framework:
Extent to Which a Party Can be Held Accountable

In the past, accounting for inputs, activities, adherence to procedures, and for outputs was generally what accountability entailed, and in essence what an individual could reasonably control. However, being held accountable for results or outcomes was noticeably absent. Outcomes are not something that could always be controlled and may be influenced by external factors such as social and economic trends and other programs, leaving management uneasy about being held accountable.

To be held accountable for the outcome means being able to demonstrate that a difference has been made, that actions and efforts have contributed towards the desired outcome, and that when risks were taken, they were reasonable. However, being accountable for the achievement of results does not mean that results are always achieved. In some cases, when reasonable risks are taken, even with informed decisions, mistakes may occur. The issue is not that the risk was taken, but whether the risk was appropriate and managed effectively, whether appropriate changes have been made as a result of the action taken, and whether the individual has learned from that action. Employees need to be empowered and innovative to help ensure an organization's continued success. If a culture of blame is apparent in the organization and its accountability mechanisms then risks/opportunities may never be taken and the organization is less likely to learn from mistakes and achieve intended results. Organizations must be prepared to accept risks, and if mistakes are made, the focus should be on lessons learned and not who to blame.

The OAG has suggested that holding to account for results, asks if everything reasonable has been done with available authorities and resources to influence the achievement of expected results.

For an accountability relationship to be effective, expectations, need to be realistic and measurable. If the resources available are not balanced against what is expected, then the effectiveness of the relationship is threatened. In addition, commitment may be lacking if expectations are seen as unachievable or unreasonable. Further, if expectations are seen to be easily attainable, then credibility may be damaged. Achieving expectations needs to be balanced among resources; and expected results should entail some stretching so that the outcomes are not met effortlessly. Accountability can best be promoted by clarifying and rationalizing the responsibilities of the accountable party and allowing them to carry out their responsibilities to the best of their abilities.

Shared Accountability (Internal and External)

Sometimes service is delivered through non-hierarchic arrangements, with shared delegation, such as federal government partnerships with provincial and territorial governments. These arrangements may result in new and complex accountability relationships. Service delivery is often shared among equals with no specifically
delegated responsibilities, therefore accountability is also said to be shared. Whether accountability is shared or transferred, an accountability framework will assist in ensuring that a system of accountability is in place and can be relied upon. In shared accountability arrangements, the clarification of roles and responsibilities should focus on the details of the management of the arrangement rather than the role each of the parties. Further, if shared accountability is with an organization external to the public sector, it is even more important that the accountability framework clearly describes the basic operating principles and rules to be followed, including the application of consistent public sector values and ethics.

**Flexibility of Accountability Arrangements**
Accountability relationships need to be flexible to adapt to changing circumstances. In addition, reviewing performance should be fair and aimed at identifying ways to improve future performance – what works and what doesn’t. This requires discretion, authority, and flexibility for managers who must take responsible risks to innovate. However, an accountability framework with too many parties, or procedures that are not relevant may stifle innovation and may lead to inefficiency, ineffectiveness, and frustration. Finally accountability frameworks that are too complex and ineffective can result in waste and misuse of power and erode the genuine intentions of organizations.

**Shared Values**
Accountability agreements are stronger in cases where all parties share the values of responsibility, ownership, integrity and trust, as well as share common values of professionalism and honesty. Organizations practicing effective accountability often actively promote the sharing of these common values and expectations.

**Promote Positive Management Actions**
The greater the number of players and the greater their respective influence, the more complex it becomes to practice and achieve effective accountability. Essentially, measuring whether effective accountability has been achieved involves assessing whether or not the intended objectives and results have been achieved and whether “lessons learned” from previous experience have been identified and have affected change in future operations to improve the success of achieving intended future results.

**Accountability and Control**
The value of accountability is often directly related to the absence of or limited existence of formal controls and the extent to which management has been empowered and assumes responsibility for its actions.

**Increased Need for Transparency**
Under many partnerships in existence, such as special operating agencies, partnerships, and alternate service delivery arrangements, accountability for results and the related reporting of results may be diffused. It is critical that both accountability agreements and
performance information be transparent to ensure that appropriate and relevant information on the arrangement and its performance is available to the public.

**Leadership and Communication**
Accountability must be defined, communicated and demonstrated to the organization by senior management. Management must actively monitor the organization’s risk management frameworks, internal controls, policies, procedures and guidelines in the context of key accountability relationships, organizational values and ethics to satisfy itself that the organization is ‘in control’.

**Accountability for Results**
There may be some resistance to accept responsibility for actual outcomes. This is related to the degree of administrative control and scope of influence by management. The greater the number of players and the greater their respective influence, the more complex it becomes to practice and achieve effective accountability. Essentially, measuring whether effective accountability has been achieved involves assessing whether or not the intended objectives and results have been achieved and whether “lessons learned” from previous experiences have been identified and have affected change in future operations to improve the success of achieving intended future results.

**Accountability in Partnerships**
Accountability in multi-partner arrangements becomes diffused, which creates challenges for all parties involved as they strive to remain accountable to their governing body as well as to the partnership for results to be achieved.

The issues presented above discuss some of the issues to consider when developing an effective accountability framework.

**Potential Indicators for Management Action**
Accountability relationships may change over time due to many factors, such as: changes in the responsibilities of the accountable party, changing partners in the provision of the activity, etc. It is important that these factors are monitored to manage any requirements to change the existing accountability framework. In general, there are several indicators of a potentially ineffective accountability framework, some of which are noted below:

- Reporting on performance is lacking or inadequate;
- Informed review is lacking;
- Lessons learned are not actioned in that there is a lack of program/unit changes or consequences for responsible individuals; and
• Unknown or ill-defined roles and responsibilities.

It should be noted, however, that a purely results-oriented approach, as an indicator of accountability, may promote the inappropriate achievement of desired ends by any means and yet a one-to-one relationship between results and accountability does not exist. Desired ends are more likely to be achieved using desired means, where accountability is socialized by articulating expected behaviours and results in the context of organizational values and ethics. In addition one cannot state, with certainty that because results were not achieved, an organization’s accountability framework and relationships are inefficient or vice versa.
4. **Criteria to Assess the Effectiveness of an Accountability Framework**

In order to be effective, an accountability framework must involve the entire organization and focus on performance reporting, the requirement for ongoing reviews, appropriate corrective actions and consequences for inadequate outcomes. Specifically, effective accountability may achieve the following:

- Provide control against the abuse of power;
- Provide assurance that activities are carried out as intended; and
- Encourage continuous improvement of activities, etc.

