



OFFICE OF THE  
**Auditor General**  
of British Columbia

**2010/11 ANNUAL REPORT AND  
2011/12-2013/14 SERVICE PLAN**

[www.bcauditor.com](http://www.bcauditor.com)



OFFICE OF THE  
**Auditor General**  
of British Columbia

**Location:**

8 Bastion Square  
Victoria, British Columbia  
V8V 1X4

**Office Hours:**

Monday to Friday  
8:30 am – 4:30 pm

**Telephone:** 250-419-6100

Toll free through Enquiry BC at: 1-800-663-7867  
In Vancouver dial 604-660-2421

**Fax:** 250-387-1230

**Email:** [bcauditor@bcauditor.com](mailto:bcauditor@bcauditor.com)

**Website:**

This report and others are available at our website, which also contains further information about the office: [www.bcauditor.com](http://www.bcauditor.com)

**Reproducing:**

Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our Office with authorship when any information, results or recommendations are used.



OFFICE OF THE  
**Auditor General**  
of British Columbia

8 Bastion Square  
Victoria, British Columbia  
Canada V8V 1X4  
Telephone: 250-419-6100  
Facsimile: 250-387-1230  
Website: [www.bcauditor.com](http://www.bcauditor.com)

The Honourable Bill Barisoff  
Speaker of the Legislative Assembly  
Province of British Columbia  
Parliament Buildings  
Victoria, British Columbia  
V8V 1X4

Dear Sir:

As mandated under Section 11 of the *Auditor General Act*, I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia my *2010/2011 Annual Report and 2011/12–2013/14 Service Plan*.

This document combines my annual report with my service plan and has been audited by independent auditors Grant Thornton.

Over the past year my Office met or surpassed our targets in the key performance areas of relevancy, efficiency and value. In our ongoing efforts to be relevant and responsive to issues raised by British Columbians, 17% of our reports originated from public audit suggestions. We produced 71 audit opinions, reports, guides and brochures over the past year. We are pleased with the results of our annual MLA survey, in which 83% of respondents, or 100% of respondents who were also a member of the Select Standing Committee on Public Accounts, agreed that our work over the last year promoted efficient and accountable government.

John Doyle, MAcc, CA  
Auditor General

Victoria, British Columbia  
June 2011

# OUR YEAR IN NUMBERS

4

**\$38 billion**

in government revenue audited as part of our 2009/10 audit of government's Summary Financial Statements

**\$39 billion**

in government expenses audited as part of our 2009/10 audit of government's Summary Financial Statements

**\$65 billion**

in government assets audited as part of our 2009/10 audit of government's Summary Financial Statements

**3**

audit reservations on the 2009/10 Summary Financial Statements<sup>1</sup>

**46**

opinions issued on financial statements

**69**

recommendations made in public reports

**161**

recommendations reviewed by the Select Standing Committee on Public Accounts

<sup>1</sup> Observations on Financial Reporting: Summary Financial Statements 2009/10 (August 2010; [read the report](#))

# TABLE OF CONTENTS

4	<b>OUR YEAR IN NUMBERS</b>	5
6	<b>MESSAGE FROM THE AUDITOR GENERAL</b>	
7	<b>ACCOUNTABILITY STATEMENT</b>	
8	<b>EXTERNAL AUDITOR'S OPINION ON THE ANNUAL REPORT</b>	
10	<b>ABOUT THE OFFICE OF THE AUDITOR GENERAL</b>	
19	<b>2010/11 PERFORMANCE</b>	
38	<b>2011/12-2013/14 STRATEGIC PLAN</b>	
43	<b>OUR FINANCES</b>	
51	<b>FINANCIAL STATEMENTS</b>	
64	<b>APPENDIX A: SUMMARY OF WORK ISSUED IN 2010/11</b>	
66	<b>APPENDIX B: CUMULATIVE TOTALS OF RECOMMENDATIONS</b>	
68	<b>APPENDIX C: PROJECTED FOLLOW-UP SCHEDULE</b>	
69	<b>APPENDIX D: PERFORMANCE AUDIT PROCESS</b>	
72	<b>APPENDIX E: FINANCIAL AUDIT PROCESS</b>	
73	<b>GLOSSARY</b>	
74	<b>ONLINE RESOURCES</b>	



# MESSAGE FROM THE AUDITOR GENERAL

6



**JOHN DOYLE, MAcc, CA**  
*Auditor General*

Since beginning my term as Auditor General in October 2007, I have emphasized life-long learning and continuous improvement in our Office. With that in mind, I have worked to ensure that my Office steadily strives to improve in all ways and thus better meet the needs of our stakeholders. I am pleased to say that our efforts have produced some excellent results.

In 2010/11 we met or exceeded three of our Key Performance Indicator targets, and we hope to meet or exceed our fourth when the results of our annual employee engagement survey are available in July. [Note: this KPI was updated in July 2011. Please see page 33.]. As well, the Legislative Assembly's Select Standing Committee on Public Accounts reviewed 161 report recommendations, a significant volume of work on their part, thereby affirming the value of our work.

Over the past year, we introduced new products beyond our traditional reports, follow-up reports, guides, brochures and management letters to convey the results of our work. These included summary reports and compendiums, all of which are available on the Office's website. Presenting each piece of

our work in the most appropriate format enables us to reach our readers and generally makes our findings more accessible to all British Columbians.

Several recent shifts in accounting and auditing standards have significantly affected how we, as well as government, do our work. My Office played a leading role this year in easing this transition when we developed model financial statements and a guide comparing the old and new standards. These resources were distributed to auditors general across Canada and are available on our website to both the public and private sector.

I would like to acknowledge the dedicated professionals in our Office who strive to elevate and uphold its reputation. In particular, I congratulate Assistant Auditor General Russ Jones, who marked 25 years of public service in 2010/11.

With our emphasis on life-long learning, secondments and work exchanges, we have developed a dynamic work culture in the Office. We have also seen the demographic of our Office change in recent years. Almost a third of our staff is now under the age of 30. We had a number of retirements in 2010/11 and anticipate many more in the next few years. In particular, five long-serving members of staff retired from our Office this year, each of whom I thank for their years of commitment and service: Wayne Schmitz (31 years), Jim Neily (30 years), Tony Timms (29 years), Faye Fletcher (28 years) and Tin Lok Ng (25 years).

A handwritten signature in black ink that reads "John Doyle". The signature is written in a cursive, flowing style.

June 2011

# ACCOUNTABILITY STATEMENT

---

The 2010/11 Annual Report and 2011/12–2013/14 Service Plan of the Office of the Auditor General of British Columbia was prepared under my direction in accordance with the *Auditor General Act*. I am accountable for the results achieved, for the selection of performance indicators and for how performance has been reported.

The report reflects the performance of the Office of the Auditor General for the 12 months ending March 31, 2011. All material fiscal assumptions and policy decisions up to June 1, 2011, have been considered in the development of this publication.

This combined annual report and service plan presents a comprehensive picture of the Office’s actual performance. The report includes estimates and interpretive statements that represent the best judgement of management.

The measures reported are consistent with the Office’s mission, goals and objectives, and focus on aspects critical to understanding the performance of the Office of the Auditor General.

I am responsible for ensuring that the Office’s performance information is measured accurately and in a timely manner. Any significant limitations in the reliability of the performance data have been identified and explained.

This combined report and service plan has been prepared in accordance with the [BC Reporting Principles](#) and is intended for a general audience. Users who require more detailed information should [contact the Office](#).



John Doyle, MAcc, CA  
Auditor General  
June 2011





## Auditors' report

To the Speaker  
The Legislative Assembly, Province of British Columbia

**Grant Thornton LLP**  
3rd Floor  
888 Fort Street  
Victoria, BC  
V8W 1H8  
T (250) 383-4191  
F (250) 381-4623  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

We have been engaged to report whether the 2010/11 Annual Report and 2011/12 – 2013/14 Service Plan (the “Annual Report”) of the Office of the Auditor General of British Columbia (the “Office”) for the year ended March 31, 2011 fulfills the requirements of the BC Reporting Principles. The eight BC Reporting Principles outline the characteristics of good performance reporting, and have been endorsed by the Legislative Assembly’s Select Standing Committee on Public Accounts for use by public sector organizations in British Columbia. This Annual Report is the responsibility of the Office. Our responsibility is to assess whether the Annual Report has met the requirements of the BC Reporting Principles.

We conducted our audit in accordance with Canadian standards for assurance engagements and accordingly included such tests and procedures as we considered necessary in the circumstances. The conclusion in our report is based on procedures that we determined to be necessary for the collection of sufficient, appropriate evidence in order to obtain a high, though not absolute, level of assurance that the Annual Report fulfills the requirements of the BC Reporting Principles.

As called for by the BC Reporting Principles, the Annual Report contains a number of representations from management concerning the appropriateness of the goals, objectives, and targets established by the Office, explanations of the adequacy of planned and actual performance, and expectations for the future. Such representations are the opinions of management and inherently cannot be subject to independent verification. Therefore, our examination was limited to ensuring the Annual Report contains those representations called for by the BC Reporting Principles and that they are consistent with the audited performance information and audited financial statements. Further, current year results for the performance indicator on Excellence were not available at the time of our report.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had the current year results for the performance indicator on Excellence been available, this Annual Report fairly presents, in all significant respects, the performance of the Office for the year ended March 31, 2011, in accordance with the BC Reporting Principles. The following appendix contains details supporting our conclusion for each of the BC Reporting Principles, and is an integral part of our opinion.

Victoria, Canada  
June 23, 2011

A stylized, handwritten-style signature of "Grant Thornton LLP" in a dark grey or black ink.

Chartered accountants





**Appendix to Auditors' Report of Grant Thornton LLP on the 2010/11 Annual Report and 2011/12 – 2013/14 Service Plan of the Office.**

**Detailed observations**

**Principle 1 – Explain the Public Purpose Served**

The Annual Report explains the Office's mission and public purpose, as outlined in enabling legislation. It reports on the organization's three core business areas and the services/products provided. The Annual Report includes a discussion of the involvement of private sector auditors and the quality assurance measures in place. The Annual Report details the Office's clients and stakeholders, including the accountability relationship with the Legislative Assembly. Other factors that are critical to understanding performance are identified, including independence and objectivity.

**Principle 2 – Link Goals and Results**

The Annual Report clearly identifies the organization's mission, mandate, goals, objectives, and successfully explains their interrelationships. Performance indicators are clearly reported and reflect the core substance of the objectives and focus on short-term and long-term outcomes. For three of the four performance indicators the Annual Report explains the variances between planned and actual results, variances from prior years' results and discusses plans to achieve targeted results in the future. Current year results for the performance indicator on Excellence pages 41 and 42 were not available at the time of our report.

**Principle 3 – Focus on the Few, Critical Aspects of Performance**

The Annual Report provides meaningful information to readers by focusing on four key performance indicators that are critical to the understanding of the operational performance of the Office. With exception of the performance indicator on Excellence Page 41 and 42, the results of performance, both financial and non-financial, are clearly presented. The Annual Report manages its level of detail by referring appropriately to companion documents.

**Principle 4 – Relate Results to Risk and Capacity**

The Annual Report examines the key risks to the Office and explains the impact of risk and the resulting critical success factors on performance results of, with the exception of current year

results for performance indicator on Excellence pages 41 and 42, in both a short-term and long-term context. The Annual Report addresses capacity in terms of human resources and funding and how these affect the ability to deliver organizational goals and objectives.

**Principle 5 – Link Resources, Strategies and Results**

With the exception of the current year results for performance indicator on Excellence pages 41 and 42. The Annual Report highlights key financial information at an organization-wide level. Explanations are provided for variances from prior year and budgeted amounts. The Annual Report conveys efficiency through its discussions and analyses of performance indicators. Links between resources and outputs are discussed and contribute to the reader's understanding of the efficiency of operations.

