**Functional Risk Identification Template (FRIT)**

**Audit title:**

**Purpose**

This template is used to identify functional risks for the audit team to consider early in the planning phase. It promotes consultation with internal specialists, as called for by the standards and policies found in [OAG Audit 3081](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/manual/3081.shtm)—Consultations.

Any areas identified are carried forward to the Risks and Controls Assessment Template (RCAT). Carrying forward a risk to the RCAT does **not** commit the team to including the risk in the final audit scope. Scoping decisions are made once the team has considered subject‑matter risks.

**Reference material**

* [OAG Audit 4010](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/manual/4010.shtm)—Understanding the Subject Matter in Planning an Audit
* [OAG Audit 4020](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/manual/4020.shtm)—Risk Assessment
* [OAG Audit 3081](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/manual/3081.shtm)—Consultations

**1—Environment and Sustainable Development**

For more information, consult the [Environment and Sustainable Development Guide](http://cmsprd.oag-bvg.gc.ca/intranet/audit/1587_e.shtm) and [Practical Guidance: Integrating Sustainable Development Goals into Direct Engagement](http://cmsprd.oag-bvg.gc.ca/intranet/audit/documents/IS-ESD-Guide-Integrating-SDGs-in-DE.pdf)s.

Note: It is mandatory for performance audit and special examination teams to consult the Internal Specialist, Environment and Sustainable Development.

| Step 1. Risk-screening questions  | Yes | No | Comments |
| --- | --- | --- | --- |
| 1. **Environmental, social, and economic factors**

Does the subject matter consider the interactions between environmental, social, and economic aspects of sustainable development to support long-term sustainable outcomes? |  |  |  |
| 1. **Commitments**
 | * 1. **International and national.** Does the subject matter relate to any international environment and sustainable development commitments? (See [Appendix 5](http://cmsprd.oag-bvg.gc.ca/intranet/audit/1587_e.shtm#app5) of the Environment and Sustainable Development Guide.) Or does it relate to any national commitments? If “Yes,” please identify them in the Comments column.
 |  |  |  |
| * 1. **United Nations’ Sustainable Development Goals.** Does the subject matter relate to any of the [Sustainable Development Goals](https://unstats.un.org/sdgs/indicators/indicators-list/)? If “Yes,” identify the associated goals, targets, and indicators in the Comments column. (Performance audit teams should refer to the Audit Report Submission. For more information, see [page 5](file:///C%3A%5CUsers%5Ccurtisan%5CDocuments%5CDE%20Methodology%5CDE%20Manual%20Sections%5CGender%20equity%20diversity%20inclusion%5CPROXI-#2178706-v1-IS-GBAPLus-ESD_-_Guide_-_Integrating_SDGs_in_DE_-_FINAL_VERSION_-_Dec_2022_.DOCX) of Practical Guidance: Integrating Sustainable Development Goals into Direct Engagements.)

Canada tracks its progress toward international indicators through the [Global Indicator Framework for the Sustainable Development Goals Data Hub](https://www144.statcan.gc.ca/sdg-odd/index-eng.htm). |  |  |  |
| * 1. **Canadian Indicator Framework.** Does the subject matter relate to commitments in [Canada’s 2030 Agenda National Strategy](https://www.canada.ca/en/employment-social-development/programs/agenda-2030/moving-forward.html) and targets under the [Canadian Indicator Framework for the Sustainable Development Goals Data Hub](https://sdgcif-data-canada-oddcic-donnee.github.io/)? If “Yes,” identify them in the Comments column.
 |  |  |  |
| * 1. **Federal Sustainable Development Strategy.** Does the subject matter relate to any of the current 2022 to 2026 [Federal Sustainable Development Strategy](https://www.fsds-sfdd.ca/en) commitments or the audited entities’ sustainable development strategy commitments? (For more information, see [Appendix 3](http://cmsprd.oag-bvg.gc.ca/intranet/audit/1587_e.shtm#app3) of the Environment and Sustainable Development Guide.) If “Yes,” identify them in the Comments column.
 |  |  |  |
| 1. **Financial assistance**