**Research Findings of Potential Criteria**

The OAG’s Principles of Effective Accountability is a comprehensive set of elements used to establish and assess an accountability framework and was used as the starting point to compare and determine best practices in developing an accountability framework. As leaders in public sector initiatives and good governance, both the UK and Australia’s current practices in the development of accountability frameworks were benchmarked against the OAG’s principles. Not only were the OAG’s principles often quoted and documented, these countries frameworks included many similar elements.

**Criteria for Effective Accountability**

The five principles developed by the OAG and noted below, reflect practices or characteristics most often associated with effective accountability and can be used to establish an accountability framework and also form the standards by which an existing accountability framework may be assessed or evaluated. The principles are as follows:

1. **Clear roles and responsibilities**
   The roles and responsibilities of the parties in an accountability relation should be documented, well understood and agreed upon. This includes clearly setting out the specific activities and tasks expected of each party and how the relationship is to be managed. The RMAF refers to this as the “clearing of responsibilities and accountabilities.”

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1 “Results-Based Management and Accountability Framework” p. 26, Treasury Board of Canada
2. **Clear performance expectations**
The objectives being pursued, the accomplishments expected, and the constraints to be respected should be explicit, understood and agreed upon. This includes outlining what each party is expected to contribute to the end result or outcome and what means (service delivery) are appropriate to use. Clear and tangible targets are a good method to ensure that the results expected are apparent and also provide a basis for assessment. Although vague expectations are easier to report against, they are also more difficult to be held accountable. There must be a demonstrated connection between the unit of accountability and the results, including values and ethics, to which the party is being held accountable. The RMAF expresses this as the “extent to which the achievement of financial and operating results is embedded in performance agreements.”

3. **Balance Between Expectations and Capacity**
Performance expectations should be clearly linked to and balanced with the capacity of each party to deliver. A risk-based approach to building an accountability framework will help ensure that accountability measurement, reporting, and evaluation is focused on key accountability relationships and does not add a level of bureaucracy to the organization. Accountability frameworks must balance the prescription of desired actions, behaviours and results with the need for flexibility, discretion and autonomy in executing those behaviours and actions and delivering those results. The accountability unit must have the requisite resources, knowledge, skills, abilities, authority, and support of senior management in order to be able to demonstrate effective accountability.

4. **Performance Measurement and Reporting**
Credible and timely information should be reported to demonstrate the performance achieved, whether the means used was appropriate, and what has been learned. This includes identifying how the required information is to be defined, collected, verified, analyzed, by whom, and when. Accountability measures must reflect the activities of central interest to stakeholders and must be balanced against decision usefulness for the accountability unit. The stakeholders desire for information must be reconciled with what management deems useful and relevant for the organization. Emphasis should be placed on accountability techniques, such as performance measures and reporting, which are designed to assist those who are to be held accountable versus stakeholder requirements.

The focus of accountability may dictate different accountability measures and reports for different users ranging from compliance with standards and legislation, to service effort or efficiency, to financial results. The focus of accountability may also dictate the nature of accountability information, both quantitative and qualitative.

Units of accountability are well positioned to contribute to the development and implementation of meaningful accountability measures and reports by informing accountability ‘planners’ about

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1 “Results-Based Management and Accountability Framework” p. 26, Treasury Board of Canada
the linkages between their inputs and processes on outputs and outcomes and identifying performance indicators that underplay their productivity and support their decision making process.

Reporting should also be balanced and report not only on achievements but also on weaknesses experienced. Often there are valid reasons for not meeting expectations. To ensure a balanced report, the following should be considered:

- Review and question the expectations and actual results obtained,
- Explain shortcomings and explain lessons learned from them,
- Disclose the basis on which the report has been prepared, and
- Obtain external auditor’s assurance on the fairness and reliability of the reporting information.

In addition, the RBAF also requires the assessment of the “Extent to which Parliamentary, central agency and key stakeholder reporting requirements are met.”

5. Continuous Improvement

A fair and informed review with constructive feedback on the performance achieved should be carried out by those responsible for reviewing performance. Accountability frameworks must seek to identify weakness in day-to-day business and decision-making processes, correct them and prevent undesirable actions, critical or tragic events before they happen. Ongoing monitoring of existing risk management frameworks, policies, procedures and guidelines is imperative. In other words, a ladder of accountability must exist within critical accountability units where responsibility to identify and debrief unusual, inconsistent, incomplete or unethical transactions exists at all levels within the organization. The organization must strive for continuous improvement in its accountability framework by consistently incorporating feedback into the framework.

Management must support and encourage the honest identification of weaknesses, errors and omissions without blame or sanction to ensure weaknesses are corrected and negative outcomes are prevented. Open door policies and other mechanisms to bypass the formal chain of command where concerns over accountability and unethical business practices arise may be required.

Management must examine the incentive for organizational members to comply with accountability frameworks, organizational ethics and values and ensure they are consistent with

\[1\] Results-Based Management and Accountability Framework, Treasury Board, pg. 27
the larger framework of performance incentives and rewards. To the extent management
develops incentives to comply with accountability frameworks, they may also choose to develop
sanctions for failure to comply. In fact, many believe that there is no real accountability unless
the receiver of the information can punish or sanction actions, behaviours or decisions that
cannot be justified or explained. The definition of undesirable behaviours and hard
accountability information is critical for enforcing accountability sanctions. A clear, intentional
violation of the accountability framework must be demonstrated to warrant sanctions and build
trust and good faith into the accountability framework.

Although consideration of the above issues do not guarantee an effective and efficient
accountability relationship, the greater the presence of practices to take into account these issues
within an organization, the greater the likelihood that effective accountability practices are in
place.

