



Dashboard

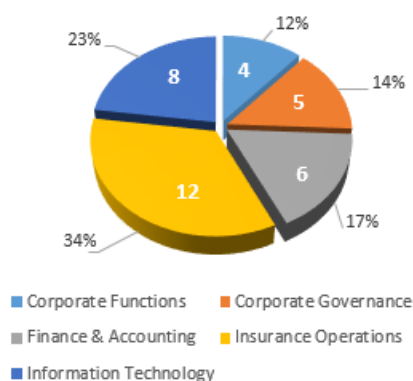
March 15, 2017

Overview of Audit Plan and Plan Changes

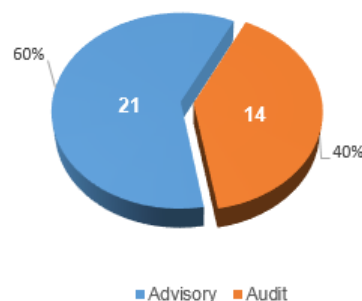
The OIA follows a risk-based approach in developing and monitoring progress for delivery of the audit plan. As we reassess our understanding of risk within the organization and consider operational challenges, we re-examine our plan, thereby confirming that it continues to provide the expected assurance and that audit resources remain appropriately focused. We plan for a broad coverage and appropriate balance between assurance and advisory engagements which will add value.

2017 Audit Plan	
2016 Carry Over	5
Planned	32
Unplanned	0
Investigations Added	0
Completed	6
Draft Issued	0
In Progress	5
Deferred/Canceled /Combined	2
Total Remaining	24

2017 Audit Plan by Area



Audit Plan by Engagement Type



Since the previous meeting, we assessed the overall plan coverage for 2017 to remain adequate and opted to cancel two engagements. No engagements were added.

Changes to Audit Plan			
Engagement	Type	Status	Comments
Policyholder Disbursements	Audit	Cancelled	Area was thoroughly covered during the 2016 Market Conduct Exam conducted by the OIR. There were no exceptions noted in their report.
Claims Adjustor Resource Validation	Advisory	Cancelled	Advisory is being cancelled as there has been significant progress with this project moving forward during Q1. Under the currently developed plan there was no advisory work needed.



Office of the Internal Auditor

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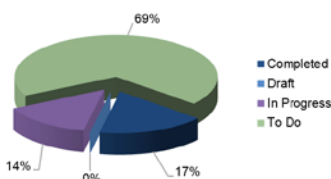
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Progress Against Plan

The following graph represents progress to date on the audit plan and represents 35 engagements scheduled for completion in 2017, of which 6 engagements were completed, 5 in progress, and 24 are not yet started.

Plan Progress	
Cancelled	2
Completed	6
Draft	0
In Progress	5
To Do	24
Total Engagements	35

Progress Against Audit Plan



Pending Engagements	
In Progress	
• Procurement	Audit
• Legal Billing & Litigation Expense Vendor Mgmt.	Audit
• Centerpoint Project Monitoring	Advisory
• Self-Service Strategy	Advisory
• Legislative Change Compliance	Advisory

Since the last meeting, we completed three audit (assurance) and three advisory (consulting) engagements.

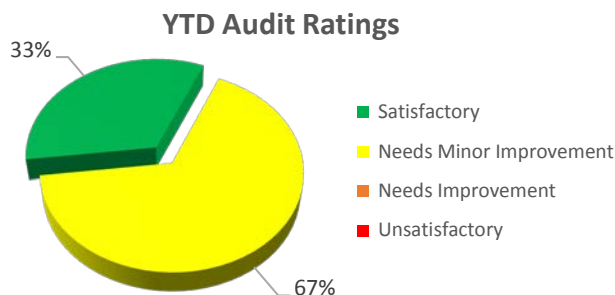
Audit Engagement	Rating	Key Observations
Privacy		Generally effective with some maturing still necessary.
Underwriting Quality Assurance		Generally program strengths with some work pending.
Citizens Insurance Suite Access		Provisioning processes are well managed with some process improvements identified.

Legend

- Satisfactory
- Needs Minor Improvement
- Needs Improvement
- Unsatisfactory

Advisory Engagements Completed
Citizens Insurance Suite Monitoring
IT Governance
Building Consolidation

YTD Audit Ratings	
Satisfactory	1
Needs Minor Improvement	2
Needs Improvement	0
Unsatisfactory	0





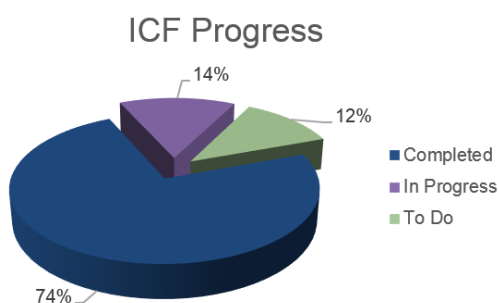
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Internal Control Framework

The Citizens Internal Control Framework initiative is progressing well with the completion of 31 process and control reviews, and 6 reviews in progress. This represents 88% of the total number of process reviews either completed or in progress. To date we documented 80 primary controls and, together with respective process owners, completed the relevant control scripts. In addition to documenting control scripts, testing procedures were created and light testing was performed as part of each processes review.

