

**CANADA – MANITOBA**  
**CANADA STRATEGIC INFRASTRUCTURE FUND**  
**AGREEMENT FOR THE EXPANSION OF THE MANITOBA FLOODWAY**  
**2003-2004 / 2008-2009**

**SCHEDULE E - AUDIT FRAMEWORK**

***E.1 Purpose***

E.1.1 The purpose of the audit framework is to provide independent and objective assurances that:

- systems and procedures are in place to ensure that the management process has regard to the terms and conditions of the Agreement, and to ensure that the financial assistance is granted for Project Components that met the eligibility criteria and the applicable obligations or requirements; and
- disbursements are supported by a rigorous process that has regard to risk management and that verifies that the eligibility requirements are complied with and the costs incurred are allowable.

***E.2 Audit objectives***

E.2.1 The objectives of audits conducted under this Agreement are as follows:

- to determine whether funds have been disbursed for the agreed purposes, by examining the payment approval process, including the nature and extent of the supporting documents, the accuracy of the information supplied in respect of claims for payment and the evidence of appropriate authorizations, and such other due diligence reviews as appropriate; and
- to ensure that prompt and timely corrective action is taken in response to audit findings.

***E.3 Roles and responsibilities***

E.3.1 The Agreement Oversight Committee shall approve the annual audit plans and the report of the audit findings, and shall ensure that prompt and timely corrective action is taken in response to the audit findings, including the recovery of funds, where applicable.

E.3.2 The Committee shall submit a copy of the audit plan, the audit report and, where applicable, the report on the remedial measures taken, if any, to Canada each year.

E.3.3 The Authority will be responsible for ensuring that all audits required under the Agreement are carried out and will pay all audit costs, except for those audits specified in Section 9.4.

***E.4 Audit plan***

E.4.1 The Committee shall ensure that an annual audit plan is drawn up and includes the following components:

- the audit objectives to be achieved for the year in question;
  - the nature of the risks or issues to be addressed in the audit;
  - the report of audit findings;
  - the timetable for audit reports;
  - the timetable for responding affectively to audit findings;
  - the audit methodology; and
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- the level of resources.

- E.4.2 The Committee shall ensure that the annual audit report is available to the public on request. In addition, pursuant to the Treasury Board of Canada's audit policy, the federal co-chair shall ensure that the results of and response to any available audits are provided to the public on request.
- E.4.3 Any audit conducted within the framework of this Agreement shall be done in accordance with accepted auditing standards such as the rules of the Canadian Institute of Chartered Accountants.