In summary, overall assessment of the effectiveness of an accountability relationship may
include the following:

- The extent to which the expected results were achieved,
- The contribution made by activities and outputs or the program/unit to the outcomes,
- The learning and change that have resulted; and
- The soundness of the means used, i.e. how the service was delivered.

As an entity directs its activities and conducts its actions to the achievement of results against its
defined mandate or objectives, accountability is at the core. Effective and efficient management
includes many elements, however a culture of accountability is the hub that keeps the
organization moving on the road of effective to the achievement of results. Without
accountability, each of the elements or spokes are weakened. This is illustrated as follows:
Effective Management

Mandate Objectives

Results

Activities

Reporting
Continuous Feedback
Leadership & Communication
Roles & Responsibilities
Culture, Ethics & Values
Capacity
Measurement
Monitoring
Results

Actions

Accountability

November 2003

Internal Audit Guide on Assessing the Effectiveness of an Organization’s Accountability Framework
5. **Internal Control**

A good system of control is paramount to achieving effective accountability. It is indicated within one of the CoCo control elements (discussed in detail below) “management should periodically assess the effectiveness of control in its organization and communicate the results to those whom it is accountable.”\(^1\) The creation of clear, accurate, understandable and useful reporting and analysis depends on internal controls in place. If there are a lack of controls to track expenditures and revenues and determine whether they are being used for their intended purpose, accountability will be difficult to assess. In fact, this may indicate a lack of transparency and the potential to measure results – two fundamental aspects of accountability.

Included in a good system of controls is the need to directly integrate the organization’s approach to control with its overall risk management plan in order to determine and prioritize the organization’s functions and activities that need to be controlled. Management also needs to establish ongoing monitoring of performance to ensure that objectives are being achieved and that control activities are operating effectively. Effective control can only be achieved if an organization is able to control its risk, activities, information and communication, and monitor and review its control arrangements.

The control environment is a reflection of management’s commitment and attitude to ensuring well-controlled business operations that can demonstrate accountability for performance.

**Elements of Internal Control**

Ultimate responsibility and accountability for safeguarding public funds and shareholders’ investments rests with the organization’s management, who are responsible for putting in place effective controls. Such arrangements include sound internal controls and corporate governance regimes. More often, organizations are incorporating audit committees within their corporate structure and strengthening the role of internal audit.

As the overseer of management’s actions, an audit committee can offer a strong control presence and is an important element of good governance. Committee members should be acutely aware of the organization’s risk management strategy and review their organization’s vulnerability to more widespread problems identified across government or within the industry.

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\(^1\) “Guidance on Control”, pg. 9, D6, CICA
Also included in the control framework, as a key element of control is internal audit. Internal audit should be independent and report to the audit committee. A close relationship between the internal and external auditors helps strengthen the internal audit function by bolstering their independence and providing additional justification for management to take internal audit concerns seriously.

A crucial element of public accountability is the independent, external scrutiny. An external audit strengthens accountability, both upwards to management who provide the resources and outwards to consumers and users.

**Control Frameworks**

Risk management depends on the existence of effective processes and practices in a supportive environment. A control framework represents a categorization of these processes and practices that are expected to be exercised by an organization’s employees in the conduct of their activities. It is a critical tool to promote efficient operations while providing comfort that the organization is complying with applicable policies, practices and laws.

Several countries have developed internal control frameworks to which organizations can refer to assist them in developing, maintaining and assessing their internal control structures. A control framework provides a way of understanding the important elements of control, including the important relationships between these elements. The premise behind many of these control frameworks is to increase the communication, commitment and capacity of each employee to effectively manage controls and focus less attention on the traditional review and oversight controls. The successful implementation of a control framework is supported by the effective delegation of the responsibility for controls. The concepts of accountability and the principles of effective accountability can be found in the elements of an internal control framework. Not only is control a key element of an accountability framework, but accountability is a key element of control. This relationship is clearly illustrated in the Section 7 – Assessment of an Accountability Framework, in which risks and control elements are linked to specific audit procedures in the conduct of an internal audit.

**Criteria of Control (CoCo)**

_Guidance on Control_ developed by Canadian standard setters as a model of a control framework, provides criteria of control or “CoCo”, which provide guidance on the assessment of controls in the context of achieving objectives. It focuses on the essence of control and sets out four groups of criteria of control: purpose, commitment, capability, and monitoring and learning.

The CoCo framework identifies 20 criteria, which provides a useful framework and context for evaluating accountability relationships. It provides a way of understanding the important elements of accountability, including the important relationships between them. The four groups of criteria fit a model that is comparable to management cycle models.
The Guidance on Control states the above relationship as follows:

“A person performs a task, guided by an understanding of its purpose (the objective to be achieved) and supported by capability (information, resources, supplies, and skills). The person will need a sense of commitment to perform the task well over time. The person will monitor his/her performance and the eternal environment to learn about how to do the task better and about changes to be made. The same is true of any team or work group. In any organization of people, the essence of control is purpose, commitment, capability, and monitoring and learning.”

The four groups of criteria are detailed below:

**Purpose** - groups criteria that provide a sense of the organization’s direction. The criteria address objectives (including mission, vision and strategy), risks, policies, planning, and performance targets and indicators.

**Commitment** - groups criteria that provide a sense of the organization’s identity and values. The criteria address ethical values including integrity, human resource policies, authority, responsibility, and accountability; and mutual trust.

**Capability** - groups criteria that provide a sense of the organization’s competence. The criteria address: knowledge, skills, tools; communication processes; information; co-ordination; and control activities.

**Monitoring and Learning** - groups criteria that provide a sense of the organization’s evolution. The criteria address monitoring internal and external environments,

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1 “Guidance on Control”, pg. 2, CICA
performance, challenging assumptions, reassessing information needs and information systems, follow-up procedures, and assessing the effectiveness of control.

