

**Entity Level Controls - Information and Communication
Final Audit Report
Report Nr. 22/09
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Introduction

In accordance with our 2009 Audit Plan, we have completed an audit of EDC's information and communication processes as they pertain to entity level controls. This audit was conducted in support of Internal Audit's opinion on the design effectiveness of pervasive controls. The COSO Internal Control Framework (COSO) is being used as the basis for our assessment. One of the key premises underlying COSO is that effective internal controls provide reasonable assurance regarding the achievement of an organization's objectives. The information and communication process includes how information critical to identifying risks and meeting business objectives is communicated through established channels up, down and across EDC.

Audit Objectives & Scope

The overall objective of this audit was to evaluate the design effectiveness of the controls in place to ensure entity level information related to the achievement of EDC's corporate business objectives is identified and communicated. The scope of the audit included consideration of the extent to which mechanisms are in place to:

- ✓ Obtain relevant internal and external information to monitor EDC's performance relative to objectives;
- ✓ Support the effective flow of communication both internally and externally;
- ✓ Ensure investments in technology support business objectives; and
- ✓ Encourage/promote continuous improvement.

In examining EDC's information and communication processes at the entity level, the audit addressed the following risk elements of EDC's Enterprise Risk Management (ERM) framework: measurement, infrastructure/information, strategy, governance and fraud & ethical.

Audit fieldwork was performed during October and November 2009.

Internal Audit Opinion

In our opinion, the controls to ensure information critical to identifying risks and meeting business objectives is communicated through established channels, are **Well Controlled**¹. No major² or moderate control issues were noted.

Conclusion

The audit results have been communicated and agreed to by management. We would like to thank management for their support throughout the audit.

¹ Our standard audit opinions are as follows:

- Strong Controls: Key controls are effectively designed and operating as intended. Best in class internal controls exist. Objectives of the audited process are most likely to be achieved.
- Well Controlled: Key controls are effectively designed and operating as intended. Objectives of the audited process are likely to be achieved.
- Opportunities Exist to Improve Controls: One or more key controls do not exist, are not designed properly or are not operating as intended. Objectives of the process may not be achieved. The financial and/or reputation impact to the audited process is more than inconsequential. Timely action is required.
- Not Controlled: Multiple key controls do not exist, are not designed properly or are not operating as intended. Objectives of the process are unlikely to be achieved. The financial and/or reputation impact to the audited process is material. Action must follow immediately.

2 Our audit findings are ranked as follows:

Major - a key control does not exist, is poorly designed or is not operating as intended and the financial and/or reputation risk is more than inconsequential. The process objective to which the control relates is unlikely to be achieved. Corrective action is needed to ensure controls are cost effective and/or process objectives are achieved.

Moderate - a key control does not exist, is poorly designed or is not operating as intended and the financial and/or reputation risk to the process is more than inconsequential. However, a compensating control exists. Corrective action is needed to avoid sole reliance on compensating controls and/or ensure controls are cost effective.

Minor - a weakness in the design and/or operation of a non-key process control. Ability to achieve process objectives is unlikely to be impacted. Corrective action is suggested to ensure controls are cost effective.