

# Internal Audit Planning Memorandum

TO: Stacy Schmidt, Head, Digital Delivery and Management  
Jamie Broadbent, VP, Digital  
Cory Gould, SVP and Chief Information Security Officer

CC: Jeff Wright, Group Head, Client Solutions and Specialty Businesses  
Azfar Karimuddin, EVP and Chief information Officer  
Kelly Martin, SVP and Chief Internal Auditor  
Michael Lasic, VP & Deputy Chief Internal Auditor

FR: Deogratias Nondi, AVP, IT Audit

DA: August 17, 2023

RE: Internal Audit Scoping Memo – Digital Transformation Program Review – Phase 3

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The purpose of this memo is to outline the objective, scope, and timing of the above-referenced internal audit engagement. This engagement will be carried out from CWB Financial Group (CWBFG) corporate office in Edmonton, Alberta. Management is encouraged to circulate this memo amongst appropriate staff.

## Background

As part of its long-term strategic plan to become the best full-service bank for business owners in Canada, CWBFG has embarked on several transformational initiatives to improve business processes and support the strategic goal of enabling an unrivaled customer experience. One such initiative is the Digital Transformation Program (“the Program”). The goal of this program is to implement a digital platform for onboarding personal and commercial business clients and providing seamless online and mobile banking services anywhere, at any time. Given its strategic importance, the Digital Transformation Program was included in Internal Audit’s (IA) 2023 Audit Plan – approved by the Audit Committee of the Board – to provide an independent, objective assessment of the adequacy and effectiveness of risk management, governance, and control over the program implementation.

## Objectives and Scope

Due to the timelines and iterative nature of the program implementation, and to support timely communication and resolution of potential issues, we have agreed to perform our review in phases. Phase 1 and 2 have been completed – covering project management controls for the Program and risk management, governance and controls designed and implemented within and around technologies supporting the Digital Client Onboarding (DCO) and Digital Banking Platform (DBX) service offerings, including essential cyber security controls. This phase of our review will focus on security controls for Online Banking and the Virtual Chief Operating Officer (VCOO), and application or systems controls for the DCO process for Personal



Banking, Small Business and Motive Financial. Our audit will aim at verifying if adequate controls have been implemented to address risks such as fraud, data loss or modification, cybersecurity, and digital innovation/artificial intelligence.

At the end of this phase of our review we will issue a final report requiring management response, including target resolution dates for noted observations, including any outstanding observations from Phase 1 and 2 of this review. In this phase, we will also attempt to assess the maturity of Lines 1 and 2 within the Three Lines of Defense model pertaining IT and cybersecurity controls around the CWBFG Digital Program, from a design and operating effectiveness (where applicable) perspective. We will also decide on future phases of the Digital Transformation program reviews.

## Planned Schedule

The schedule provided below reflects the Digital Transformation program and IA resource availability per our planning discussions. We will notify you as soon as possible if we expect any significant deviations from this plan.

Phase	Period	Activities and Milestones
Planning	Aug 21 – September 1, 2023	We will carry out planning activities, including agreeing on the engagement approach and holding a kickoff meeting with key stakeholders.
Fieldwork	Sept 4 – Nov 3, 2023	We will inform members of management of any potential findings in real-time throughout the fieldwork. We will also provide management with a list of preliminary observations and discuss the engagement results at the conclusion of the fieldwork.
Reporting	Nov 6 – Dec 8, 2023	We expect to provide a draft report for management's review by November 24, 2023. We expect to issue the final report by December 8, 2023, if we receive management's formal response to our observations and recommendations, and any planned corrective actions, by Dec 1, 2023.