The specific CoCo criteria have been provided to gain an understanding of the relevance of the criterion to an accountability framework. The following chart identifies the criteria under each grouping, with those CoCo elements specifically referencing accountability or its key elements indicated in “italicized” typeface:

<table>
<thead>
<tr>
<th>CICA: Criteria of Control</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose:</strong></td>
</tr>
<tr>
<td>• Objectives should be established and communicated.</td>
</tr>
<tr>
<td>• The significant internal and external risks faced by an organization in the achievement of its objective should be identified and assessed.</td>
</tr>
<tr>
<td>• Policies designed to support the achievement of an organization’s objectives and the management of its risks should be established, communicated and practiced so that people understand what is expected of them and the scope of their freedom to act.</td>
</tr>
<tr>
<td>• Plans to guide efforts in achieving the organization’s objectives should be established and communicated.</td>
</tr>
<tr>
<td>• <strong>Objectives and related plans should include measurable performance targets and indicators.</strong></td>
</tr>
<tr>
<td><strong>Commitment:</strong></td>
</tr>
<tr>
<td>• Shared ethical values, including integrity, should be established, communicated and practices throughout the organization.</td>
</tr>
<tr>
<td>• Human resource policies and practices should be consistent, with an organization’s ethical values and with the achievement of its objectives.</td>
</tr>
<tr>
<td>• <strong>Authority, responsibility and accountability should be clearly defined and consistent with an organization’s objectives so that the appropriate people take decisions and actions.</strong></td>
</tr>
<tr>
<td>• An atmosphere of mutual trust should be fostered to support the flow of information between people and their effective performance toward achieving the organization’s objectives.</td>
</tr>
<tr>
<td><strong>Capability:</strong></td>
</tr>
<tr>
<td>• People should have the necessary knowledge, skills and tools to support the achievement of the organization’s objectives.</td>
</tr>
<tr>
<td>• Communication processes should support the organization’s values and the achievement of its objectives.</td>
</tr>
<tr>
<td>• <strong>Sufficient and relevant information should be identified and communicated in a timely manner to enable people to perform their assigned responsibilities.</strong></td>
</tr>
<tr>
<td>• The decisions and actions of different parts of the organization should be co-ordinated.</td>
</tr>
<tr>
<td>• Control activities should be designed as an integral part of the organization, taking into consideration its objectives, the risks to their achievement, and the inter-relatedness of control elements.</td>
</tr>
<tr>
<td><strong>Monitoring and Learning:</strong></td>
</tr>
<tr>
<td>• External and internal environments should be monitored to obtain information that may signal a need to reevaluate the organization’s objectives or control.</td>
</tr>
<tr>
<td>• <strong>Performance should be monitored against the targets and indicators identified in the organization’s objectives and plans.</strong></td>
</tr>
<tr>
<td>• The assumptions behind an organization’s objectives should be periodically challenged.</td>
</tr>
<tr>
<td>• Information needs and related information systems should be reassessed as objectives change or actions occur.</td>
</tr>
<tr>
<td>• <strong>Follow-up procedures should be established and performed to ensure appropriate change or action occurs.</strong></td>
</tr>
<tr>
<td>• Management should periodically assess the effectiveness of control in its organization and communicate the results to those to whom it is accountable.</td>
</tr>
</tbody>
</table>
As with an effective accountability framework, every member in the organization plays a role in the internal control structure. However, ultimate responsibility and accountability for that structure resides with senior management. The CEO must provide the leadership and direction to the senior managers who in turn assign responsibility for the establishment of more specific procedures within each activity area.

Internal control can help an organization achieve its performance and profitability targets, and prevent loss of resources. It can help ensure that organizations are in compliance with laws and regulations, avoiding damage to its reputation and other consequences. In summary, internal control can help an organization get to where it wants to go, and avoid the pitfalls along the way.
6. **Internal Audit Function**

Internal audit plays a crucial role with respect to accountability. One of the key reasons for the development of the Management Guide and the Internal Audit Guide on an Effective Accountability Framework is to provide internal auditors with an approach to monitor and assess the practices of an organization with respect to accountability. The overall migration of internal audit to a consultative/advisory role aimed at managing identified organizational risks, highlights the growing importance of the internal auditor.

With Canadian stakeholders demanding clearer and greater accountability for the way organizations allocate their resources and authority; internal audit has a significant role to play in the development and assessment of an accountability framework. At a minimum, monitoring of accountability is key to most accountability frameworks and the related assessment of the elements of the framework, should all be considered as potential areas of focus by Internal Audit.

**Role of Internal Audit**

While Internal Audit cannot be relied upon to create a culture of accountability on its own, it is well positioned to promote effective accountability and contribute to the monitoring and assessment of related governance and accountability frameworks.

Internal audit typically has a thorough understanding of the organization’s mandate, stakeholders, risks and risk management frameworks. Internal audit has the competence and capacity to review the existing governance structure and make recommendations for moving governance beyond the delegation of authority, responsibility, command and control to include accountability and commitment to organizational values and ethics.

Internal Audit’s role may include the following:

- **Monitor compliance** with existing risk management frameworks, internal controls, policies, procedure and guidelines, alert management to potential problems and take preventative or remedial action as required.

- **Translate the organization’s primary accountability relationships** (e.g. clean water, universal health care, safe blood products) into specific behavioural objectives for units of accountability (employees, management, committees, departments etc.).

- **Identify and assess the risks associated with the absence of accountability** and adjust the organization’s risk management framework accordingly.
• Review existing governance, reporting structures, risk management framework, performance measurement and reporting systems to assess the opportunity and capacity for assigning, promoting and managing accountability.

• Recommend appropriate organizational and departmental accountability frameworks.

• Recommend appropriate accountability criteria, reporting format and frequency for key units of accountability.

• Periodically assess compliance with accountability frameworks and/or guidelines.

To remain independent, the internal auditor should not develop the accountability framework and then also be responsible for assessing the effectiveness of this framework. However, as an advisor with no decision-making authority, the internal auditor may be involved in the provision of consultative services and related recommendations with respect to accountability. In this capacity, the internal auditor would be able to highlight significant control issues, ensure policies and procedures are well documented, ensure framework development does not get derailed or goes off course, and offer suggestions for improvement. Additional consultative services may include: facilitating workshops on accountability frameworks and providing training on elements of effective accountability.

Internal auditors can play an important role in evaluating the effectiveness of the accountability framework and contributing to its ongoing effectiveness. In a recent interview in the IIA Magazine\(^1\), Sir Adrian Cadbury stated: “Monitoring change and making sure the risk management area is kept up to date is… what would make an internal audit function invaluable.”