**Principle 6 – Provide Comparative Information**

The Annual Report provides comparative data in its analyses of the four performance indicators. Multi-year trends are used and referenced to actual results and planned performance. For Performance Indicator 4, the Annual Report compares the Office's score against that of the BC public service however the current year results were not available at the time of our audit report. For other indicators, the Annual Report explains that benchmarks and industry data were sought, but information for direct comparisons was unavailable.

**Principle 7 – Present Credible Information, Fairly Interpreted**

The Annual Report covers all key aspects of performance and the measures used are relevant. The report clearly identifies the three data sources used to assess the performance. The Annual Report is reasonably concise, effectively uses tables and graphs to present information and avoids excessive use of specialized terminology.

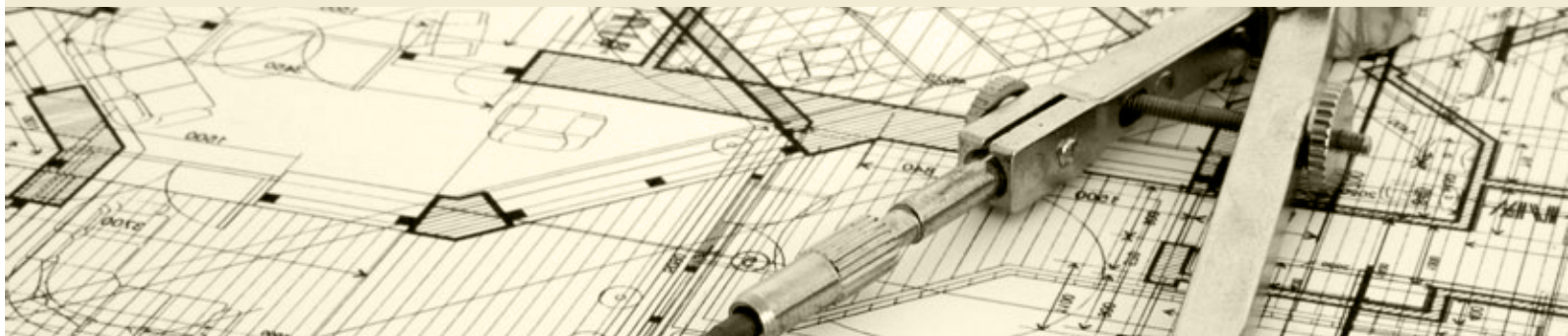
**Principle 8 – Disclose the Basis for Key Reporting Judgments**

The Annual Report identifies the sources of information for performance indicator data. Limitations to data sources, where present, are disclosed. The Annual Report discusses the Office's confidence in the reliability of the data, and reports successes and shortcomings in a fair and balanced manner.

# ABOUT THE OFFICE OF THE AUDITOR GENERAL

10

11	ABOUT THE OFFICE
11	<b>Who We Are</b>
11	<b>What We Do</b>
12	<b>Guiding Principles</b>
12	<b>Values</b>
13	GOVERNANCE
13	FINANCIAL AUDIT
14	PERFORMANCE AUDIT
14	PLANNING, FUNDING AND REPORTING CYCLE
16	CRITICAL SUCCESS FACTORS
17	<b>Independence</b>
17	<b>Credibility</b>
17	<b>Capacity</b>



## ABOUT THE OFFICE

### Who We Are

The Auditor General has a unique role in British Columbia. Non-partisan, independent of government and reporting directly to the Legislative Assembly, the Auditor General provides assurance about government's overall operations. The Auditor General is governed solely by the [Auditor General Act](#).

The Auditor General is the independent auditor of the Legislative Assembly of British Columbia. Through the work of the Office of the Auditor General of British Columbia (the Office), the Auditor General serves the people of British Columbia and their elected representatives by conducting independent audits and advising on how well government is managing its responsibilities and resources. Independence is a vital safeguard for the Office in fulfilling its responsibilities objectively and fairly.

The Auditor General is appointed for a six-year term by the Legislative Assembly, and may be reappointed for a second six-year term.

### What We Do

Under the authority of the *Auditor General Act*, the Auditor General has a mandate to audit the government reporting entity (GRE). The GRE is composed of ministries, Crown corporations and other public sector organizations such as universities, colleges, school districts, health authorities and similar organizations that are controlled by, or accountable to, the provincial government. The Government of British Columbia manages what is essentially the largest business enterprise in the province with revenue, expenses and assets in the tens of billions of dollars.

The *Auditor General Act* also allows the Auditor General to be appointed as the financial statement auditor of any

organization that is included in the GRE, and to carry out performance audits. (For more information on our financial and performance audits, see page 13 and Appendices D and E.)

Under the authority of the Auditor General's mandate, we use our resources to produce reports, audit opinions and best practice guides. Through the Office's work, the Auditor General provides the people of British Columbia and their elected representatives with an independent assessment of the performance of their government. In this way, the Auditor General performs a vital role in support of the democratic process of responsible, accountable government.

### Upkeep of the Provincial Roads Network by the Ministry of Transportation and Infrastructure

(November 2010 report)

“There have been missed opportunities to invest in the road network, such as during times of economic strength. Going forward, I would like to see government demonstrate that its long-term decision-making will provide British Columbians with the best value – the longest duration of service for the least amount of money.”

– Auditor General John Doyle ([read the report](#))

### John Doyle, Auditor General of B.C.

John Doyle started his term as Auditor General of British Columbia on October 29, 2007. Prior to his appointment, he was the Deputy Auditor General of Western Australia. He has also held the position of Chief Financial Officer in a number of major organizations in Western Australia.

Mr. Doyle's academic experience includes serving as Head of the School of Accounting and Finance at the University of

Notre Dame in Australia and lecturing in finance, accounting and computer science. In 2007 he was appointed an Adjunct Professor to Notre Dame's School of Business.

Mr. Doyle is a Chartered Accountant with multiple designations from the United Kingdom and Australia. He also holds a Master of Business Administration and a Master of Accounting.

## Guiding Principles

The Office's vision, mission and goals are our guiding principles and flow directly from our legislated mandate to our operational lines of business.

### Vision

A highly valued, independent legislative audit office recognized for excellence in promoting effective and accountable government.

### Mission

To serve the people of British Columbia and their elected representatives by conducting independent audits and advising on how well government is managing its responsibilities and resources.

### Goals

To adopt best practices in our work and as an employer and to promote:

1. Sound financial administration and reporting,
2. Well-managed provincial programs, services and resources,
3. Comprehensive public sector accountability reporting, and
4. Effective public sector governance.

## Values

To further our guiding principles, we identified values that guide how we conduct our business.

### *External focus:*

- Serving the public interest: being relevant to legislators and the public.
- Independence and objectivity: being free of influence, conflict of interest and bias.
- Trust and integrity: treating those with whom we have contact honestly and consistently meeting our commitments.

### *Internal focus:*

- Mutual respect: managing and interacting on the basis of fairness, equity, honesty, trust and personal dignity.
- Teamwork: cooperating, supporting and respecting each other's contributions.
- Work-life balance: supporting quality-of-life endeavours and respecting personal commitments.

## GOVERNANCE

For most of 2010/11, the Office managed three integrated lines of business – Financial Audit, Performance Audit, and Governance and Accountability Audit – across four operating portfolios: two each for Financial Audit, one for Performance Audit and one for Governance and Accountability. In April 2011 the Governance and Accountability Audit line was incorporated into the Performance Audit line, which now includes two operating portfolios.

Another component of our organization, Standards and Quality, provides centralized office-wide support in areas such as human resource management, legal services and professional practices.

While the portfolios appear segregated in Exhibit 1, staff within all the portfolios collaborate in the conduct of their work. For example, given the seasonal fluctuations of financial audits, staff from these portfolios often contribute to work in other portfolios throughout the year. The integration of skills and abilities among portfolio areas ensures more effective results than could be achieved if each portfolio were isolated. To better integrate operations and support services, corporate and administrative services are distributed across the operational portfolios.

## FINANCIAL AUDIT

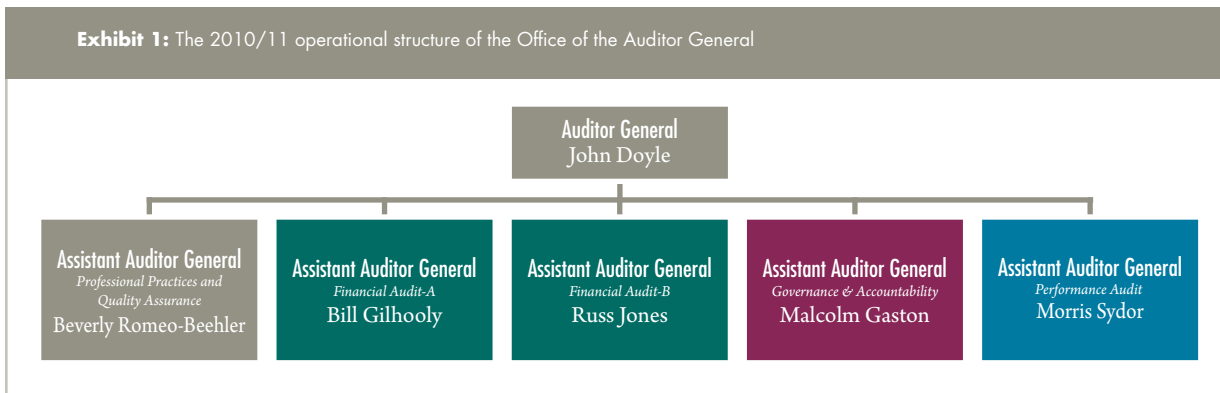
Financial audit is our largest line of business. This work includes auditing the Province's Summary Financial Statements and examining issues related to financial management.

The annual audit of government's Summary Financial Statements is not only the largest audit the Office performs, but the largest audit conducted in British Columbia. The work takes more than 60 staff in our Office over 50,000 hours to complete and requires work from approximately 12 other chartered accountancy firms and their many regional offices. In early 2010/11 we audited government's 2009/10 Summary Financial Statements, which included:

- \$38 billion in revenues
- \$39 billion in expenses
- \$65 billion in assets

The Summary Financial Statements encompass 151 government operations, including core government, Crown corporations, trusts, colleges, school districts, universities, health authorities and other public entities.

**Exhibit 1:** The 2010/11 operational structure of the Office of the Auditor General



### What is a financial audit?

Financial audits are performed to obtain assurance as to whether an organization's financial statements are free of significant errors and presented fairly. During a financial audit, an auditor reviews financial statements to provide his or her formal opinion. This opinion (written similarly to a short letter) is attached to the front of the organization's financial statements to provide assurance that they meet generally accepted accounting standards and have been scrutinized by an independent auditor. For more information, visit [www.bcauditor.com/FAGuide](http://www.bcauditor.com/FAGuide).

The Auditor General is not required to audit each organization in the GRE individually. However, under Canadian generally accepted auditing standards, the Auditor General must have sufficient knowledge and understanding of the operations of the organizations represented in the Summary Financial Statements. This knowledge can be obtained by auditing directly some of the entities that make up the GRE. It can also be obtained by relying on the work of auditors from the private sector who have been appointed by each entity.

## Aspects of Financial Management (August 2010 report)

“Given the magnitude of funds handled by government, I wanted to look at how it managed working capital in different areas. The Province receives billions of dollars in revenue, and expends it on payments and grants. Ideally, money should not be dispersed until it is truly needed in order to minimize debt and cost to the taxpayer.”

