

Exhibit 10. Canada Revenue Agency and ERM?

Utilizing a "Two-Headed Monster" administering an alleged ERM program couched in a convoluted "Treasury Board" definition/direction and administration of "**Enterprise Risk Management**"? (Please don't let the title fool you.... **TBS** version IS NOT "**Enterprise Risk Management**" (ERM)!

(Please refer to **Ernst & Young LLP(EY)** report dated July 15, 2014- (most recent (??) report?) [at this link](#).

It's rather apparent that the "two heads" are represented by 2 distinct "risk" administrations:

- The **Corporate Risk Management** (CRM)
- The **Risk Management Centre of Expertise** (CoE)

This "structuring" is a recipe for "**Silo creation**" that the international standard **ISO 31000** is attempting to discourage!! (Duplications of effort, conflicting objectives and wasted financial resources.)

And.....it gets worse, the "parent" of this two-headed "monster" is none other than the **Treasury Board Secretariat** who dictates generally the "marching orders" anytime the word "risk" is involved!

(**ISO 31000** be darned! It's reference to the universal standard in this report and as utilized by "Treasury", "ERM" is in name only and not in substance as demonstrated in my submission in various references and brief reference to the "Treasury Board Secretariat". It also demonstrates that poor risk management creates more risks! **WJP**)

(Please note also an opening passage from the "Ernst & Young" report:

"... This report was prepared for the CRA, and as such any third parties who may wish to make use of it **do so entirely at their own risk.** The management action plans incorporated in this report reflect management's response to the findings and recommendations from the internal audit, **and have not been assessed by EY...**"

("Do so at their own risk..."?? and "have not been assessed by EY" ???? - some validation!!! - (However, I don't blame EY for rightly qualifying their findings!! **WJP**)

Copy of summary by Ernst and Young July 14, 2014

Mr. Bill Jones
Deputy Commissioner
Canada Revenue Agency
555 MacKenzie Avenue
Ottawa, Ontario K1A 0L5
Canada

16 July 2014

Internal Audit of Enterprise Risk Management

Dear Mr. Jones:

Please find enclosed our **internal audit** report on **enterprise risk management** for the Canada Revenue Agency (CRA). The examination phase of this internal audit was conducted between February and April **2014**.

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Internal Auditing Standards for the Government of Canada. **This report was prepared for the CRA, and as such any third parties who may wish to make use of it do so entirely at their own risk.** The management action plans incorporated in this report reflect management's response to the findings and recommendations from the internal audit, and have not been assessed by EY.

We would like to extend our thanks to the many senior executives and Agency staff who cooperated with us in performing this audit; it was a pleasure working with your team. Please do not hesitate to contact the undersigned if you would like to discuss any aspect of this report.

Sincerely,

Bill Kessels, CPA, CA, CIA
Partner
613-598-4830
bill.kessels@ca.ey.com

WJP Observations:

1. An internal report only is the basis? **No external review by the auditor general?**
2. Readers of this report **do so at their own risk?**
3. Management's response **to the "internal audit only?"**
4. **No reference whatsoever to the practice and interpretation of ERM by other entities utilizing ISO 31000??!**
5. **Has this report been submitted to Parliament for scrutiny or review?** No evidence available that it has-
6. **Treasury Board Secretariat** has provided **formal direction** to Government Departments to implement risk management as laid out by them- **Where is the evidence that it, "Treasury" has followed up implementation of their instructions or conducted periodic formal reviews of implementation by departments(ministries)?**

WJP

Other important extracts from the main report- with WJP comments:

".....Although the **ERM** Policy outlines these to be the responsibilities of various stakeholders with the Agency, it was noted that the Policy does not explicitly state that the Commissioner and CEO has delegated their assigned accountabilities from Treasury Board through the ERM Policy...."

WJP-Just who is responsible??? **ERM IS NOT applied by TBS by definition and its description is merely a "subset" of the ERM requirements. Did the "auditors" miss this point when referring to "ERM" throughout its report?**

"... The Agency does not have a documented ERM framework that outlines all the activities that support enterprise risk management in the organization; however, the key elements of an ERM framework are in place..."

WJP – Outright acknowledgement that the TBS version "Integrated Risk Management" IS NOT "ERM" AND mere "key elements" is TOTALLY UNACCEPTABLE and adds to the total confusion that ensued with the CRA appearing to be the ONLY government department to employ this defective TBS version of "risk management".

".....It is noteworthy that the CRA's US counterpart, the Internal Revenue Service (IRS), recently appointed a Chief Risk Officer to lead their ERM program similar to the one CRA has in place..."

WJP- It's more "noteworthy" that the BC government has taken the initiative to enhance its ERM program to a level achieved no where else in Canada by removing the overall ERM responsibility from its Finance Department to a specially focussed risk agency within the government. (Please refer to "Exhibit 9"). It's also noted that in that Province the "Auditor General" oversees the "stewardship" of the "agency" program and reports to the BC General Assembly- not to its "treasury" department nor to its cabinet- a process badly needed at the Federal level of Government.