If the subject matter involves grants, contributions, loans, or any other form of financial assistance, could activities or initiatives that benefit from this funding have environmental or sustainable development effects? (For more information, see [Appendix 3](http://cmsprd.oag-bvg.gc.ca/intranet/audit/1587_e.shtm#app3) of the Environment and Sustainable Development Guide.) |  |  |  |
| 1. **Environmental petitions (for performance audit only)**

Have entities responded to environmental petitions related to the subject matter?Environmental petitions submitted to the OAG by Canadian residents and the responses from departments and agencies to these petitions are published in the [Petitions Catalogue](http://www.oag-bvg.gc.ca/internet/English/pet_fs_e_929.html) and can be searched in the [dashboard](https://www.oag-bvg.gc.ca/internet/English/pet_fs_e_39913.html) on the OAG’s website. For more information, see [Appendix 3](http://cmsprd.oag-bvg.gc.ca/intranet/audit/1587_e.shtm#app3) of the Environment and Sustainable Development Guide. |  |  |  |
| 1. **So what**

Is it possible that environment and sustainable development will be a “so what” or “why so” of any possible adverse finding? |  |  |  |

Note: Consultation with the Internal Specialist, Environment and Sustainable Development, is mandatory. Continue the assessment below.

**Step 2. Consultation with the Internal Specialist, Environment and Sustainable Development**

Document your consultation with the Internal Specialist. [Hyperlink to related consultation documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**2—Gender, Equity, Diversity, and Inclusion**

For more information, consult [Practical Guidance: Integrating Gender, Equity, Diversity, and Inclusion Into Direct Engagements—A Gender‑Based Analysis Plus Approach](http://cmsprd.oag-bvg.gc.ca/intranet/audit/documents/Guidance-on-Gender-and-EDI-EN-%28Dec-2022%29.pdf).

Note: It is mandatory for performance audit and special examination teams to consult the Internal Specialist, Gender, Equity, Diversity, and Inclusion.

|  |  |  |  |
| --- | --- | --- | --- |
| Step 1. Risk-screening questions | Yes | No | **Document your answer** (whether the answer is “Yes” or “No”) |
| 1. Are there populations at risk of experiencing inequities or disparities within the subject matter? (Consider human resource management, contracting activities, service delivery, and financial assistance.)

If Sustainable Development Goal 5 (Gender Equality) or Sustainable Development Goal 10 (Reduced Inequalities) is key to this audit, the answer should be “Yes.” |  |  |  |
| 1. Are disaggregated data about relevant factors available on populations?
 |  |  |  |
| 1. Does the subject matter relate to any commitments or requirements to use gender-based analysis plus (GBA Plus) or to consider gender, equity, diversity, and inclusion?

For example, legislation, government priorities, calls to action, policies, or international commitments. |  |  |  |
| 1. Has GBA Plus been conducted by entities on the subject matter?
 |  |  |  |
| 1. Is it possible that issues related to GBA Plus or to gender, equity, diversity, and inclusion will be part of a “so what” or “why so” of any possible adverse audit finding?
 |  |  |  |
| 1. Based on planning procedures, is GBA Plus or gender, equity, diversity, and inclusion particularly important to the subject matter?
 |  |  |  |

Note: Consultation with the Internal Specialist, Gender, Equity, Diversity, and Inclusion, is mandatory. Continue the assessment below.

**Step 2. Consultation with the Internal Gender, Equity, Diversity, and Inclusion**

Document your consultation with the Internal Specialist. [Hyperlink to related consultation documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**Completion of the following sections is optional.** Audit teams should use their professional judgment to determine whether consultations with internal specialists would help them identify and assess risks in the planning phase.