\(^1\) IIA Magazine, February 2003, “Let There be Light”, interview conducted by Christy Chapman, pg.45
7. Assessment of an Accountability Framework

Internal Audit’s ability to conduct accountability assessments will depend on the degree to which accountability is practiced and documented in an organization, the level of precision associated with the accountability subject matter, and the level of assurance that the auditor is being requested to provide. For meaningful conclusions on accountability to be reached, suitable criteria must be developed. The recommended criteria has been discussed in Section 4.

Levels of Assurance

The level of assurance that can be provided is dependent on the amount of risk associated with the accountability relationship being assessed, the needs of management and the budget for the engagement. Absolute assurance is not possible due to such factors such as: the use of auditor judgement, testing less than the entire set of elements, the inherent limitations of control, and the fact that much of the evidence available to the internal auditor may be persuasive rather than conclusive in nature. Assurance will also be influenced by the degree of precision associated with the accountability relationship.

Two levels of assurance may be provided: a high level of assurance (audit) and a moderate level of assurance (review). A high level of assurance may be provided by designing procedures so that in the internal auditor’s professional judgement, the risk of an inappropriate conclusion is reduced to an appropriately low level through procedures such as inspection, observation, enquiry, confirmation, computation, analysis and discussion.

A moderate level of assurance may be provided by designing procedures so that, in the internal auditor’s professional judgement, the risk of an inappropriate conclusion is reduced to a more moderate level through procedures which are normally limited to enquiry, analysis and discussion.

It is anticipated that, given the nature of the judgement required and the evidence that will be available, it may only be possible to provide a review level of assurance. As each assignment’s time to complete and cost will be different based on the nature and size of the organization or unit to be assessed, it is anticipated that these assessments would be similar in cost and time to completion as a “value-for-money” assignment. To a certain extent the review could be sized to provide the assurance required within most timeframes and budget constraints by adjusting the extent of assessment criteria being considered and by adjusting the consultation method chosen (interviews, questionnaires and/or workshops).

The following provides a discussion of the professional audit requirements as promulgated by the Canadian Institute of Chartered Accountants (CICA). In this case, CICA standards are referred
to as opposed to IIA standards, as the CICA standards provide further detailed guidance with respect to the provision of assurance. In all cases, where specified, the IIA and Treasury Board standards are consistent with those outlined in the chart below. The purpose of the following decision tree is to outline where a high level of assurance or lower (moderate) level of assurance can be provided (see the exhibit on the following page).
Internal Audit Guide on Assessing the Effectiveness of an Organization’s Accountability Framework

DEcision Tree to Help Determine the Appropriate Level of Assurance

* Does Suitable Criteria Exist or can it be Developed?

Yes

Are the criteria generally accepted?

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes Available

Proceed with Assurance Engagement

No

Not Available

* Characteristics of suitable criteria are:
  ✓ reliance
  ✓ reliability
  ✓ neutrality
  ✓ understandability
  ✓ completeness

What is the Degree of Precision of Subject Matter?

High

• low degree of judgment involved
• procedures include inspection, computation, confirmation etc.

Moderate

Audit (High level of Assurance)

Low

• high degree of judgment involved
• types of procedures include enquiry, analysis and discussion

Review (Moderate level of Assurance)

Specified Procedures

Yes

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Not Available

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Available

Not Available

Yes

Are the criteria generally accepted?

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

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Proceed with Assurance Engagement

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Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

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Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

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Not Available

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No

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Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?

Yes

Proceed with Assurance Engagement

Not Available

No

Obtain from management, acknowledgement that the criteria are suitable for the engagement

Yes

Proceed with Assurance Engagement

No

Does Suitable Criteria Exist or can it be Developed?
The CICA (Handbook Section 5025.38) provide possible sources for criteria, they include criteria established:

- by laws, acts and regulations;
- by government policy, guidelines or standards;
- by risk management, management control framework, performance information, and other guidance provided by the Government of Canada;
- by recognized bodies of experts such as the CICA and other bodies of experts that follow due process procedures including public consultation and debate;
- by organizations that do not follow due process procedures including public consultation and debate; and
- by development specifically for the engagement. Such criteria might be developed by adapting criteria used in similar engagements. They might also be developed by reference to standards or practices followed by the entity involved with the assurance engagement or by other entities engaged in similar activities.

One should note that, in developing suitable criteria the characteristics of suitable criteria noted in the top right hand corner of the exhibit should be considered.

**Internal Audit Process**

There are four main phases of an internal audit, with the results of one phase forming the basis for the next. The phases are as follows: planning, field work (examination), reporting, and follow-up.

**Planning**

Planning is generally considered the most important phase of an internal audit. A significant part of the audit is spent in planning as the auditor must understand the risks, decide what needs to be audited, and how frequently. The auditor must gain an understanding of the organization’s accountability framework and become familiar with its accountability relationships, including the organization’s management and monitoring of those relationships. A project plan should be developed for each audit to be undertaken, including defining the audit objectives and scope of the audit, and developing audit criteria and programs to assess the management effectiveness of accountability relationships.
Field Work

The field work or examination phase of the audit involves performing the work identified in the audit programs to collect sufficient appropriate evidence to assess current operations of the accountability relationships against the audit criteria identified in the planning phase. The accountability framework and relationships are examined, results are analyzed against the criteria, and the audit files are then completed and reviewed.

Reporting

The main product of the internal audit is the Internal Audit Report. This phase is extremely important, as no matter how well the internal auditor has planned the internal audit or how significant the findings, the internal audit will not serve its purpose unless the internal audit report is of high professional quality and motivates management to correct the noted deficiencies. The effectiveness of the internal audit group will largely be judged on the value of internal audit reporting and its ability to provide valuable recommendations in the management of the organization’s accountability relationships. Although the internal audit report is the formal product of the assessment of the accountability relationships and framework, it is assumed that the appropriate levels of management will be briefed on preliminary findings of the risk management strategy, control framework, and information used for management decision making and reporting as they are identified and confirmed, so that they may be dealt with at the earliest possible time.