– Auditor General John Doyle ([read the report](#))

## PERFORMANCE AUDIT

Our performance audits are conducted in accordance with the assurance standards of the Canadian Institute of Chartered Accountants. Areas of focus in this portfolio’s work include health, education, transportation, sustainability and information technology, as well as governance and accountability.

Good governance in public sector organizations provides clear and ethical direction, anticipates risks and communicates

effectively on performance. Accountability is a key component of good governance, and for over a decade the Office has promoted better public accountability reporting by government. In 2010, to further support good governance, the Office released a [Guide for Developing Relevant Key Performance Indicators for Public Sector Reporting](#).

## PLANNING, FUNDING AND REPORTING CYCLE

Our annual planning, funding and reporting cycle (Exhibit 2) determines how our corporate goals and objectives guide the development of our work plans and daily operations.

Our planning cycle begins in November when the Auditor General submits a [Financial Statement Audit Coverage Plan \(FSACP\)](#) to the Select Standing Committee on Public Accounts. The FSACP outlines a three-year audit plan for the Auditor General, detailing which government organizations the Auditor General will audit directly and which will be audited by private sector auditors.

For those organizations audited by private sector auditors, the Auditor General has either limited or moderate (“oversight”) involvement.

- “Limited involvement” means that the role of the Auditor General is limited to ensuring that minimum professional requirements are met. This is achieved by communicating with appointed auditors on intended reliance or by reviewing the appointed auditor’s files on a sample basis.
- “Moderate involvement” means that the Auditor General conducts extended procedures, such as attending audit committee meetings and reviewing the appointed auditor’s audit plans and year-end audit files to understand the business of, and issues in, these significant organizations.

### What is a performance audit?

Performance audits review the wider management issues of an organization or program and whether it is achieving its objectives effectively, economically and efficiently. They are sometimes called “value for money” audits because they can advise whether there is value received for the money being spent. For more information, visit [www.bcauditor.com/PAGuide](http://www.bcauditor.com/PAGuide).



**Exhibit 2:** Planning, Funding and Reporting Cycle of the Office of the Auditor General

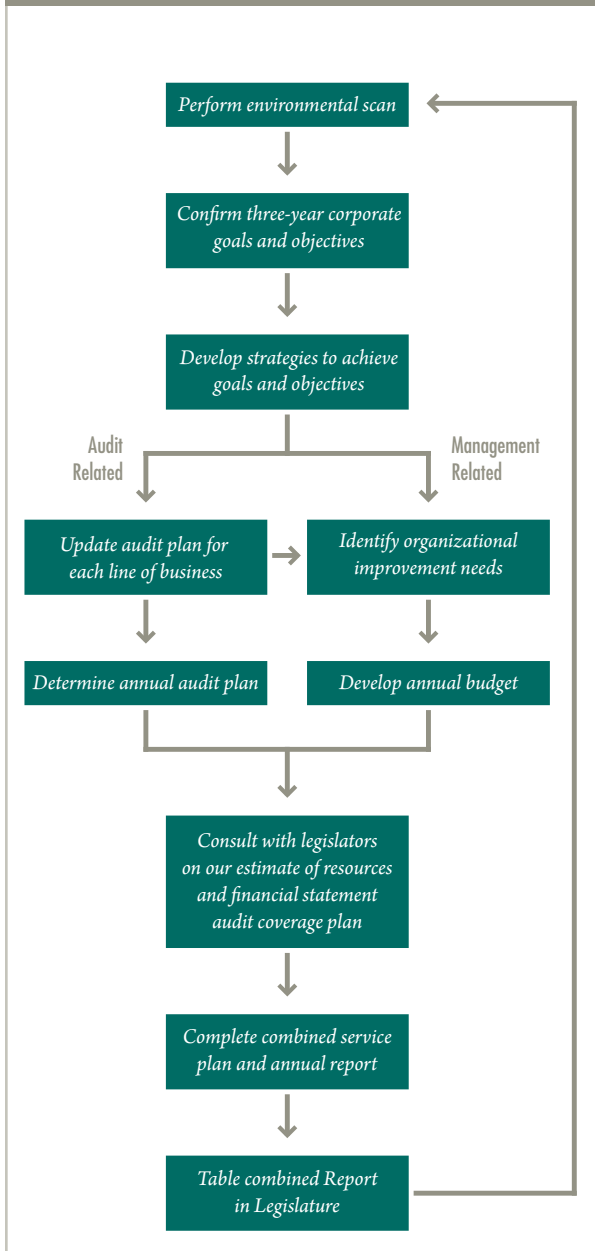
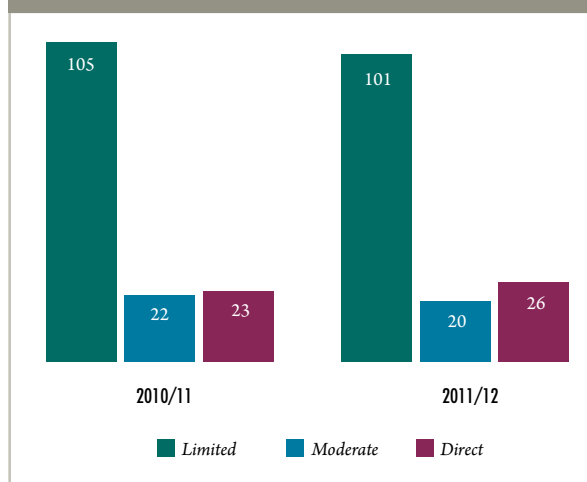


Exhibit 3 shows a two-year summary of the Auditor General’s level of involvement in each organization in the GRE.

Whether the Auditor General has direct, limited or moderate involvement in each government ministry or entity’s audit, the Auditor General must, under Canadian generally accepted accounting standards, have sufficient knowledge and understanding of each entity. This provides him or her with the necessary assurance to sign the annual audit opinion on government’s Summary Financial Statements.

Once the FSACP is approved by the Select Standing Committee on Public Accounts, we combine the cost of carrying out the work identified in the plan with the cost of carrying out our Performance Audit line of business. The result forms our Estimate of Resources. In 2010/11 this amounted to \$15.4 million. We then submit our Estimate of Resources for approval to the Select Standing Committee on Finance and Government Services.<sup>6</sup>

**Exhibit 3:** Auditor General’s level of involvement in each organization in the government reporting entity, 2010/11 and 2011/12



<sup>6</sup> The Select Standing Committee on Finance and Government Services, an all-party committee of the Legislative Assembly, reviews the budget submissions of the other officers of the Legislature.

## The Select Standing Committee on Public Accounts (PAC)

PAC is an all-party committee of the Legislative Assembly, chaired by a member of the Opposition. The Auditor General must provide a Financial Statement Audit Coverage Plan during each fiscal year of the government to PAC under section 10(6) of the *Auditor General Act*.

The Auditor General’s reports are also referred to PAC in accordance with section 11(10)(d) of the Act.

Once approved, our estimate is included in the main estimates<sup>7</sup> of the Province. Traditionally, the budget for the Auditor General is Vote 2 in the budget, after the appropriation for the Legislature.

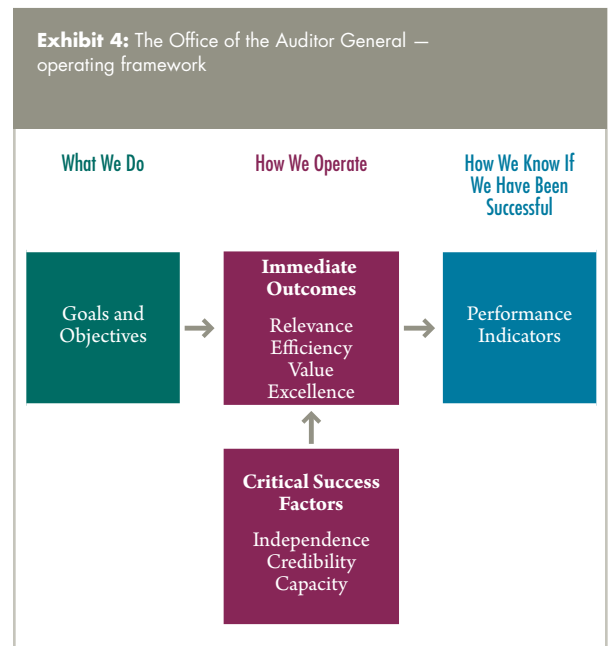
**Financial Statement Audit Coverage Plan for Fiscal Years 2011/2012 through 2013/2014** (November 2010)

“The way in which government conducts business has become increasingly complex in recent years. For example, public private partnerships significantly increase the complexity of government’s management of capital investment and operations. This makes our monitoring of risk to the Summary Financial Statements more onerous and will continue to increase the demands on our professional staff and resources.” ([read the FSACP](#))

## CRITICAL SUCCESS FACTORS

Independence, credibility and capacity are the three factors critical to the Office’s success. Together with our guiding principles, they lay the foundation for everything we do.

All three factors are interrelated. For our work to be recognized as a credible source of relevant and valuable information, we must be seen to be independent. When both our credibility and independence are consistently demonstrated, we expect our estimate of resources to be approved, thereby providing us with sufficient resources (capacity) to conduct our work. Exhibit 4 shows how the three critical success factors relate to our overall operating framework.



<sup>7</sup> Estimates are the detailed breakdown of proposed spending by ministry and government agencies that must be debated and approved by the Legislative Assembly of British Columbia.



## Independence

Above all else, we must remain independent of the government and government organizations we audit. The *Auditor General Act* contains provisions designed to safeguard the Office's independence. For example, the Auditor General can be appointed by the Legislative Assembly only on the unanimous recommendation of an all-party committee. As well, the Auditor General is accountable to, and reports directly to, the Legislative Assembly – not to the government of the day.

The need for independence applies equally to the Auditor General's staff. As a condition of employment, all staff are obligated to remain free of associations that could potentially impair their independence.

## Credibility

To be of value to the Legislative Assembly and all British Columbians, our reports and audit opinions must be considered credible. We achieve credibility by maintaining our independence and adhering to our guiding principles and professional standards.

Because the *Auditor General Act* requires us to adhere to Canadian generally accepted accounting standards, we engage in internal quality control measures such as internal file inspections and executive-level review and challenge (see Appendices D and E). Coupled with rigorous standards, these procedures ensure that our work meets professional auditing standards and reinforce our credibility.

We are also a licensed practising office of the Institute of Chartered Accountants of British Columbia (ICABC). Therefore, in addition to adhering to auditing standards, staff follow the ICABC code of conduct. As with public accounting firms, we periodically invite the ICABC to review our work to confirm that we are meeting its professional standards. This is again a means of reinforcing our credibility.

## Audit of the Agricultural Land

Commission (September 2010 report)

“The fundamental importance of preserving agricultural land is particularly significant given the uncertain effects of climate change on our food imports and our agricultural systems. I am encouraged by the commission's acceptance of my recommendations and I look forward to receiving updates on their plans and actions for future improvements.”

– Auditor General John Doyle ([read the report](#))

## Capacity

Our third critical success factor, capacity, comes from having a sufficient quantity and quality of resources at our disposal.

### *Quantity of resources*

In accordance with the *Auditor General Act*, the Auditor General annually provides the Select Standing Committee on Finance and Government Services with an estimate of the resources required to perform the Office's duties (see page 14). The committee may adjust the estimate as it deems appropriate. Given that the Auditor General provides the Legislature with credible, relevant and valuable information and uses resource allocations efficiently, the Office expects it will receive the full amount of funding specified in the Estimate of Resources.