According to OAG policy, consultations with internal specialists shall take place, as necessary, when dealing with difficult or contentious matters or other matters requiring specialized knowledge or experience. The audit team shall identify the need for consultation at the planning phase, where possible, or as soon as it identifies an issue.

**3—Compliance With Authorities**

|  |  |  |  |
| --- | --- | --- | --- |
| Step 1. Risk-screening questions | Yes | No | Comments  |
| 1. Is there any indication that the entity or subject matter does not have the control mechanisms in place to identify and ensure compliance with key authorities?

(For example, enabling legislation, the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, entity by‑laws and articles of incorporation, ministerial directives, and other acts and regulations under the responsibility and authority of the entity.) |  |  |  |
| 1. Has there been new authority (or amended authority) at either the entity or subject-matter level?
 |  |  |  |
| 1. Has there been recent non‑compliance with authorities at either the entity or subject-matter level?
 |  |  |  |
| 1. Has there been any known or possible abuse related to remuneration, travel, hospitality, annual leave, and so on at the level of senior management, board of directors, or departmental audit committee?
 |  |  |  |
| 1. Is it possible that issues related to compliance with authorities will be part of a “so what” or “why so” of any possible adverse audit finding?
 |  |  |  |
| 1. Based on planning procedures, is compliance with authorities particularly important to the subject matter?
 |  |  |  |

If all answers above are “No,” do not proceed any further with this functional area.

**Step 2. Risk identification**

If the answer to any screening question in Step 1 is “Yes” and if, in the team’s professional judgment, consultation would be appropriate, the team should consider consulting the relevant internal specialist. Consultations must be documented.

Did the engagement team consult an internal specialist? [ ]  Yes [ ]  No [If the team consulted an internal specialist, summarize the results of this consultation here or insert a hyperlink to the documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**4—Data Analytics and Statistical Analysis**

|  |  |  |  |
| --- | --- | --- | --- |
| Step 1. Risk-screening questions | Yes | No | Comments  |
| 1. Does the program or subject matter being audited rely on extracting, consolidating, analyzing, or interpreting data?
 |  |  |  |
| 1. Are there any concerns about the quality and reliability of data to be used for the audit?
 |  |  |  |
| 1. Does the program or subject matter being audited rely on any form of statistical analysis or modelling, or research methodology in its operations or reporting?
 |  |  |  |
| 1. Is it possible that issues related to data and statistical analysis will be part of a “so what” or “why so” of any possible adverse audit finding?
 |  |  |  |
| 1. Has the team considered the potential benefit of data analytics or population-based analyses?
 |  |  |  |

If all answers above are “No,” do not proceed any further with this functional area.

**Step 2. Risk identification**

If the answer to any screening question in Step 1 is “Yes” and if, in the team’s professional judgment, consultation would be appropriate, the team should consider consulting the relevant internal specialist. Consultations must be documented.

Did the engagement team consult an internal specialist? [ ]  Yes [ ]  No [If the team consulted an internal specialist, summarize the results of this consultation here or insert a hyperlink to the documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**5—Economic Analysis**

|  |  |  |  |
| --- | --- | --- | --- |
| Step 1. Risk-screening questions | Yes | No | Comments  |
| 1. Does the program or subject matter being audited rely on economic analysis, economic data, cost-benefit considerations, or economic projections?

(For example, do key objectives of the program or initiative being audited include promoting economic and social well-being, fostering economic growth or development or trade, achieving income equity, ensuring financial sustainability of the initiatives (affordability in the long run), reducing the effects of regulations or compliance, or addressing market failure issues?) |  |  |  |
| 1. Is it possible that issues related to economic analysis will be part of a “so what” or “why so” of any possible adverse audit finding?
 |  |  |  |
| 1. Based on planning procedures, is economic analysis particularly important to the subject matter?
 |  |  |  |

If all answers above are “No,” do not proceed any further with this functional area.

**Step 2. Risk identification**

If the answer to any screening question in Step 1 is “Yes” and if, in the team’s professional judgment, consultation would be appropriate, the team should consider consulting the relevant internal specialist. Consultations must be documented.