Follow-up

The final phase of the internal audit process is the follow-up phase. Following-up on the recommendations made by internal audit ensures that management has taken appropriate action on the reported internal audit findings. It should include a review of the corrective actions taken by management based on the recommendations provided.

Conducting an Internal Audit

The nature and extent of an assessment of an organization’s accountability framework will depend largely on organizational readiness and capacity to execute key accountability relationships and the related risk. Internal audit’s role and responsibility towards accountability frameworks and relationships is to gauge the department’s current capacity to fulfill its accountability relationships and make recommendations for improving this capacity. Management’s responsibility is to operationalize the framework.

An audit with the objective of assessing the effectiveness of an accountability framework may be conducted on a broader level to assess the accountability framework of the organization, or the
assessment could be directed at a specific unit/program/ or project and its accountability relationships.

**Assessment of an Organization’s Accountability Framework**

The following steps provide a general approach in conducting an internal audit with an audit objective of assessing the effectiveness of an accountability framework. The criteria to be used to assess management practices are the five principles of effective accountability.

**Planning:**

Planning is undertaken to gain an understanding of the organization including its governance practices, structure, culture, and controls in relation to accountability. Specifically this includes reviewing documentation and/or conducting workshops or interviews with management. Generally a review of documentation is undertaken if a formal process in place. The use of workshops, interviews or other data gathering techniques will vary depending on the scope of the audit, culture of the organization, time available, and associated risk. Workshops are conducted in a group setting and are primarily used as a management self-assessment tool to assess management’s understanding, views, and current practices with respect to accountability. This is best used for organizations whose culture is open, were individuals do not feel threatened to speak out and share information. Interviews are conducted using documented questions which are provided to the individual in advance. They are generally held on a one-on-one basis to preserve the confidentiality of the individual being interviewed and/or if there are significant risks have been identified. A disadvantage to the interview process is the requirement to substantiate comments obtained. Comments that directly relate to the accountability framework, whether positive or negative must be substantiated by at least one other person to be considered reliable.

The following steps should be considered:

1. **Review documentation.**
   - Identify and define primary organizational accountabilities to stakeholders, Treasury Board, legislators and other regulatory bodies by reviewing applicable policies, standards, legislation and regulations
   - Clarify and document externally mandated accountability relationships, roles and responsibilities.
   - Clarify and document internally mandated accountability relationships, roles and responsibilities by reviewing delegation of signing authorities, program evaluation, project approval, performance measurement and reporting, evaluation of results against business plans and budgets, response to internal audit findings and annual reports.
2. Conduct interviews or workshops with management to gain an understanding of organizational governance including the delegation of decision-making and the culture of accountability. A suggested interview questionnaire and workshop questions have been included as an appendix to this guide.

3. Perform a risk assessment to include a review of the risks identified earlier in the guide, to obtain an indication of the potential for weaknesses in certain elements of the accountability framework. From this assessment, only those elements presenting a significant risk to the organization’s accountability framework would be required to be audited. A suggested approach includes the following:

   - Identify the objectives of the accountability framework
   - Identify risks to the achievement of these objectives
   - Rank the risks based on knowledge of the organization and findings of the preliminary view of the organization’s current state
   - Assess controls to determine control effectiveness using the chart presented earlier to identify key controls
   - Identify residual risk (after consideration of controls) and related accountability elements to determine audit focus.

4. From the risk assessment conducted, determine the objectives of the audit, which may also be dependent on the stage of the accountability framework in place. Some suggested examples of audit objectives are the following:

   - To assess the effectiveness of the accountability relationship or framework;
   - To assess whether the organization/unit is adhering to ethics and values principles and guidelines and codes of conduct underlying accountability;
   - To identify and assess the key accountability relationships and accountability impacts in the context of the overall operations of the organization;
   - To identify and assess the use of relevant laws, regulations, policies and standards to define key accountability relationships;
• To assess management control and risk management strategies and practices incorporated into key accountability relationships and framework

5. Communicate the criteria to be used in the assessment to the auditee to obtain their feedback before proceeding.

Field Work:
Fieldwork phase should take place only when agreement has been reached on the assessment criteria. Assuming that the overall audit objective is to assess the effectiveness of the accountability framework, the following is a suggested approach to conducting the audit, based on the OAG’s Principles of Effective Accountability as criteria.

1. Roles and Responsibilities

Criteria: Clearly defined roles and responsibilities

Risks: ► Accountability frameworks are not well understood making it difficult to “hold” people accountable

► Overlap of responsibilities defuses accountability and creates inefficiencies

► Poorly communicated or unclear roles and responsibilities with respect to accountability

CoCo Elements: Commitment
Capability

Potential Audit Procedures:

a. Determine whether employee job descriptions clearly define the employee’s role in the organization and the job responsibilities for which they are accountable.

b. Determine whether by the start of the fiscal year, the particular responsibilities the employee is to focus on are clearly defined for the employee and whether these priorities are linked to the key accountabilities of the organization.

c. Determine whether there are reliable performance measures, established well in advance of evaluation, in place to monitor employee performance and accountability.

d. Determine whether there is an awareness of key accountabilities:
• Key organizational accountabilities articulated in the departmental mission statement, goals and objectives and communicated to all organizational members by Senior Management.

• Goals and objectives of key programs and services clearly stated.

• Managers are aware of the externally and internally mandated accountability relationships, roles and responsibilities identified.

• External policies, standards, legislative and regulatory requirements and updates are easily accessible to Management.

• Internal governance frameworks, policies, procedures, guidelines and updates are easily accessible to Management.

• Organizational accountabilities are translated into branch/divisional and individual accountabilities for individual and activity level performance evaluation. Accountabilities clearly tied to identifiable roles and responsibilities.

• Accountabilities are communicated to employees.

• Performance contracts or other forms of employee evaluation criteria linked to specific objectives and related accountabilities.

• Employees formally acknowledge in some way that they accept responsibility and accountability for their related objectives.

• Senior Management actively promotes and monitors execution of accountabilities and reports on its own accountability relationships to Treasury Board, the Minister and Parliament, or the Audit Committee and/or Board of Directors.