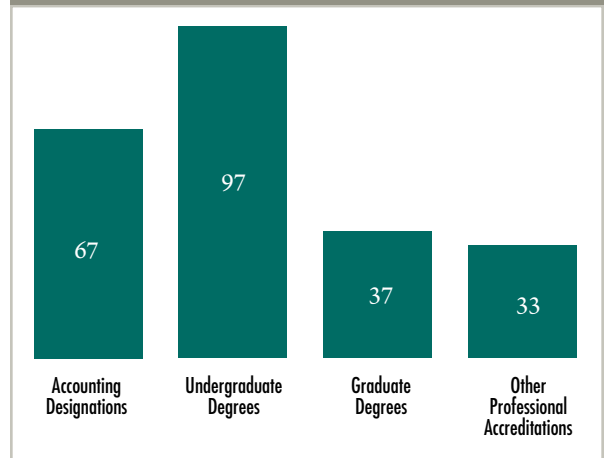
### Select Standing Committee on Finance and Government Services (December 10, 2009)

“The Finance Committee appreciates the fact that the Auditor General presented a conservative estimate of resources for 2010/11 that reflects an awareness of the financial circumstances currently facing the provincial government. As both the operating budget and capital budget are projected to be lower than the current appropriation, we endorse the [Office of the Auditor General’s] estimate for 2010/11.” ([read the Committee’s report](#))

### Select Standing Committee on Finance and Government Services (December 8, 2010)

“The Finance Committee considers the Auditor General’s request for a modest increase of 2.3 percent in next year’s operating budget to be a reasonable one, and the amount proposed for capital spending to be manageable within the current fiscal context.” ([read the Committee’s report](#))

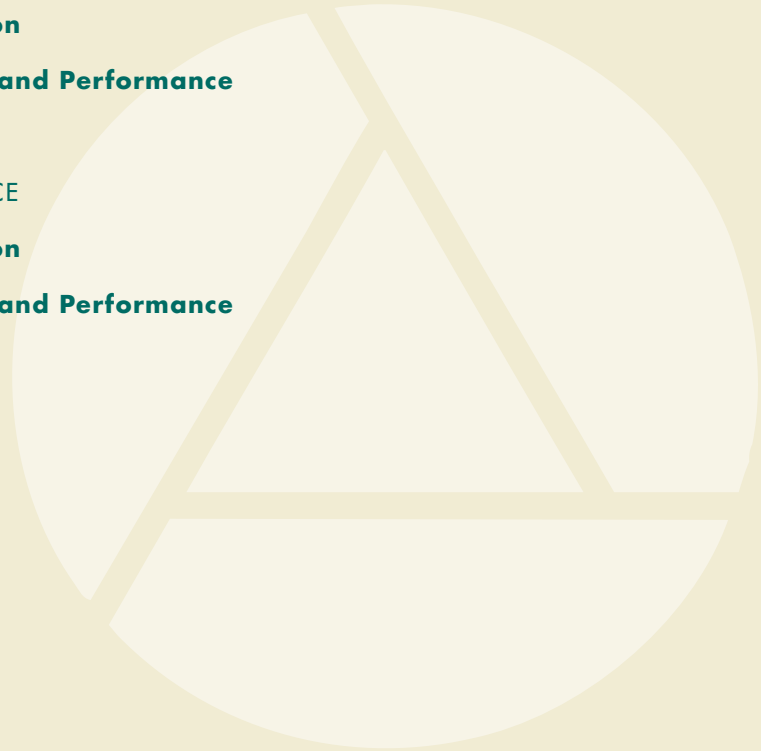
Exhibit 5: Number of certifications and designations held by the Office’s staff



### Quality of resources

The majority of our audit staff have accounting designations and many have additional credentials to accompany their broad experience base (Exhibit 5). Several of our performance auditors are subject matter experts in areas such as business, public administration, law, education, social and environmental sciences, human resources and health care, and many hold advanced degrees and/or certification.

20	MEASURING PERFORMANCE
20	<b>Immediate Outcomes and Key Performance Indicators</b>
21	<b>Ensuring Data Reliability</b>
21	RELEVANCE
21	<b>Definition</b>
22	<b>Targets and Performance</b>
27	EFFICIENCY
27	<b>Definition</b>
27	<b>Targets and Performance</b>
29	VALUE
29	<b>Definition</b>
29	<b>Targets and Performance</b>
33	EXCELLENCE
33	<b>Definition</b>
34	<b>Targets and Performance</b>



## MEASURING PERFORMANCE

### Immediate Outcomes and Key Performance Indicators

We measure our performance using four immediate outcomes: relevance, efficiency, value and excellence. Our key performance indicators are outcome-based and speak to our performance in its broadest sense. They highlight factors that we feel add the greatest value for our primary client group, the Legislative Assembly:

- relevance of the indicators in relation to our strategic goals;
- validity of the indicators (i.e. whether they measure what they are intended to measure);
- availability and reliability of data;
- clarity, comprehensiveness and transparency of the indicators; and
- ability of the indicators to provide reliable comparisons over time.

Exhibit 6 shows the relationship between our inputs, activities, outputs and immediate outcomes in 2010/11.

Each outcome has an associated key performance indicator (KPI) that states our target, actual achievement and future expectations. We also track secondary performance measures for each outcome. Exhibit 7 shows the summary of our 2010/11 KPI results and how they link to our immediate outcomes.<sup>8</sup>

Exhibit 6: Annual inputs, outputs and immediate outcomes of the Office, 2010/11

#### INPUTS

2010/11  
\$15.4 million appropriation  
112 staff (full-time equivalent, FTE)  
Mandate



#### ACTIVITIES

Financial and system auditing and assessment  
Performance auditing and assessment  
Corporate operations and quality assurance



#### PUBLIC OUTPUTS

71 audits, reports, opinions and information pieces



#### IMMEDIATE OUTCOMES

- The work we conduct is **relevant** to our clients.
- Our work is done in an **efficient** manner.
- The work we complete is **valued** by our clients.
- We conduct our work in a manner whereby staff aspire to a standard of **excellence**.

<sup>8</sup> In 2009, the Office chose to move from our previous survey tool to the provincial government's standard work environment survey in order to obtain more comprehensive data. This survey is conducted annually in June. As a result, results for the Key Performance Indicator (KPI) for Excellence were not available until July 2011, at which time this report was updated.

**Exhibit 7:** Summary of 2010/11 performance results

Immediate Outcome	Key Performance Indicator	2010/11 Target	2010/11 Actual
Relevance	Proportion of performance audit reports completed in response to questions from MLAs and British Columbians	10-20%	17%
Efficiency	Number of audits completed	69	71
Value	Percentage of MLAs surveyed who believe our work over the last year promoted efficient and accountable government	80%	83%
Excellence	Staff motivated and inspired (“engaged”) by their work	75	74

We strive for continuous improvement and, as such, set “stretch targets.” At the same time, our targets must be grounded in risk assessment and past performance and, where possible, be informed by benchmark comparisons. The latter are challenging to find because other legislative audit offices measure their performance in different ways, have different degrees of public accountability and, in some cases, have different mandates.

### Ensuring Data Reliability

The performance data in this report is obtained from three main sources: the Office’s internal management information systems, our publicly available audit reports and third-party survey data. Data sources and quality are described for each key performance indicator. Data reliability means:

- all performance data in this annual report is reliable and verifiable and has been independently assessed by external auditors (see page 8);
- internally generated data is compiled by internal financial and communications groups;

- externally generated data is provided by professional, third-party survey providers producing data on our behalf; and
- any significant limitations in the quality of the data presented are fully disclosed.

## RELEVANCE

### Definition

Relevance means:

- enhancing the credibility of the provincial government’s financial reporting through our audit work on the Summary Financial Statements;
- producing audit opinions, reports and information that are useful to, and readily understood by, Members of the Legislative Assembly (MLAs) and members of the public; and

- contributing to better government by providing useful recommendations, both in our public reports and in our communications with the management of audited organizations after each audit.

Relevance is achieved through our Financial and Performance Audit lines of business where we follow a long-term risk and significance-based audit topic selection process, balanced with the need to respond to current issues and audit topics suggested by legislators and the public.

## Targets and Performance

### Key Performance Indicator

One of the Office’s key operational objectives is to be responsive to our clients: British Columbians and their elected representatives. As such, our clients are encouraged to provide suggestions for audit topics to the Office in writing or online at [www.bcauditor.com](http://www.bcauditor.com). In our 2010/11 survey of MLAs, we asked them to share topic suggestions for audits or investigations. We received six suggestions as a direct result of this invitation.

We also receive audit suggestions year-round from MLAs, the public, non-profit organizations, labour organizations, industry associations and academic researchers. Each suggestion is reviewed and, where possible, incorporated into our long-term planning processes.<sup>9</sup> However, not all audit suggestions can be pursued. We receive many more suggestions than we have the capacity to address, and some suggestions are either outside our mandate or do not fit within our audit selection criteria. (See Appendices D and E for more information on our audit process.)

In our view, the proportion of audit reports originating from an external question or request is indicative of how responsive we have been to our clients and, by extension,

how relevant our work is. In 2010/11, three of 18 reports were completed in response to an external request (Exhibit 8).

Therefore, 17% of our reports were completed in response to requests from MLAs and the public, which meets our target of 10–20%.

**Exhibit 8:** Work completed in response to questions from MLAs and British Columbians, 2010/11

Report	Individual(s) suggesting or requesting the audit
<i>School District 35 – Langley (Summary Report)</i>	Board and Superintendent of the Langley School District
<i>ICBC’s Progress in Responding to the 2008 Material Damage Research and Training Facility Incident (Summary Report)</i>	Solicitor General
<i>Infrastructure Grants (Aspects of Financial Management)</i>	Member of the public

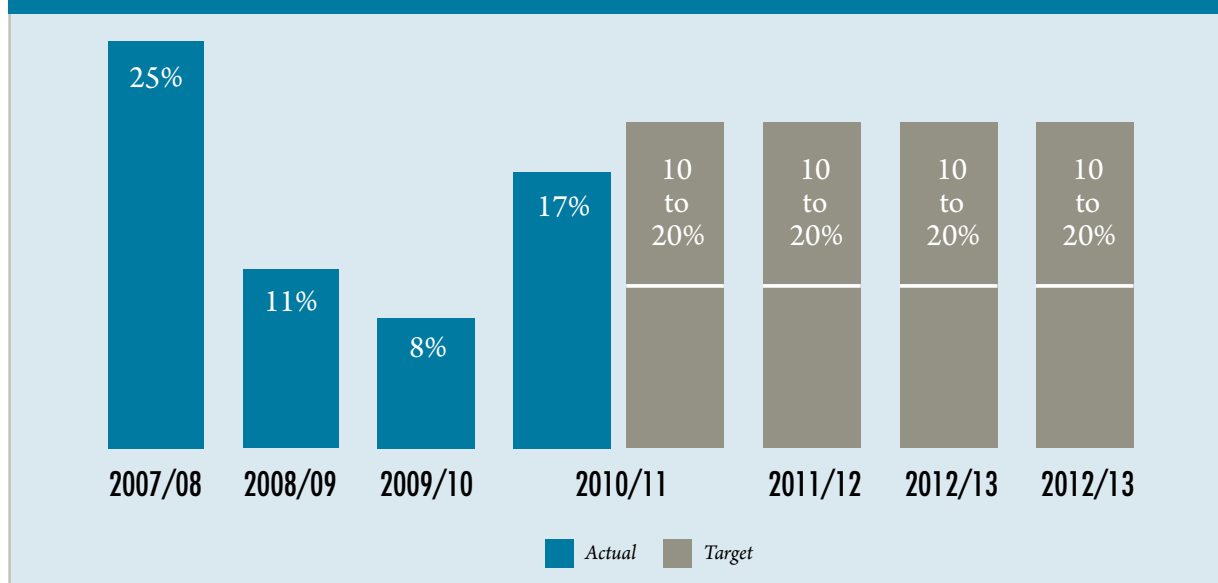
## Conservation of Ecological Integrity in B.C. Parks and Protected Areas (August 2010 report)

“British Columbia’s parks and protected areas – about 1,000 in all – are integral to the quality of life in this province. Despite its declared intentions and clear vision to conserve the ecological integrity in these areas, the Ministry of Environment is not meeting this goal.”