Did the engagement team consult an internal specialist? [ ]  Yes [ ]  No [If the team consulted an internal specialist, summarize the results of this consultation here or insert a hyperlink to the documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**6—Human Resource Management**

For more information, consult the guides for performance audits and special examinations on [performance management](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/25102_ENC_HTML_PROD.shtm), [psychological health and safety in the workplace](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/25103_ENC_HTML_PROD.shtm), [recruitment and retention](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/25104_ENC_HTML_PROD.shtm), [strategic human resource planning](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/25105_ENC_HTML_PROD.shtm), [compensation](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/25108_ENC_HTML_PROD.shtm), and [learning, training, and development](http://cmsprd.oag-bvg.gc.ca/intranet/performance-audits/25110_ENC_HTML_PROD.shtm).

|  |  |  |  |
| --- | --- | --- | --- |
| Step 1. Risk-screening questions | Yes | No | Comments  |
| 1. Are there any indicators of problems related to human resource management? For example,
* a lack of sufficient qualified, productive staff (which could be caused by a difficulty finding people with specialized skills, poor recruitment practices, turnover, inadequate training, inadequate compensation, or high absenteeism)
* poor employee relations (for example, poor communication or a disconnect between management and staff, grievances, or harassment cases)
* poor working conditions (for example, an inappropriate work environment or significant workplace accidents or injuries)
* values and ethics concerns
 |  |  |  |
| 1. Is it possible that issues related to human resource management will be part of a “so what” or “why so” of any possible adverse audit finding?
 |  |  |  |
| 1. Based on planning procedures, is human resource management particularly important to the subject matter?
 |  |  |  |

If all answers above are “No,” do not proceed any further with this functional area.

**Step 2—Risk identification**

If the answer to any screening question in Step 1 is “Yes” and if, in the team’s professional judgment, consultation would be appropriate, the team should consider consulting the relevant internal specialist. Consultations must be documented.

Did the engagement team consult an internal specialist? [ ]  Yes [ ]  No [If the team consulted an internal specialist, summarize the results of this consultation here or insert a hyperlink to the documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**7—Information Management and Information Technology—Direct Engagements**

For more information, consult the [Auditing Information Management and Information Technology](http://localhost/intranet/audit/21293_ENC_HTML_PROD.shtm) guide.

|  |  |  |  |
| --- | --- | --- | --- |
| Step 1. Risk-screening questions | Yes | No | Comments  |
| 1. Does the entity specifically rely on information management or information technology systems for the subject matter or for the management of information?
 |  |  |  |
| 1. Are there any known information management or information technology issues (for example, legacy systems, known deficiencies, or systems under development)?
 |  |  |  |
| 1. Is it possible that issues related to information management or information technology will be part of a “so what” or “why so” of any possible adverse audit finding?
 |  |  |  |
| 1. Based on planning procedures, is information management or information technology particularly important to the subject matter?
 |  |  |  |

If all answers above are “No,” do not proceed any further with this functional area.

**Step 2—Risk identification**

If the answer to any screening question in Step 1 is “Yes” and if, in the team’s professional judgment, consultation would be appropriate, the team should consider consulting the relevant internal specialist. Consultations must be documented.

Did the engagement team consult an internal specialist? [ ]  Yes [ ]  No [If the team consulted an internal specialist, summarize the results of this consultation here or insert a hyperlink to the documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**8—Official Languages**

Part VII of the Official Languages Act requires all federal entities to take positive measures to enhance the vitality of English and French linguistic minority communities and foster the full recognition and use of both languages in Canadian society. As a result, auditors need to consider whether the audit can contribute to these obligations as part of its scope. For more information, see the [Official Languages Act](http://laws-lois.justice.gc.ca/eng/acts/O-3.01/). Note: Legal Services is considered the internal specialist in this context.

