

Disclosure Controls and Procedures

Questionnaire

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The Canadian Institute of Chartered Accountants (CICA) – Risk Management and Governance Board has developed the following questionnaire to gather information from Canadian public corporations on the subject of Disclosure Controls and Procedures. The results will be used by the CICA to assist with the development of a document that will provide guidance for organizations across Canada in the design and implementation of Disclosure Controls and Procedures.

Based on research to date, the attached series of questions have been compiled, which address issues that repeatedly arise in the context of the design and implementation of Disclosure Controls and Procedures (DCP). You may or may not be in the process of addressing these issues, depending on the existing systems and internal control over financial reporting within your organization. There is no one-size-fits-all solution to DCP, hence the contents of this questionnaire will not be applicable in all cases.

CONFIDENTIALITY — The results of the interview and questionnaire will be held completely confidential. There will be no reference to participating organizations, or individuals with whom we meet, without prior authorization.

We sincerely thank you for your participation in this project.

Participant	
Company:	_____
Date of Interview:	_____
Contact Name:	_____
Position/Title:	_____
Role in DCP:	_____

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Definition of Disclosure Controls and Procedures

According to MI 52-109, “Disclosure Controls and Procedures” means:

“controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is accumulated and communicated to the issuer’s management, including its chief executive officers and chief financial officers (or persons who perform similar functions to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure”

Note that the above definition highlights two major components:

1. Information required to be disclosed is **recorded, processed, summarized** and **reported** within the time periods specified.
2. Information to be disclosed is accumulated and communicated to the issuer’s management to **allow timely decisions** regarding required disclosure.

Certification Requirements related to Disclosure Controls and Procedures

- *Paragraph 4 Annual and Interim* – CEO/CFO are responsible for **establishing** and **maintaining** their company’s disclosure controls and procedures.
- *Paragraph 4(a) Annual and Interim* – They have **designed** or caused to be designed under supervision such Disclosure Controls and Procedures to ensure that **material information** relating to the issuer and its **consolidated subsidiaries** is made known to them particularly during the period in which the filing is being prepared.
- *Paragraph 4(c) Annual Only* – That they have **evaluated** the **effectiveness** of their Disclosure Controls and Procedures as **at the end** of the period.
- *Paragraph 4 (c) Annual Only* – That they have caused the issuer to **disclose** in the MD&A their **conclusions** about the effectiveness of the company’s Disclosure Controls and Procedures based upon their evaluation of them.

A. Overview – Disclosure Controls and Procedures

1. Based on your understanding of Disclosure Controls and Procedures, please comment on how they have impacted, or are expected to impact, your company (i.e., resource commitment, start-up costs, ongoing costs, audit fees, IT and other systems changes, documentation, personnel changes, improvement opportunities, etc.).

2. With respect to the ways Disclosure Controls and Procedures will impact your company, please comment on your assessment of the immediate/short-term impact versus the longer term and ongoing impact.

3. How, if at all, do you differentiate between ‘Disclosure Controls and Procedures’ and ‘Internal Control over Financial Reporting’?

B. Control Environment

General

1. Would you describe the existing systems of control within your company as centralized or decentralized? Please explain.		
2. To what extent did your company's existing internal control over financial reporting impact the establishment of your company's Disclosure Controls and Procedures? Please select one.		
<ul style="list-style-type: none"> • Major new initiative – little use of existing controls • Significant changes to existing controls • Enhancements to existing controls • Little change necessary – existing controls are adequate 		
Please comment.		
3. As your company develops Disclosure Controls and Procedures, to what extent are they integrated with internal control over financial reporting?		
4. Has your company developed and documented a Corporate Code of Conduct?	YES	NO
5. How was the Code of Conduct developed and communicated across the organization?		
6. How does the company's whistle-blower policy interact with the company's Disclosure Controls and Procedures?		

Disclosure Policy

7. Does your company have a documented Disclosure Policy?	YES	NO
8. Please describe the steps that were taken to develop the Disclosure Policy and when it was first developed.		
9. How did you communicate your Disclosure Policy to relevant employees?		
10. How often is your Disclosure Policy modified? When was it last modified?		
11. If your company does not currently have a Disclosure Policy, are you intending to develop one?		

Disclosure Committee

12. Has your company established a Disclosure Committee?	YES	NO
13. If yes, please provide some details on your company's Disclosure Committee. <ul style="list-style-type: none">• When and how it was created• Members• Mandate – level and assignment of responsibility• Internal reporting requirements to CEO/CFO/Audit Committee/Board• Communication with External Auditors• Follow-up processes• Documentation, record-keeping, minutes, recording of issues		

14. If no, do you intend to establish one?	YES	NO
15. Have you established an individual who coordinates all disclosure activities?	YES	NO
16. If yes, please provide some details on your company's Disclosure Coordinator (who, how selected, process for selection, documentation, communication, responsibilities, level of authority, to whom they report).		
17. If no, do you intend to establish one?	YES	NO
18. If there is neither a Disclosure Committee nor a Disclosure Coordinator, who is internally accountable for the completeness, timeliness, and reliability of your disclosures (both financial and non-financial) included in your filings and other external reporting?		