2. Performance Expectations

Criteria: Clear performance expectations

Risks:

► Inappropriate level of stakeholder understanding/expectations creating expectations gap

► Insufficient control exercised over accountable results, creating an inappropriate level of expectations and accountability

► Lack of clarity over results expected
Lack of clarity or transparency over personnel performance expectations

Performance agreements are not implemented at all levels of the organization making it difficulty to obtain necessary internal support

Accountability is diffused through alternative service delivery arrangements

CoCo Elements:  
- Purpose
- Commitment
- Capability
- Monitoring and Learning

Potential Audit Procedures:

a. Determine whether expectations are realistic and evaluated for efficiency and effectiveness on an ongoing basis.

b. Determine whether for accountability relationships with external parties, operating principles and rules to be followed are understood, agreed to, and documented.

c. Determine whether the organization’s risk management framework identifies accountability, or the lack of accountability, as a risk and quantifies risks by key accountability relationship.

- Measures have been taken to contain these risks to ensure stakeholder expectations are met and planned results are achieved.

3. Balanced Expectations and Capacities

Criteria: Expectations are balanced with the capacity of each party to deliver

Risk: 
- Lack of balance between expectations and resources available
- Authority and responsibility not linked or balanced against accountability conferred

CoCo Elements:  
- Purpose
- Capability
- Commitment
Monitoring and Learning

Potential Audit Procedures:

a. Determine whether the accountability conferred is balanced against delegated responsibility and authority.

b. Determine whether resources are sufficient to meet expectations.

4. Performance Measurement and Reporting

Criteria: Measurable performance indicators and timely reporting of results

Risks:
- Performance measures are not realistic
- Performance reporting is not timely
- Performance reporting is incomplete or misleading making it difficult for stakeholders to hold organization accountable
- Limited level or functionality of controls making it difficult to measure and monitor accountability

CoCo Elements: Purpose
               Capability
               Monitoring and Learning

Potential Audit Procedures:

a. Determine whether financial and non-financial results are reported by the key units of accountability.

b. Determine whether financial and non-financial information support management decision-making and execution of accountabilities.

c. Determine whether financial and non-financial results reported in accordance with applicable policies, standards, legislative and regulatory requirements.

- This is demonstrated and certified by Senior Management.
d. Determine whether financial and non-financial performance measures clearly relate to key accountability relationships and meet stakeholder expectations for transparency and accountability.

e. Determine whether performance measures are accompanied by performance targets and a specified dated by which the target is to be achieved?

f. Determine whether planned performance measures and targets are consistent with reported performance measures.

g. Determine whether the structure of the organization assists in clarifying who is accountable for the achievement of specific business and quality objectives.

5. Continuous Improvement

Criteria: Effective monitoring and timely feedback

Risks:

► Culture of blame for results not achieved making implementation of accountability framework and continuous learning ineffective

► Inappropriate or inadequate reward and recognition program to promote desired behaviours within the organization’s values and ethics

► Poorly motivated staff do not accept roles or related accountability

► Inconsistently applied values and ethics that may create inappropriate mindset of achievement of results at “any cost”

► Limited specialist support to support implementation and monitoring of accountability framework

CoCo Elements: Monitoring and Learning

Potential Audit Procedures:

a. Determine whether financial and non-financial results are reviewed by Senior Management on a regular basis.

b. Frequency of review – Monthly, Quarterly, Annually
c. Determine whether financial and non-financial information for key accountability units is subject to internal audit or self-assessment.

d. Determine whether key accountability units are required to respond to internal audit’s recommendations with detailed action plans on a timely basis.
   - Progress on the implementation of action plans is monitored.

e. Determine whether variances from planned performance measures and targets are adequately explained.
   - Explanations reviewed and approved by Senior Management.

f. Determine how changes to planned performance measures and targets are reviewed and approved.

g. Determine whether regular forecasts of expected results and reviews of stakeholder expectations are undertaken to identify and mitigate risks proactively.

h. Determine whether there are reward systems in place (monetary and non-monetary) that are used to maintain and promote accountabilities and vice versa.

i. Determine whether there are negative consequences as a result of lack of commitment or accountability on the part of the employee or management.

**Reporting**

The content of the audit report should be such that only significant issues are noted. Any items of lesser materiality and worthy of reporting, but that are still considered relevant to the audit, should be addressed with management separately.

The report should focus on the assessment of the accountability framework against the criteria, noting deficiencies and room for improvement, and those practices that are working well. As a value-added feature, the report may also include any best practices in accountability frameworks and/or relationships that would assist management to continually improve the accountability framework.

**Follow-up**

Follow-up should be undertaken to determine whether management has taken corrective action on the reporting internal audit findings. A follow-up audit is not necessary unless significant issues have not been corrected or other significant matters have come to the attention of the auditor. Results of the follow-up should be reported to the senior management and/or the audit committee.
Extent of Internal Auditor Involvement

Auditing an accountability framework is dependent on the extent to which it has been developed, which may drive the internal audit process and therefore drive the extent and nature of the internal auditor’s involvement.

It is expected that internal audit’s involvement will begin with management’s development of an accountability framework, in its design phase. To remain independent, the internal auditor should not develop and then also be responsible for assessing the effectiveness of the accountability framework, however, the internal auditor should be involved in its development as an advisor with no decision making powers. In this capacity, the internal auditor would be able to highlight significant control issues, ensure policies and procedures are well documented, ensure framework development does not get derailed or goes off course, and offer suggestions for improvements. In addition, due to internal audit’s level of understanding of the organization and previous audits undertaken, internal audit may have identified weaknesses in the past which may impact on the critical elements of the accountability framework.
8. Lessons Learned

While there are potential positive effects of expecting to have to explain or account for one’s behaviour, actions and results; the introduction of accountability frameworks may be met with resistance, particularly where key parties to the accountability relationship have not participated in the development of the accountability framework. Imposing accountability after a decision or judgment is made may result in defensive rationalizations of behaviours, actions and decisions and strengthen commitment to the original decisions or judgments regardless of whether they were appropriate or effective.