|  |  |  |  |
| --- | --- | --- | --- |
| Step 1. Risk-screening questions | Yes | No | Comments  |
| 1. If the subject matter includes services to the public, is there any indication of inadequate support for both official languages under Part IV of the *Official Languages Act*?
 |  |  |  |
| 1. Is there any indication that, in relation to the subject matter, requirements under Part VII of the act are not being met?
 |  |  |  |
| 1. Is there any indication, in relation to the subject matter, that the act’s requirements (other than Part IV or Part VII above) are not being met?
 |  |  |  |
| 1. Is it possible that issues related to official languages will be part of a “so what” or “why so” of any possible adverse audit finding?
 |  |  |  |
| 1. Based on planning procedures, are official languages particularly important to the subject matter?
 |  |  |  |

If all answers above are “No,” do not proceed any further with this functional area.

**Step 2—Risk identification**

If the answer to any screening question in Step 1 is “Yes” and if, in the team’s professional judgment, consultation would be appropriate, the team should consider consulting the relevant internal specialist. Consultations must be documented.

Did the engagement team consult an internal specialist? [ ]  Yes [ ]  No [If the team consulted an internal specialist, summarize the results of this consultation here or insert a hyperlink to the documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**9—Values and Ethics**

For more information, consult the [Wrongdoing and Fraud Risks](http://cmsprd.oag-bvg.gc.ca/intranet/audit/1567_ENC_HTML_PROD.shtm) guide.

|  |
| --- |
| Step 1. Risk-screening questions | Yes | No | Comments  |
| 1. Are there values and ethics risks inherent in the subject matter?
 |  |  |  |
| 1. Have there been recent issues relating to values and ethics at the entity or subject-matter level?
 |  |  |  |
| 1. Is it possible that issues related to values and ethics will be part of a “so what” or “why so” of any possible adverse audit finding?
 |  |  |  |
| 1. Based on planning procedures, are values and ethics particularly important to the subject matter?
 |  |  |  |

If all answers above are “No,” do not proceed any further with this functional area.

**Step 2—Risk identification**

If the answer to any screening question in Step 1 is “Yes” and if, in the team’s professional judgment, consultation would be appropriate, the team should consider consulting the relevant internal specialist. Consultations must be documented.

Did the engagement team consult an internal specialist? [ ]  Yes [ ]  No [If the team consulted an internal specialist, summarize the results of this consultation here or insert a hyperlink to the documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]

**10—Fraud**

For more information, consult the [Wrongdoing and Fraud Risks](http://localhost/intranet/audit/1567_ENC_HTML_PROD.shtm) guide.

Reminder: This checklist relates to identifying the risks of wrongdoing and fraud during the planning phase of an audit. If at any point during the audit, the audit team feels that it has identified possible wrongdoing or fraud, it must consult the Internal Specialist, Fraud.

|  |  |  |  |
| --- | --- | --- | --- |
| Step 1. Risk-screening questions | Yes | No | Comments (as needed)  |
| 1. Are there internal or external fraud risks inherent in the subject matter?
 |  |  |  |
| 1. Has there been a recent fraud risk assessment at either the entity or subject-matter level?
 |  |  |  |
| 1. Is there an anti-fraud program in place at either the entity or subject-matter level?
 |  |  |  |
| 1. Based on planning procedures, is fraud particularly important to the subject matter?
 |  |  |  |

If all answers above are “No,” do not proceed any further with this functional area.

**Step 2—Risk identification**

If the answer to any screening question in Step 1 is “Yes” and if, in the team’s professional judgment, consultation would be appropriate, the team should consider consulting the relevant internal specialist. Consultations must be documented.

Did the engagement team consult an internal specialist? [ ]  Yes [ ]  No [If the team consulted an internal specialist, summarize the results of this consultation here or insert a hyperlink to the documentation.]

**Risk for further consideration?** [ ]  Yes [ ]  No [If you identified potential risks, ensure that they are incorporated in Column A of the Risks and Controls Assessment Template.]