Roles and Responsibilities

19. Please briefly describe the roles and responsibilities, if any, of the following individuals or groups with respect to your Disclosure Controls and Procedures:
a) CEO (i.e., direct, oversight only, time commitment, communication, general tone)
b) CFO (i.e., direct, oversight only, time commitment, communication, general tone)
c) Other Senior Management
d) Investor Relations

e) Internal General Council/Legal
f) Internal Audit
g) Board of Directors/Audit Committee
h) External Audit
i) Key Advisers (i.e., law firms, consultants, etc.)
20. How have job descriptions at various levels been written or revised with respect to Disclosure Controls and Procedures?
21. How have responsibilities with respect to Disclosure Controls and Procedures been integrated into individual personnel performance and compensation processes?
22. Please describe what form(s) of training and communication has (have) occurred or will occur with respect to Disclosure Controls and Procedures.

C. Scope of Disclosure Controls and Procedures

General

	YES	NO
1. Do you have documented guidelines for Disclosure Controls and Procedures (i.e., an inventory of potential disclosure issues/requirements, time lines, roles and responsibilities of personnel, risk identification and assessment)?		
2. If you have a current list of filing requirements with a detailed timetable for all corporate reporting, how was this developed?		
3. If you have identified and documented an inventory or sample of potential material events, transactions, or issues of a financial and non-financial nature that would likely require disclosure to the public in accordance with existing rules and regulations, how was this developed?		
4. How do you identify, document, and respond to potential risk factors that could impact the disclosure process? (i.e., the risk of selective disclosure)		
5. What process is in place to review external information such as competitors' reports, analysts' reports and previous regulatory reports to determine any potential improvements to your company's disclosures?		
6. Please describe any significant differences between your internal management reporting and your external reporting. Describe what, if any, link is made between the two.		

Materiality

7. Do you have a documented process for the determination of materiality in the context of Disclosure Controls and Procedures that will be provided to all relevant financial and non-financial managers across the organization?	YES	NO
8. Please discuss how this process was developed (involvement of operational or entity level personnel, various jurisdictions, cumulative considerations, approval and communication process).		
9. How will materiality be determined for disclosure of financial information?		
10. How will materiality be determined for disclosure of non-financial information? Have you found this to be a challenge in any way? (For example, have senior managers indicated a concern about how to determine this?) Explain.		
11. What guidance will be given to business unit managers with respect to the identification of potential disclosure issues and their communication to the appropriate individual or group (i.e., Disclosure Committee) within the company?		
12. Who is responsible for making the decision on materiality?		
13. How will materiality decisions be documented?		

D. Disclosure Control Frameworks and Activities

General

<p>1. Is there a control framework (i.e., CoCo/COSO) that your company is using, or will use, in the context of Disclosure Controls and Procedures? If so, please describe.</p>
<p>2. Please describe how your Disclosure Controls and Procedures are integrated with your company's risk management system.</p>
<p>3. Please describe the IT control system or framework that your company uses (i.e., COBIT – Control Objectives for Information and related Technology). Describe the role of your IT system in your Disclosure Controls and Procedures.</p>
<p>4. What processes and procedures, if any, have you established or revised in order to enhance internal reporting (leading to improved flow of information, more effective and timely management decisions)?</p>
<p>5. Please describe your process for identifying trends and uncertainties that could impact disclosure requirements (within your business, industry, or the broader environment).</p>

Collection of Information

6. Do you have a documented process for gathering and summarizing information from the entire organization, including operations around the world/country (i.e., processes, roles and responsibilities of personnel, systems of collection, timeliness, management responsibility)?	YES	NO
Explain:		
7. What processes are currently in place to monitor activity at the operating levels to ensure appropriate personnel are informed on a timely basis of activity that could impact the consolidated reporting obligations?		
8. How do you confirm whether collected information is complete, accurate and being collected on a timely basis?		
9. How are business unit leaders or other individuals outside the finance department involved in collecting and preparing corporate information for reporting purposes?		
10. What tools do the operations and business unit leaders have in place to help them monitor their business for possible disclosure obligations?		
11. What consideration has been given to foreign business units that face unique cultural, legal, political, geographic and environmental issues?		

Evaluation of Information

12. Please describe the process for evaluating information collected to determine if and how it should be disclosed (i.e., who is responsible, process timelines, materiality, external information, meeting regulatory requirements).