– Auditor General John Doyle ([read the report](#))

<sup>9</sup> The planning and investigation stages of the Office’s audits are confidential in order to ensure the independence of our work. Upcoming reports are posted on the [Work in Progress](#) page of our website once the sensitive stages of our audits are completed.



**Performance Indicator 1:** Percentage of performance audit reports completed in response to questions from MLAs and British Columbians


Source: Office of the Auditor General of British Columbia management information system

### Looking Ahead

Because we do not control the quality, quantity and relevance of the requests we receive, it is challenging to commit to a pre-determined number of audits derived from external suggestions. However, we continue to anticipate that between 10% and 20% of our performance audit reports (approximately two reports) will be in response to external suggestions each year.

### Other indicators of relevance

#### Financial Statement Audit Coverage Plan and Budget

The 2010/11–2012/13 Financial Statement Audit Coverage Plan was endorsed without changes by the Select Standing Committee on Public Accounts (PAC) in November 2010.<sup>10</sup>

10 November 16, 2010. Select Standing Committee on Public Accounts. Minutes from Hansard Services ([read the minutes](#)).

Our Office bases our level of involvement with each organization on an assessment of risk. Relevant risks we consider include whether the organization:

- delivers a core service;
- has a high level of public interest;
- is significantly funded through appropriation or has significant financial impact on the Summary Financial Statements;
- has a high inherent risk to government (with respect to programs delivered or roles fulfilled);
- is a complex organization;



- likely has future issues that could materially impact the Summary Financial Statements; or
- has other risk-based factors.

To better align with new standards for the audit of Summary Financial Statements, we have increased our planned audit coverage in the health and education sectors over the past several years.

Our highest level of involvement continues to be in the Crown corporation group, with 15 direct and seven oversight audits of the total 42 entities for fiscal 2010/11 and 16 direct audits and four oversight audits of the total 39 for fiscal 2011/12. Crown corporations tend to be more significant in terms of expenditures and carry more risk to government as a whole.

Additionally, section 14 of the *Auditor General Act* allows the Auditor General, with the consent of PAC, to be appointed auditor of an organization or trust fund that is not part of the Province’s Summary Financial Statements. For example, the Office conducts a review of the Provincial Employees Community Services Fund’s annual financial statements, free of charge, to support the organization.<sup>11</sup>

### Public Accounts Committee: Endorsed Recommendations

As dictated by the *Auditor General Act*, all of the Auditor General’s reports are referred to PAC by the Legislative Assembly. The committee may choose to review any report as part of its proceedings. When it does, it:

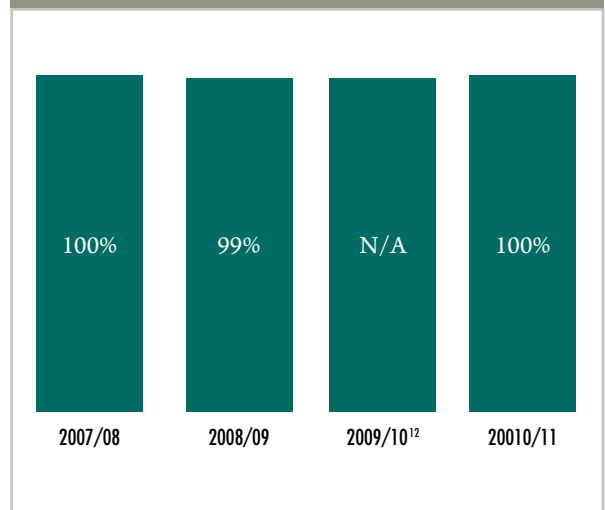
- invites the Auditor General to present the report, and
- contacts the Office of the Comptroller General to coordinate attendance by the audited organization.

<sup>11</sup> The [Provincial Employees Community Services Fund \(PECSF\)](#) facilitates provincial government employee contributions to local non-profit organizations.  
<sup>12</sup> Data for 2009/10 is not available because none of the five reports reviewed by PAC contained recommendations related to our performance audit work ([read the PAC report](#)).

In 2010/11, PAC reviewed 24 full-length reports, two follow-up reports, a summary report, two best-practice guides and a management letter, altogether containing 161 recommendations. We thank the committee members for their diligence in reviewing this volume of work.

We aim for all of our recommendations to add value and be practical, and always strive for a 100% endorsement rate from PAC to confirm the relevance of our work.

**Exhibit 9:** Percentage of the Office’s recommendations endorsed by the Select Standing Committee on Public Accounts (PAC), 2007/08–2010/11



### Implementation of Recommendations

Six to 12 months after a report is published, we usually ask the audited organization to provide us with a self-assessed progress update regarding their implementation of the report’s recommendations. (For more information on the follow-up process, see Appendix D.) Our most recent follow-up report, published in April 2011, included self-assessments on four of our previous audit reports, a





progress assessment conducted by our Office on a fifth report, and a cumulative update on the implementation of all recommendations covered by our Office's follow-up reports since October 2008 (see Appendix B).

We expect most recommendations to be addressed by the time of the first follow-up review. However, we recognize there are exceptions, and thus do not expect 100% of our recommendations to have been implemented in any one year. Some recommendations may take years to implement; and for others, the organization may find alternative ways to address underlying issues.

### An Audit of the Management of Groundwater Resources in British Columbia (December 2010 report)

“One million British Columbians are estimated to rely on groundwater for daily use, and this demand is increasing. The government must put in place an appropriate framework to manage this precious resource sustainably.”

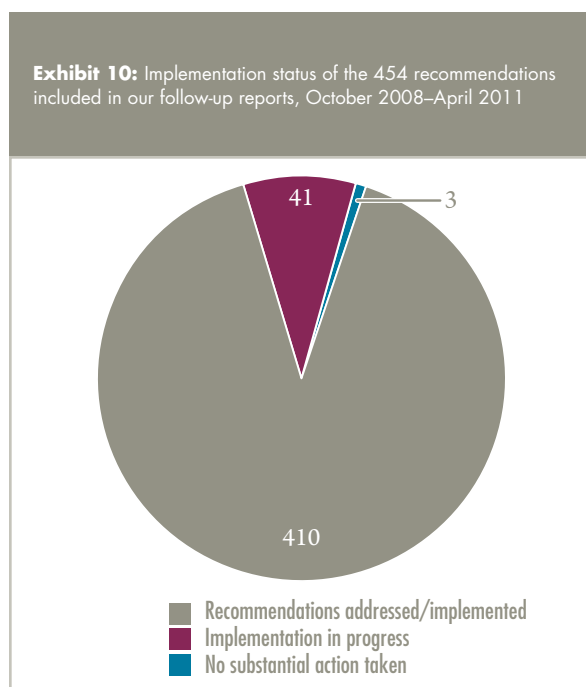
– Auditor General John Doyle ([read the report](#))

Of the 454 recommendations included in our follow-up reports since October 2008, 90% were assessed by the audited organization as having been addressed as of April 2011 (Exhibit 10).

Of those, 82% were deemed to have been fully or substantially implemented and 8% as having been addressed through alternative action by the organization in question (see Appendix B). Such a high implementation rate both speaks to the dedication of the organizations and reinforces the relevancy of the Office's work in promoting effective,

efficient and economical management in government.

The Office continues to follow up on recommendations that are only partially implemented or where no substantial action has been taken. For a projected schedule of the reports we anticipate following up on in the next 12 months, see Appendix C.



### Public Interest in Our Work

As part of our commitment to sustainability and the environment, all reports in 2010/11 were produced in electronic format only. To ensure that our reports are accessible, we offer an electronic notification service to inform subscribers when a report is published. As of April 2011, there were 581 subscribers to this service – an increase of 38% over April 2010. (To subscribe to the Auditor General's email notification service, visit [www.bcauditor.com](http://www.bcauditor.com)) Media advisories and news releases are also sent to media as part of the report release process. The

Auditor General is pleased to answer questions and further explain the contents of his reports once they are released.

We track the number of times each of our reports is downloaded from our website, [www.bcauditor.com](http://www.bcauditor.com) (Exhibit 11). While the numbers alone do not indicate whether our work is considered relevant, download rates do demonstrate public interest in our work. In 2010/11 a total of 169 individual reports were downloaded 14,768 times from our website. The most frequently downloaded audit report (1,365 times) was *Conservation of Ecological*

*Integrity in B.C. Parks and Protected Areas.*

To help inform British Columbians of the role and function of the Auditor General, we launched a Wikipedia page in early 2011, and published a brochure to explain the financial audit process.

**Exhibit 11:** Downloads of 2010/11 reports from [www.bcauditor.com](http://www.bcauditor.com)

Date tabled in Legislature	Report	Downloads, April 1, 2010–March 31, 2011
Aug. 23, 2010	<i>Conservation of Ecological Integrity in B.C. Parks and Protected Areas</i>	1,365
Aug. 25, 2010	<i>Aspects of Financial Management</i>	1,175
June 30, 2010	<i>Annual Report and Service Plan</i>	833
Dec. 16, 2010	<i>Guide for Developing Relevant Key Performance Indicators for Public Sector Reporting</i>	786
Dec. 1, 2010	<i>An Audit of the Management of Groundwater Resources in British Columbia</i>	763
Aug. 19, 2010	<i>Observations on Financial Reporting: Summary Financial Statements 2009/10</i>	668
Sept. 7, 2010	<i>Audit of the Agricultural Land Commission</i>	651
Dec. 8, 2010	<i>Summary Report: results of completed projects</i>	620
Oct. 1, 2010	<i>Follow-up Report</i>	444
Apr. 29, 2010	<i>IT Continuity Planning in Government</i>	360
Nov. 18, 2010	<i>Upkeep of the Provincial Roads Network by the Ministry of Transportation and Infrastructure</i>	355
Feb. 22, 2011	<i>Model Financial Statements</i>	345

Source: Google Analytics



**Exhibit 12:** Relevance at a glance, 2010/11

<b>Reports and recommendations</b>	
Reports completed in response to requests from MLAs/public	17%
Recommendations made by the Office of the Auditor General	69
Recommendations endorsed by PAC	100%
Recommendations, Oct. 2008–Apr. 2010, self-assessed as “addressed or implemented”	90%
<b>Website results</b>	
Downloads of reports from <a href="http://www.bcauditor.com">www.bcauditor.com</a>	14,768
Downloads of resources (e.g. guides, brochures) from <a href="http://www.bcauditor.com">www.bcauditor.com</a>	1,165
<b>MLA survey results</b>	
MLAs who were a member of PAC in 2010 who agreed or strongly agreed that “the Auditor General has been responsive to significant issues that fall within his mandate.”	100%

## EFFICIENCY

### Definition

Efficiency drives the volume of work we generate and, by extension, the impact we have. We are a public sector entity and therefore the amount of work we can produce is constrained by the funding we receive. For 2010/11, we received total funding of \$15.4 million, as per our request in our Estimate of Resources. It is our responsibility to use this funding efficiently in order to produce maximum output.