ICF Progress	
Completed	31
In Progress	6
To Do	5
Total Engagements	42



This following table represents the ICF plan by Functional area. System and Operations has the most process assessments to be completed during 2017. This is mainly due to the fact that the CST team has operated a majority of the project without a resource to review the IT General Controls area. This resource has now been secured and we are actively working with management to ensure that the remaining processes are completed within the expected timeline. The finance and accounting process reviews completed were rescheduled to coincide with the CenterPoint project roll-out.

Analysis of Process Reviews by Function

# Processes	Human Resources	Financial Services	Operations	Claims	Legal	Underwriting & Agency Services	Legislative & External Affairs	Corporate Governance	Information Technology
12									
11									
10									
9									
8									
7									
6									
5									
4									
3									
2									
1									

Legend:

- Process Completed
- Process in Progress
- Process not Started

COBIT 5 - TBD



Dashboard

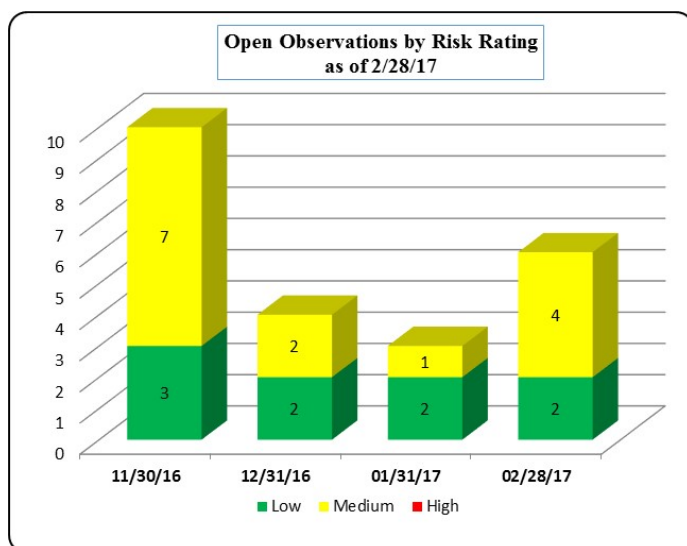
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Control Deficiency Resolution

As of March 1, we are tracking six open observations. Since the last Committee, three new observations were added while one observation was resolved and closed. Overall, open items receive adequate business focus and implementation of agreed corrective action is well managed. There are currently no high rated observations outstanding. There are seven action plans (covering three observations) scheduled to be completed in March while the remainder of the action plans are scheduled to be completed by July. The following table provides an analysis of Open Audit Observations recorded as of February 28, 2017 compared to the previous four quarters.

2016-2017 Open Observations Metrics						
	Q1 2016	Q2 2016	Q3 2016	Q4 2016	January 2017	February 2017
Open	16	15	18	14	4	3
Closed	10	10	12	12	1	0
Risk Acceptance	0	0	0	0	0	0
New	9	13	8	2	0	3
Remaining	15	18	14	4	3	6

The following charts provide additional information related to the number of open observations generated from the corresponding audit reports including observation ratings, source of observation and year reported.



Observations by Rating @ 2/28/17			
High	Medium	Low	TOTAL
0	4	2	6

Observations by Audit Year @ 12/28/17			
2015	2016	2017	TOTAL
0	3	3	6

Observation Source @ 2/28/17	
OIA	6
External Auditor	0
Market Conduct - OIR	0
Auditor General	0
TOTAL	6



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Value & Staffing

Client Satisfaction

Client Satisfaction is a 360 measure of how the audit department is engaging its clients and the quality of the services provided. Year to date, the average score on post audit client surveys is 4.4 on a scale of 5.0.

External Quality Assurance Review

In line with the International Professional Practices Framework (IPPF), promulgated by The Institute of Internal Auditors, we contract within a five year cycle period with an external consultant to perform an independent Quality Assurance Review (QAR). In 2014 CliftonLarsonAllen LLP conducted the QAR and rated the compliance with the IPPF as “Generally Conforms” which is the highest possible rating available. All recommendations from this review were considered and implemented.

Staffing update

Following the last meeting we revisited the staffing composition and opted not to hire a Director of Enterprise Risk. After an extensive staffing search it was agreed that Citizens will be better served should we staff the function with two dynamic well qualified persons, one skilled in strategic risk and one skilled in operational risk. We are now recruiting to fill manager positions in Enterprise Risk and Forensic Audit. We have seconded an Audit Manager to fulfill the role of Internal Control Manager and do not intend to fill that vacancy. We are dedicated to the professional development of staff to ensure continuous growth of knowledge, skills and other competencies throughout the year. Which is evidenced by 92% of the staff holding at least one professional certification.

	Budgeted	Filled	Open
Chief of Internal Audit	1	1	0
Internal Audit	10	9	1
Leadership (Directors)	2	2	0
Team	8	7	1
Internal Control Framework	3	2	1
Leadership (Manager)	1	0	1
Team	2	2	0
Enterprise Risk Management	3	1	2
Leadership (Director)	1	0	1
Team	2	1	1
Administrative	1	1	0
Total	18	14	4