The notions of the superior-subordinate relationship and chain of command are entrenched in the concept of accountability in many organizations. To appoint one organizational department, such as Internal Audit, to police, let alone define the actions and behaviours of the accountability relationship is likely to be met with resistance. Accountability assessments and compliance-based reviews may be perceived as a threat to management’s professional judgement, discretion and autonomy. In addition, there is no guarantee that Internal Audit is not suffering from weaknesses in accountability as well. Internal Audit must demonstrate its accountability by ‘walking the accountability talk’ if it is to be perceived as a credible leader and business partner in building accountability within the organization. It may actually be beneficial to promote the organizational accountability exercise using Internal Audit as a pilot accountability unit with subsequent rollout to other organizational units.

Accountability reporting is often not entirely controlled by the organization. Organizations must recognize and anticipate the role of the media, politicians and stakeholder interest groups in interpreting and reporting on accountability performance measures. Since it is often difficult to develop a general-purpose accountability report appropriate for all users, organizations should expect and be prepared to handle criticism. Again, building the accountability framework using a risk-based approach should ensure that major stakeholder needs are addressed.

The single largest contributing factor to building accountability appears to be commitment from senior management. Commitment to not only define and communicate critical accountability relationships, roles and responsibilities, but also commitment to monitor compliance with existing risk management frameworks, internal controls, policies, procedures and guidelines to assist in ensuring governance and accountability become embedded in the culture of the organization. Management may wish to reward the identification of significant risks and weaknesses in existing governance and accountability frameworks and be prepared to sanction failures to comply with these frameworks where warranted. A future-oriented accountability framework will limit unexpected results, critical or tragic events from occurring and assists in ensuring the organization fulfills its primary accountabilities.
Appendix A – Accountability Workshop Survey

The following provides an example of a workshop survey that could be provided to participants in advance of an assessment workshop, in order for participants to be prepared to discuss these points during the workshop. During the workshop it is important to obtain responses that provide sufficient information, and examples to support the response.

Accountability Workshop Survey

Purpose:
The purpose of the survey is to determine the extent to which an accountability framework exists in the organization. The following statements have been developed to assist management in assessing their understanding and establishment of accountability practices based on principles of effective accountability.

Directive:
Please respond to the following statements on a scale of 1 to 4, with 1 representing strong disagreement with the statement, and 4 representing strong agreement with the statement.

1. Clear Roles and Responsibilities
   a. I have a clear understanding of my roles and responsibilities and how they support the organization’s objectives.

2. Clear Performance Expectations
   a. I have a clear understanding of what is expected of our group.
   b. Organizational performance expectations are clearly defined and linked to our group’s expectations.

3. Balance between Expectations and Capacity
   a. The organizational climate is supportive of delegation, innovation and initiative.
   b. My working group has access to all the resources necessary to enable it to carry out its role effectively.
   c. The working group has sufficient authority and resources to fulfill its mandate.
d. Employees and other stakeholders believe that the level of integrity/honesty is high in the organization.

4. Performance Measurement and Reporting
   a. The organization’s objectives and expected results are clear enough to permit sufficient performance measurement.
   b. Evaluation of performance against expectations is measured periodically and there is a clear link between the organization’s objectives and the employee performance evaluation system.
   c. Performance information is accurate and relevant.
   d. Reporting on performance is timely, accurate and relevant.
   e. There are established personal consequences related to the accomplishment or non-accomplishment of specific organizational objectives.
   f. There are non-monetary techniques or methods that provide positive consequences for achievement of objectives (i.e. employee team awards, plaques, etc.)

5. Continuous Improvement
   a. Performance is reviewed and recognized.
   b. The organization strives for continuous improvement.
   c. The organization proactively responds to change.
   d. The structure of the organization assists in clarifying who is responsible for specific objectives.

6. Workshop Assessment
   a. This workshop has been useful in furthering my understanding of accountability.

Note: Prior to discussing the results of the survey, the workshop facilitator should begin by asking relevant questions of the participants to gain an understanding of their background such as functional responsibility, position level and title, and length of employment with the organization.
Appendix B – Interview Questionnaire

The interview questionnaire should be provided to the interviewee well in advance of the interview in order for the interviewee to be prepared to discuss during the interview.

Background

The objectives of the assessment are to determine whether key elements of accountability exist within the organization, to assess the effectiveness of existing accountability elements, and provide recommendations for improvement. Five key elements of accountability will be considered throughout the assessment:

- Clear roles and responsibilities;
- Clear performance expectations;
- Balance between expectations and capacity;
- Performance measurement and reporting; and
- Continuous improvement.

The questions in this interview guide are categorized by these key elements. This interview is designed to provide an understanding of the accountability elements currently in place within the organization, the elements that are currently under development, and any other issues of relevance.

We thank you in advance for your participation in this exercise.

Questions for the Interviewee

1. General:
   a. What are the organization’s key strategic objectives and related business objectives?
   b. What are the expected results?

2. Roles and Responsibilities
   a. Are roles and responsibilities for results clearly defined, understood, and agreed upon?

3. Performance Expectations
   a. Have performance expectations been established with respect to:
      - The development of people within the activity area?
      - The effective implementation of organizational policies, procedures and practices?
• Achievement of results?
• The establishment of quantifiable performance measures and targets?
• The establishment and communication of the values and ethics expected in the area?

4. Capacity

a. Do employees and managers have sufficient authority, training, and resources (including financial, human, information and technological resources) to fulfill their roles and responsibilities?

b. Do you feel you have access to all relevant information, quality advice, and the resources (including financial, human, information and technological resources) necessary to enable you to carry out your role effectively? Please explain.

5. Performance Measurement and Reporting

a. Do you feel that the organization’s objectives and expected results are clear enough to permit sufficient performance measurement? If yes, how is the achievement of objectives measured?

b. What are the mechanisms in place to:
   • Establish performance expectations?
   • Communicate the related responsibilities?

c. How satisfied are you with the frequency, timeliness, accuracy and relevancy of the reported performance information?

d. Are there mechanisms in place to allow identification of issues or difficulties early enough to make adjustments?

6. Continuous Improvement

a. Are reports consistently reviewed and constructive feedback given on progress and results achieved?

b. Are rewards and sanctions related to the achievement of results within expected constraints?

c. Are key lessons learned communicated to staff and key delivery partners on a consistent basis?

d. Are changes made to processes as a result of lessons learned?
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