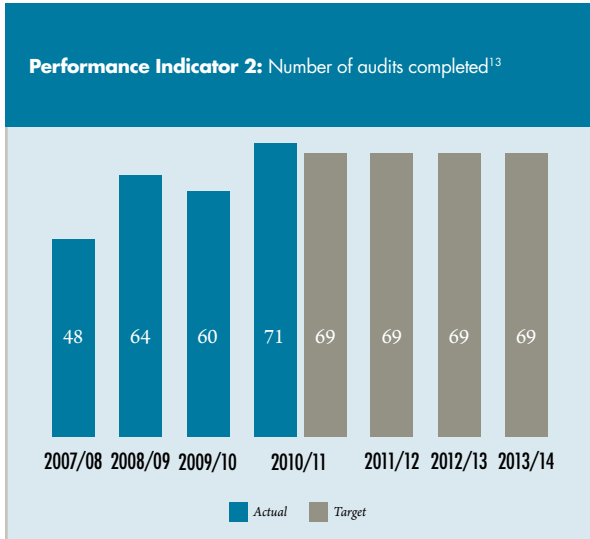
### Targets and Performance

#### Key Performance Indicator

Our primary outputs are financial statement audit opinions and performance audit reports, reviews and guides. Assuming a relatively constant appropriation over time, the number of audit opinions and publications we produce is a broad measure of our Office’s overall efficiency. In 2010/11 we strove for continuous improvement in our project management and topic identification processes, as well as in how we used our staff resources.

In 2010/11 we released a total of 71 financial statement opinions and reports, and performance audit reports, reviews and guides, exceeding our target of 69. This included 46

financial statement opinions, two enrolment audits, two guides, two accountability report audit opinions and, finally, 19 performance audits or examinations. Given that we had 112 full-time equivalent (FTE) staff in both 2010/11 and 2009/10, this result suggests our efficiency increased.



Source: Office of the Auditor General of British Columbia management information system

### Looking Ahead

Important to note is that the number of publications our Office produces is strongly influenced by product mix. Generally speaking, performance audits tend to be significantly more expensive to complete than financial statement audits. As well, the time and resources required to complete a performance audit vary considerably depending on the subject and scope. Therefore, the number of performance audits we produce is limited by our appropriation and capacity. Assuming we receive 100% of our requested resources, we set stretch targets to ensure we are as efficient as possible.

In 2011/12 we will once again aim to release 69 opinions and reports.

<sup>13</sup> In 2008/09, all targets and prior year actual results were revised to include audit opinions provided for subsidiary organizations and other assurance work conducted as part of our Financial Statement Audit Coverage Plan. This explains the significant increase in number of audits completed.

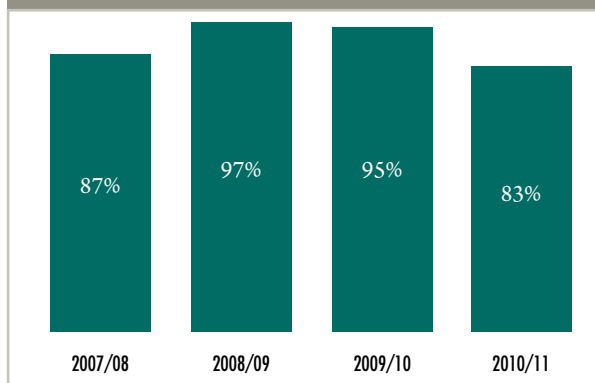
### Other indicators of efficiency

#### On-time Performance

Our aim is to complete our reports in a timely fashion. Working to shorten our timeframes enables us to produce more reports, as well as to release our findings and recommendations as quickly as possible – making our reports more relevant to their intended audience. To maintain the quality of our reports, we have checks and balances for ensuring that our audit work is thorough and our conclusions are well supported. The Office’s internal performance audit process includes multiple checkpoints (see Appendices D and E for more information on the audit process). However, performing these checks and balances takes considerable time.

Unforeseen events can also affect our ability to deliver within planned timeframes. For this reason, we track how well we meet our internal planned timelines rather than how quickly we complete our work. In 2010/11 we completed 64 of 71 of our audits, examinations, reports and guides (or 90%) within our approved internal timeframes (Exhibit 13). Our five-year historical average is 89%. In 2010/11 the pieces of work that were delayed were almost always the result of client delays, such as not being able to address our audit findings or schedule final approval meetings in a timely manner.

**Exhibit 13:** Percentage of the Office's work delivered within the approved timeframe



**Exhibit 14:** 2010/11 Efficiency at a glance

<b>Operational efficiency</b>	
Total reports published	71
Audits completed within approved timeline	90%
<b>Financial efficiency</b>	
Budget allocated by Treasury Board	\$15.4 million
<b>Environmental efficiency</b>	
Reduction in packages of paper purchased for Office use compared to 2009/10	61%

**Exhibit 15:** Percentage of MLAs surveyed who agree / strongly agree that the Auditor General's reports are credible, independent and objective

Members of the Government	Members of the Official Opposition or Independents	Average
63%	95%	81%

## VALUE

### Definition

The most meaningful indication of the extent to which the Office adds value is from the perspective of MLAs and British Columbians. We recognize that value is highly subjective, especially in a politically polarized environment such as the Legislative Assembly. For us, value is derived from producing work on topics that readers find interesting and appropriate, and from making recommendations that result in improvements to government performance. Value is created when we produce information in a timely manner and when we use our resources efficiently.

### Targets and Performance

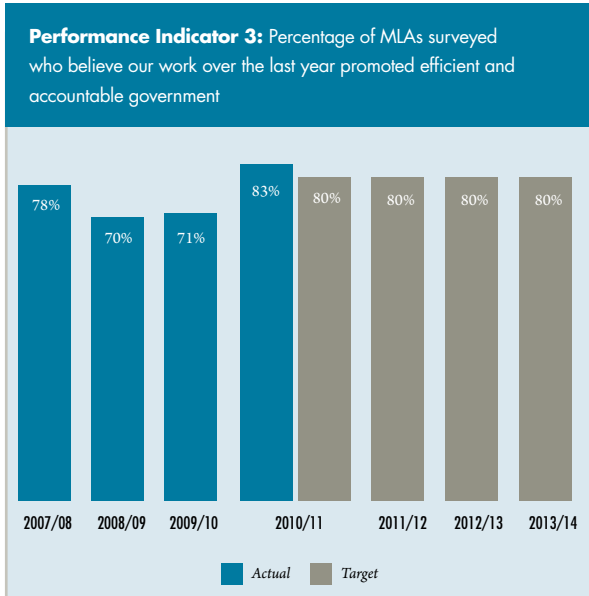
#### Key Performance Indicator

Since 2008 we have conducted an annual survey of all MLAs to assess whether they feel we provide value. The survey asks MLAs about their knowledge of the Office and our work over the past year, as well as seeking their views about our reports, our credibility and our responsiveness to members' needs. The survey is conducted on behalf of the Office by independent survey company R.A. Malatest and Associates Ltd.

For the 2010 survey, 35 of 82 MLAs completed the questionnaire. This represents a valid response rate of 43% (compared with 64% in 2009, and 49% in 2008).<sup>14</sup> As well, an additional five MLAs completed a portion of the survey. Just under half of all respondents were members of Government (47.5%) and just over half were members of the Official Opposition or independents (52.5%).

Our work often deals with contentious and challenging issues, so we do not expect our investigations or our findings to appeal to everyone. Nonetheless, the results

<sup>14</sup> Because of the number of responses, the data is valid only to within  $\pm 13\%$ , at the 95% confidence level. Note that the results represent a snapshot as of May 2011. Changes in opinion could occur as a result of new work completed by the Office, a change in the official government, or changes of actual MLAs.



Source: Office of the Auditor General of British Columbia 2010 survey of MLAs

from the survey of MLAs indicate to us how we can better provide value to legislators in the future.

Our 2010 survey found that 83% of all MLAs who responded agreed or strongly agreed that “the work done by the Office contributes to promoting efficient and accountable government.” This is 12% higher than for the same question last year (71% agreed or strongly agreed), and exceeds our target of 80%.

**Exhibit 16:** Results of educating MLAs about the role of the Auditor General

Survey statements	Survey respondents who agreed or strongly agreed with the statements	
	MLAs who were not a member of PAC in 2010	MLAs who were a member of PAC in 2010
“The Auditor General’s Office is important.”	88%	100%
“I understand the Auditor General’s role.”	89%	100%
“I am familiar with the work published by the Office of the Auditor General.”	93%	100%
“The Auditor General has been responsive to significant issues that fall within his mandate.”	67%	100%
“The work done by the Office contributes to promoting effective and accountable government.”	75%	100%

Source: Office of the Auditor General of British Columbia 2010 survey of MLAs



## Looking Ahead

Of the MLA respondents who were members of PAC in 2010, all agreed or strongly agreed that “the work done by the Office contributes to promoting efficient and accountable government.” We therefore conclude from this and other results shown in Exhibit 16 that by better educating all MLAs about our role and performance – to help them be as familiar with our work as PAC members are – we could improve our performance in this area.

In the past year, with the aim of strengthening relationships with this stakeholder group, the Auditor General had 40 meetings with individual MLAs. Feedback suggests that these visits help MLAs better understand the Auditor General’s role. As part of the Office’s public education efforts, the Auditor General will continue to meet with MLAs in the coming year.

### Other indicators of value

#### Useful Publications

For our work to provide value, our publications must be useful. To ensure our work is readable, comprehensive and relevant, we have introduced a variety of new formats to enhance how we communicate the Office’s work. In addition to traditional audit reports, guides and brochures, we published summary reports and compendiums in the past year. We also completed numerous management letters, although these are not public documents. Management letters tend to be technical documents with very detailed observations or recommendations. These detailed letters are often provided to management of the entity in question upon completion of an audit, review or investigation, and a brief summary report may be released publicly.

Of the MLAs who responded to our 2010 survey, 92% agreed or strongly agreed that the level of detail in our reports over

the last year was sufficient to help them understand the issues examined (compared with 94% in 2009).

#### Auditee Feedback

We always invite the Minister or Deputy Minister responsible for the audited organization to formally respond to our work as part of the report. These response letters usually indicate that he or she valued our work.

### Guide for Developing Relevant Key Performance Indicators for Public Sector Reporting (December 2010 guide)

“I would like to thank the Office of the Auditor General for creating the guide for developing relevant key performance indicators. The guide will serve as a useful resource for the Ministry of Education and other public sector organizations as they consider their performance indicators and develop accountability documents.”

– James Gorman, Deputy Minister, Ministry of Education ([read the guide](#))



## Upkeep of the Provincial Roads Network by the Ministry of Transportation and Infrastructure (November 2010 report)

“The ministry appreciates the hard work of the Auditor General and staff in auditing the ministry’s road upkeep programs. We value the learning offered by independent audits, and the significant time and effort that went into this report by all those that contributed.”

– Peter Milburn, Deputy Minister, Ministry of Transportation and Infrastructure ([read the report](#))

### Leaders in Our Field

In 2010 we hosted the Auditor General of Barbados and received delegations from Bangladesh and the National Audit Office of the People’s Republic of China. The



Barbados auditors Crasandra and Nigel explored Vancouver Island during their eight months in British Columbia. Extra-curricular highlights included riding a zipline and learning to ski at Mt. Washington.

latter group were interested in our Office’s structure, the Auditor General’s mandate and our report on the Agricultural Land Commission.

Our Office is leading the project to transform performance audit training in Canada on behalf of the Canadian Comprehensive Audit Foundation (CCAF). The CCAF is the foundation responsible for offering performance audit training to legislative auditors in Canada. It seeks out best practices in jurisdictions across Canada and internationally, and develops practical tools and concepts to strengthen accountability.

We have also entered into exchange and secondment agreements with worldwide legislative audit offices. In 2010/11 the CCAF sent one of our senior performance auditors, Wayne Schmitz, to Barbados to assist the CCAF in presenting their evidence gathering and report writing courses, while our Office hosted two performance auditors from Barbados as part of the CCAF Fellows Program.

