relate to other management control systems. Generally, financial audits by departmental auditors and the Audit Services Bureau are undertaken by personnel who have had auditing training.

12.18 The gulf between financial and other audits is even greater when departments engage the Audit Services Bureau to conduct financial audits. When these audits are undertaken by auditors who are not part of the department, such as Audit Services Bureau staff, co-ordination of all audit work as well as reviews of audit findings and departmental follow-up tend to get less attention.

12.19 **Operational audits.** Operational auditors generally have quite varied backgrounds, but do not necessarily have training in auditing as a discipline. The areas they audit depend to a large extent on their skills and interests, as well as the interests of the persons to whom they report. Operational audit groups tend to be established at more senior levels and they sometimes report to deputy ministers even when the financial audit group does not. Although the Audit Services Bureau has established a capability to provide operational audit services to departments, departmental staff conducts most operational audits.

12.20 **Program evaluation.** Resources devoted to planning and evaluation have grown greatly in recent years. With the encouragement of the Treasury Board, most departments have created separate units which combine planning and evaluation activities. We did not review these groups in the same depth as audit units but generally they are staffed with persons who, despite having excellent academic qualifications, have little or no training in auditing. As a result, the policy planning side of their responsibilities receives most attention while evaluation has been spasmodic and the disciplined approach, characteristic of trained auditors, is frequently lacking. It is also questionable whether they can objectively evaluate plans they have been instrumental in creating or reviewing.

12.21 **Use of Audit Services Bureau.** Of the approximately $50 million departments spend on auditing each year, about $20 million is contracted out primarily to the Audit Services Bureau of the Department of Supply and Services. The origin of the Bureau was outlined earlier in this Chapter.

12.22 Departmental reliance on the Audit Services Bureau tends to restrict their initiative in integrating all internal audit activities. Although there may be a requirement for a central agency to provide audit services to departments on an occasional basis, we believe that auditing is an inherent responsibility of the department and that each department should establish a well balanced and competent internal audit group capable of carrying out a comprehensive audit.