13. Regarding the above-described process of evaluation would you say this occurs annually, quarterly, or on a continuous basis? Please comment.

14. How do you ensure information is adequately evaluated at the consolidated level to ensure cumulative or aggregated impact is considered in determining the necessary disclosure?

Disclosure of Information

15. Once all information is gathered and initial evaluation complete, how is the decision made as to what to disclose? Consider the decision process when some doubt may exist, as to whether or not to disclose.

16. Who is responsible for drafting disclosure information?

17. Upon initial completion of draft disclosure information what is the review process? Please address each section and indicate level of documentation.

a) Internal staff review

b) Management review

c) Board/Audit Committee

d) Legal (Internal and/or External)

e) Other (i.e., outside experts, advisers, consultants, etc.)

18. How do you monitor the accuracy of the information that is conveyed by or on behalf of the company in analyst calls, earnings estimate announcements, press releases, corporate website, and other public statements about the company?

19. What process is in place to determine required restrictions on business activities such as trading blackouts pending the release of new material information or sensitive information?

20. Please describe any routine low risk disclosures that would be addressed differently than disclosure of information with a perceived high risk (i.e., product marketing, promotional information).

Cascading / Sub-certification

21. Do you have or expect to have an internal sub-certification process?	YES	NO
22. If yes, please explain why your company has established this and how it was (or will be) implemented.		
23. Who will be required to provide such a sub-certification? Please describe the process for determining when management of an entity in which the company has a material investment will be required to provide a sub-certification.		
24. How, if at all, will you tailor the sub-certification to particular individuals, given that various people are or will be involved in providing information for each report?		
25. Please describe the process for determining when or if an external supplier company will be required to provide a sub-certification.		
26. Please describe the communication and training that will be provided for those sub-certifying, in order to ensure that they understand their responsibilities and requirements.		
27. Have any employees expressed concern about legal liability with respect to the sub-certification process?	YES	NO
28. If yes, how have you responded?		

E. Testing and Evaluation of Disclosure Controls and Procedures

<p>1. Please describe the process for testing and evaluation of Disclosure Controls and Procedures and in what way this is documented. (When? How often? Nature of testing, etc.) How have you developed confidence that the Disclosure Controls and Procedures are operating effectively?</p>
<p>2. Who is involved in the testing and evaluation of Disclosure Controls and Procedures? Briefly describe their roles and responsibilities.</p>
<p>3. What process exists to identify and report to appropriate individuals any deficiencies in design or operation of Disclosure Controls and Procedures? To whom will this information be reported?</p>
<p>4. What is the process of follow-up and remediation on deficiencies identified?</p>
<p>5. If applicable, what did you learn from your response to Section 404 of Sarbanes-Oxley that you have applied, or will apply, in the area of Disclosure Controls and Procedures (DCP)? In what way have you addressed DCP differently?</p>

F. Changes Resulting from an Increased Focus on Disclosure Controls and Procedures

<p>1. What changes, if any, have you made, or do you expect to make, to your company's disclosures as a result of Disclosure Controls and Procedures?</p> <p>a) MD&A</p> <p>b) AIF</p> <p>c) Other</p>
<p>2. What is the role of Investor Relations (or other group) in disclosure processes such as conference calls, press releases, 'webcasts', website postings, or other public sessions? (i.e., Do they script Q&As for executives, etc.?)</p>
<p>3. Please provide some examples of non-financial information that you believe will be necessary for disclosure.</p>
<p>4. What, if any, financial or non-financial information will be disclosed now, that was not previously being disclosed?</p>
<p>5. In what way, if any, have you changed your reporting with respect to risk?</p>
<p>6. Please describe (include how resolved) any issues or challenges that have been identified with respect to adequate information being provided to CEO/CFO in support of disclosure and certification decisions.</p>

G. Other

1. What benefits have been realized or do you expect to be realized as a result of the review/implementation of Disclosure Controls and Procedures?

2. Is there anything you believe has been critical for your organization in establishing Disclosure Controls and Procedures (i.e., criteria that must be considered)?

3. Do you have any additional comments? (i.e., why you consider Disclosure Controls and Procedures to be important).

H. Documentation Requested

Document	Exists	Does not exist	Copy provided
Code of Conduct			
Disclosure Policy			
Disclosure Committee Charter/Mandate			
Disclosure Coordinator Role and Responsibilities			
Guidelines on Disclosure (or similar)			
Inventory of Disclosure Requirements, time lines, responsibilities			
Materiality Policy and/or Guidelines			
Documented Process for Collection of Disclosure Information			
Documented Process for Evaluation of Disclosure Information			
Documented Process for Final Review of Disclosure Information			
Documented Process for Testing and Evaluation of Disclosure Controls and Procedures			