In November, our Director of Information Technology, David Lau, was seconded to Newfoundland and Labrador



David Lau, our Office’s Director of Information Technology, shared best practices in wireless network security with the Office of the Auditor General of Newfoundland and Labrador.

“Dear Mr. Lau: ... Your experiences and knowledge will help us focus our audit work in this new area and will undoubtedly prove invaluable as we conduct our current and future audits.”

– John L. Noseworthy, Auditor General of Newfoundland and Labrador



to assist that province's Office of the Auditor General with the first phase of a wireless security audit, and to help develop their wireless audit program. Financial auditors from our Office also worked on secondments to the RCMP and Treasury Board during 2010/11.

We look forward to negotiating more exchange opportunities for our staff in the coming year.

The Office also provides value in our professional communities. In 2010/11 representatives of the Office spoke on governance and accounting changes at the CMA/CGA/FMI Conference in Victoria, and presented at a training session for Ministry of Finance staff. As well, Assistant Auditor General Morris Sydor helped facilitate an environmental audit course sponsored by the CCAF in Costa Rica, in which 26 auditors from 10 countries participated.

Marc Lefebvre, our Director of Human Resources, co-chairs the Human Resources Network of the Canadian

Council of Legislative Auditors (COLLA), which proposes national solutions for legislative office human resource issues such as compensation, leadership development and new or emerging HR issues. Many other staff members in our Office also participate actively in COLLA.

## EXCELLENCE

### Definition

Excellence for us means ensuring that our professional staff complete their work to the highest standards and always strive for continuous improvement. We discuss excellence in terms of employee engagement, meeting professional standards and maintaining positive, professional relations with the organizations we audit.



Assistant Auditor General Morris Sydor (fifth from the left in front) helped facilitate an environmental auditing course in Costa Rica for 26 auditors from 10 countries.

Exhibit 17: 2010/11 Value at a Glance	
MLA survey respondents who were a member of PAC who agreed or strongly agreed with the statement "I am familiar with the work published by the Office of the Auditor General"	100%
MLA survey respondents who were a member of PAC who agreed or strongly agreed with the statement "Overall, the Office has been successful in communicating its report findings to me"	100%
References to the Office of the Auditor General by MLAs during debates in the Legislative Assembly <sup>15</sup>	31

<sup>15</sup> Source: Hansard Services, Legislative Assembly of British Columbia, with statistics compiled using the Office of the Auditor General of British Columbia's management information systems.



## Targets and Performance

### Key Performance Indicator

We undertake an annual work environment survey that covers key areas such as workplace values, leadership, pay and satisfaction.<sup>16</sup> To measure employee engagement, we track the percentage of our employee survey respondents who strongly agree or agree with a number of statements, including:

- I am satisfied with my job.
- I am encouraged to be innovative in my work.
- I am inspired to give my very best.
- I am proud of the work I do.
- The work I do gives citizens good value for their tax dollars.

In 2009 the Office chose to move from our previous survey tool to the provincial government’s standard



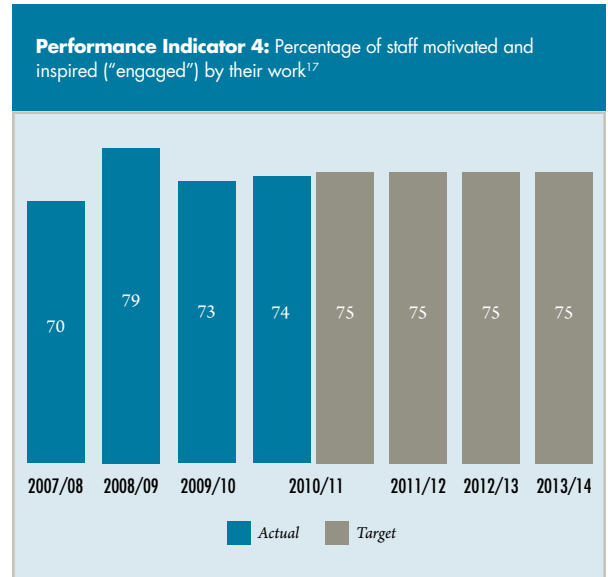
Assistant Auditor General Russ Jones (right) received his 25-year Long Service Award in 2010/11.

work environment survey as a means of obtaining more comprehensive data. Although this year’s survey has been slightly customized to our Office, overall it provides additional detailed feedback and allows comparisons to be made with the province’s public sector as a whole.

The survey is sent electronically to all staff in June, and as such the results were not available in time for our June 30, 2011 publication date. This report was updated when the results were available in July 2011.

### Looking Ahead

Work engagement score targets can be challenging to meet and, as with many of our other targets, we often set stretch goals to challenge ourselves. Looking back over the past five years, we are very pleased with the strong results and the high level of staff engagement in our Office. According to BC Stats, a target of 60 represents an engaged



Source: Office of the Auditor General of British Columbia 2010 Employee Engagement Survey

<sup>16</sup> Because confidentiality is critical for survey results to be valid, the survey is conducted and information collated and analyzed by an external consultant. No individually identifiable information is provided to management.

<sup>17</sup> As a result of the shift in survey tools, our engagement results appear to have declined in 2009. We look forward to an accurate measure of employee engagement in the coming years as we develop a history with our new survey tool.



Caitlin Roberts

### Co-op students at the Office of the Auditor General

The Office hired two co-op students in 2010/11. Caitlin Roberts worked on co-op with our Performance Audit team from May through August as part of her Master of Public Policy program at Simon Fraser University. She contributed to projects such as *Hand Hygiene: Self-Assessment* and did some preliminary research on PharmaCare and the BC Coroners Service. When Caitlin returned to school in the fall, it was to begin the arduous task of writing her thesis.

workforce. Our stretch target of 75 represents our desire to be a highly engaged organization (as found in most top employers), and is higher than the typical engagement score in the province's public service (68 in 2009/10).

We will continue to strive for high employee engagement, which is a predictor of a high-performing organization. All of the Office's work is done through people, and a high level of work engagement is critical. We have undertaken a number of strategies to encourage employee-engagement. These are detailed in the "Priorities for the Future" section of this report (see page 50).

### Other Indicators of Excellence

#### Training and Professional Development

We encourage excellence in our staff by promoting mobility and new work experiences, supporting employee learning and career development, carefully managing the use of external resources, developing expertise in specific job streams and creating entry-level positions for the next generation of staff.



Auditor Raveendra Madappattu receiving his CGA certification in October 2010.

The Office encourages staff in their pursuit of higher education. In fact, many of our professional designations require mandatory professional development each year. Currently, four staff members are pursuing or are scheduled to begin further education outside of work hours. Over the past year, Laura Pierce completed her Master of Public Administration and both David Lau and Raveendran Madappattu attained the prestigious GIAC Assessing and Auditing Wireless Networks certification from the SANS Institute. Raveendran also earned his Certified General Accountant (CGA) designation.

In 2010/11 we updated our training approach to make it more "blended." Investments in e-learning and different classroom styles of learning and development have increased the educational effectiveness of training, as well as cost-effectiveness. The average staff member, not including audit associates, received approximately 65 hours of in-house training and development in 2010/11. Much of this can be attributed to the changes in accounting standards, which required our financial auditors to undertake significant training.

The Office is licensed by the ICABC as a Chartered Accountant Training Office (CATO) to train students in obtaining their Chartered Accountant (CA) designation. We are proud to have supported student audit associates in this role for over 30 years. The Office is the only approved training office for this purpose in the provincial government.

We have 21 audit associates in various levels of training. Last September we welcomed six new audit associates to begin their three-year program of study to gain their CA designation. In September 2010, six associates were successful in writing the arduous Uniform Final Examination (the UFE, the final exam for designated Chartered Accountants). The final step for audit associates in pursuit of their CA designation is completing their 30 months of required work experience.



Kerrie Waddington

Kerrie Waddington joined us in January, working with both the HR and Communications departments. This was Kerrie's final co-op term and final requirement for her BA in English and French with a minor in professional writing. Her writing skills and attention to detail were greatly appreciated in relation to the Office's reports. The Office was pleased to offer her a short-term position following the co-op term working on a writing pilot program.

The Office is thankful for the skills, energy and interest that both Caitlin and Kerrie contributed while here and is pleased that we could support university co-op programs. We look forward to hiring more co-op students in the future.



2010 Uniform Final Examination (CA exam) graduates from left to right:  
Back row: Charles Mutanda, Betty Ho, Heather Sharpe, Joe Sass Front row: Chris Lawson, Auditor General John Doyle, Shaun Trowsdale

We anticipate that seven audit associates will write the UFE in September 2011.

### Hiring Practice

The Office of the Merit Commissioner's Merit Performance Audit is designed to assess the application of merit in the recruitment and selection process in British Columbia's public service. For the 2010 Merit Performance Audit, approximately 200 appointments made across government between September 1 and December 31, 2010, were selected randomly for examination. Three of those were in our Office.

In all cases, the individuals appointed were considered to possess the required qualifications for the position, and a merit-based process was found to have been applied. Such results provide us with further assurance that our hiring practices are effective.

### The Merit Commissioner

The Merit Commissioner is an independent officer reporting directly to the Legislative Assembly of British Columbia. He or she provides oversight and insight into the conduct of merit-based hiring in the province's public service.

### Professional Standards

The *Auditor General Act* requires the Auditor General to conduct financial statement audits "in accordance with generally accepted auditing and assurance standards." Our performance audits are also conducted in accordance with these standards.

All of our audit files are subject to multiple levels of internal review to ensure, among other things, compliance with audit standards (see Appendices D and E). The audit files of private auditors providing services under contract are reviewed similarly.

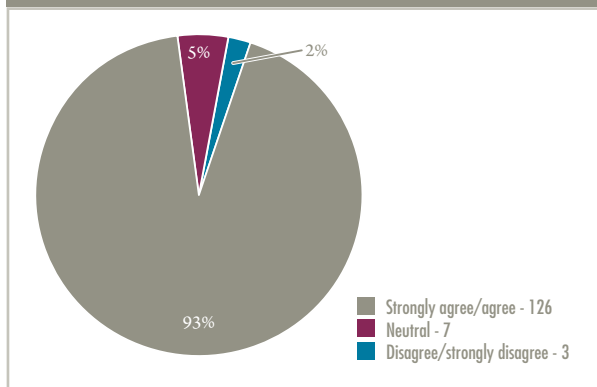
We have a small professional practices department to ensure that our audit practices, methodology and training comply with current standards and that we are prepared for new requirements as they evolve. This department has

Responsibility for oversight includes examining the extent to which the merit principle is being applied to public service hiring and promotions. Responsibility for insight ensures that decision-makers are provided with an independent assessment of appointment practices, policies and results.

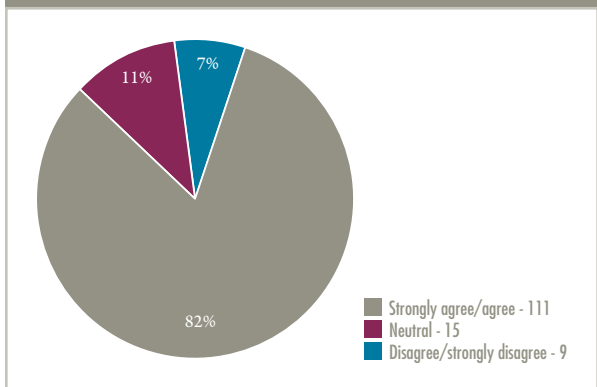
Fiona Spencer was appointed Merit Commissioner on February 9, 2010.



**Exhibit 18:** Performance survey results, 2010/11: "The audit team conducted themselves professionally."



**Exhibit 19:** Performance survey results, 2010/11: "The audit team demonstrated an objective attitude."



**Exhibit 20:** 2010/11 Excellence at a Glance

#### Human Resources

Applications received for job postings	705
New regular, full-time staff	16
New entry-level positions created as part of the Office's succession plan	6
Average in-house training and development hours per employee (not including audit associates)	65

been particularly busy over the past year as the Canadian accounting profession undergoes significant changes. For example, members of the department continue to work closely with our audit teams in implementing the new Canadian audit standards that came into effect this year. As well, they are implementing an audit process for auditing the transition to new accounting standards that are underway in several public sector organizations. Looking to the future, the Office has committed to ongoing improvements of its audit methodologies for both performance and financial statement audits, thus ensuring that we continue to conduct our work as effectively and efficiently as possible.

#### Relations with Auditees

Following our formal audits, we conduct a short survey to request feedback about our audit teams' performance. The survey is sent directly to staff and senior management at the audited organization, and provides valuable information for our auditors. In 2010/11 we surveyed 212 individuals and received 137 responses.

Exhibits 18 and 19 show two sets of compiled results of the performance survey we conducted in 2010/11.

# 2011/12-2013/14 STRATEGIC PLAN

38

- 39 HUMAN RESOURCES
  - 39 **Succession Planning**
  - 40 **Retention and Work Environment**
  - 40 **Professional Development Exchanges**
  
- 40 LONG-TERM IMPACTS
  
- 41 PROJECT MANAGEMENT
  
- 41 FLEXIBILITY AND INTERCONNECTEDNESS
  
- 41 GOOD FINANCIAL MANAGEMENT
  
- 42 NEW ACCOUNTING AND FINANCIAL STANDARDS



# HUMAN RESOURCES

## Succession Planning

Almost one in three of our Office staff is under the age of 30. The average age is currently 39. In five years, the average age is expected to increase to 41 and the proportion of staff over 50 years of age will increase from 25% to 29%.

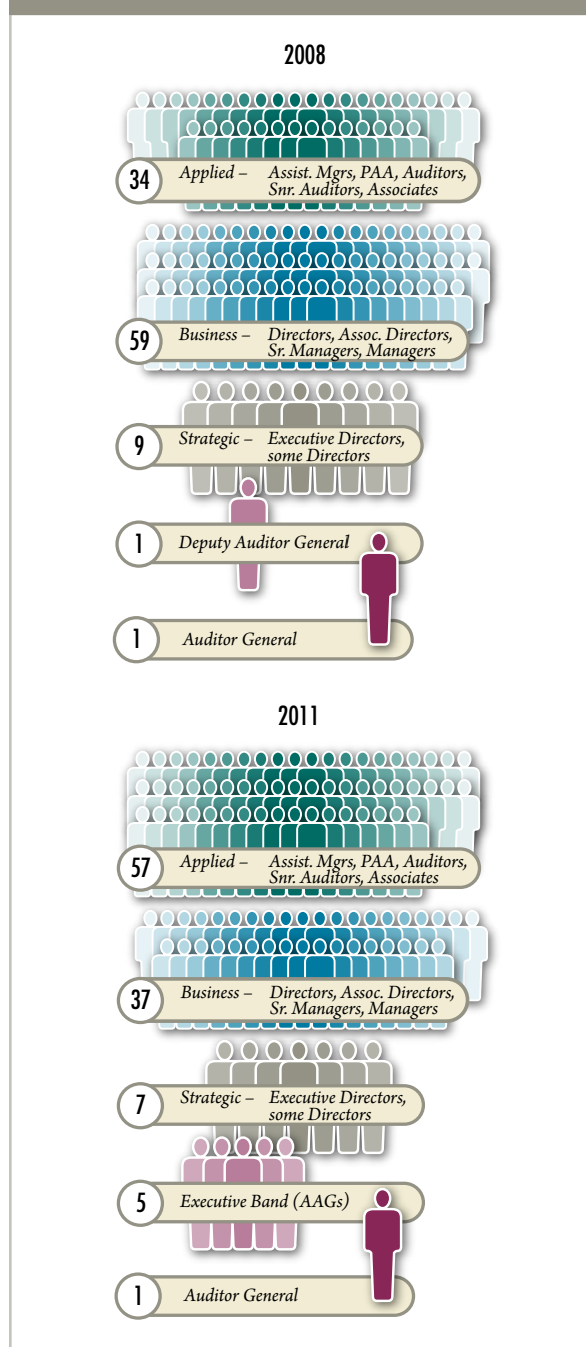
Over 15% of our staff are eligible (or are close to being eligible) to retire. We anticipate that 17% of our staff will be eligible to retire within the next five years. When this is added to regular turnover, we expect more than one-third of staff will not be with the Office in five years' time.

A significant three-year shift in the classification structure of the Office began in 2008 as part of our succession planning. As demonstrated in Exhibit 21, this has resulted in greater organizational balance and allows for more diversity of opportunity and development.

In 2008/09, accelerated leadership positions such as Assistant Managers and Senior Managers were created in anticipation that, with further training and experience, they will be our future Directors. In 2010/11 the Office introduced the Program for Accelerated Leadership (PAL), a mid-level leadership program predominantly for these Assistant and Senior Managers making the transition to roles that require greater leadership. The program includes a mix of group workshops and individual evaluation and coaching. Eight employees graduated from PAL in 2010/11 and another eight participants are enrolled in the 2011/12 program.

The Office continues to emphasize the management of employee performance and to provide career development tools.

**Exhibit 21:** Transformation in Office staffing levels



## Retention and Work Environment

In recent years the Office has become an increasingly dynamic work place. In addition to its changing demographics, the Office participates in a number of work exchanges and secondment arrangements as part of our encouragement of life-long learning and professional development. Staff are encouraged to pursue higher education and professional accreditation, which benefits both the Office and individual employees in many facets of their life.

In 2010, the Office's attrition rate, excluding retirements, was approximately 12%. This is well above the province's public service average of 4.5% in 2010/11 (and compared with 4.1% in 2009/10 and 4.9% in 2008/09). Non-retirement and voluntary turnover declined from 11% in 2009 to 4% in 2010.

## Professional Development Exchanges

In May 2011, one of our staff members left to spend a year at the Victoria Audit Office in Melbourne, Australia. At the same time, we are anticipating the arrival of a financial auditor and her family from Perth, Australia, who will join our Office for a year. Another auditor on secondment from Victoria, Australia, will also be joining us for three months.

As well, we have been active in engaging local area offices for potential short-term assignments for our staff. We see these placements as opportunities to provide staff with a wider range of career experiences and development while not compromising their independence. For example, over the past year, one of our financial auditors was on a temporary assignment with Treasury Board and another was with the RCMP.

## LONG-TERM IMPACTS

Long-range planning by the Province is a significant issue to our Office. Specifically, we are interested in determining

how decisions made today will affect the province over the long term. Topics we consider pertinent for planning our future work include:

- public-private partnerships (P3s)
- alternative service delivery (ASD) arrangements
- demographic shifts and capacity planning in sectors such as health care and education
- financial administration
- governance
- infrastructure investment
- resource management

Consultation with the Auditor General's Strategic Advisory Council<sup>18</sup> supports this focus as relevant and valuable.

As part of our stated Mission to serve the people of British Columbia and their elected representatives, our Office will continue to add value by helping citizens understand complex issues (e.g. public-private partnerships). Citizens should be informed as to whether project budgets and deliverables have been, or are being, well managed. To this end we have developed publications in addition to traditional audit reports, including guides, management letters and summary reports, brochures and, new for 2011/12, information bulletins. For example, our compendium report titled *Aspects of Financial Management* (August 2010; [read the report](#)) investigated four aspects of working capital:

- year-end government transfer expenditures,
- infrastructure grants,
- fraud risk management, and
- management of working capital by colleges and school districts.

<sup>18</sup> The Auditor General's Strategic Advisory Council is a group of advisors representing varied backgrounds and interests. Members are selected by the Auditor General.



## PROJECT MANAGEMENT

Project management and on-time performance will continue to be areas of focus in the coming year. We are currently rewriting our performance audit manual to ensure our work reflects best practices and is continuously improving. This tool will be invaluable for our performance auditors, particularly those who are new to our Office's methods.

We have also recently introduced a number of new checks and balances in the auditing process to ensure the best possible final product, and we will continue to refine them over the coming year. While all of these steps take time, they support our goal of carrying out high-quality work that shows whether, and the extent to which, the provincial government is achieving its objectives effectively, economically and efficiently.

## FLEXIBILITY AND INTERCONNECTEDNESS

While it is essential for us to have plans in place to make best use of the resources entrusted to the Office, we cannot foresee every turn of events. We therefore need to remain responsive and adaptable.

New priorities inevitably emerge through either specific audit requests or the unfolding of unexpected events. New challenges, and new opportunities, also arise. Our aim is to remain flexible so that we can tackle any of these new developments quickly. We believe that our focus on shorter-term projects and greater coordination of staff from all portfolios across the Office will make us an increasingly more flexible organization in the years ahead.

## GOOD FINANCIAL MANAGEMENT

Good financial management ensures that funds are obtained at a minimal cost, deployed efficiently and used in a way that provides good value for British Columbians. For government to meet these objectives, it must have the right processes, controls and accountability mechanisms in place and have access to complete, accurate and reliable information for decision-making. Given that the Province manages assets, liabilities and annual expenses in the tens of billions of dollars a year, the cost to taxpayers of not managing the province's finances appropriately could be significant.

During 2010/11 our Office conducted work in several important areas of financial management, including working capital management, management of grant programs and capital procurement through public-private partnerships. We also reviewed financial management practices in some government organizations as part of our financial audits and through special projects where specific risks were identified.

### Management of Working Capital by Colleges and School Districts

(August 2010 report, *Aspects of Financial Management*)

“Overall, we found that the provincial government is not realizing best value for taxpayers, since it does not ensure that working capital in the college and school district sectors is being effectively managed.” ([read the report](#))

## NEW ACCOUNTING AND FINANCIAL STANDARDS

New Canadian accounting standards came into effect on January 1, 2011, and are now being employed by government organizations in all of their financial statements. Within the options available under the new accounting standards, the B.C. government has directed many government organizations to adopt the accounting standards issued by the Public Sector Accounting Board of Canada (PSAB), which the government itself follows for its Summary Financial Statements. (Government business enterprises, those that generate their own revenues sufficient to operate independently without government support, will adopt International Financial Reporting Standards.)

The government has directed that the move to PSAB will occur in two main phases:

- Government organizations that are in the health or education sectors will adopt PSAB standards in their fiscal year that starts on or after January 1, 2012.
- All other government organizations will adopt PSAB standards in their fiscal year that starts on or after January 1, 2011.

Government has also directed government organizations to follow PSAB standards without the incorporation of the optional not-for-profit provisions now within PSAB.

When PSAB standards are adopted for the first time, an organization is required to adopt them retroactively and present comparative figures. An organization that is not in the health or education sector, and that has a March 31 year-end, will be adopting PSAB in its year-end March 31, 2012, and so will need to present comparatives for 2010/11.

These changes are unprecedented in the province and some government organizations may require significant help to

prepare for and implement the new requirements.

To assist such organizations in transitioning to the PSAB framework, we have created two documents:

- model financial statements, which are examples of the type of financial statement presentation and disclosures required under PSAB standards; and
- a summary comparison between PSAB standards and the CICA handbook standards that many government organizations currently use, with explanations of differences.

Our staff prepared these documents in consultation with standard setters and several large private sector audit firms. Both documents have been provided to auditors general across Canada and are being translated into French by the Office of the Auditor General of Canada.

As PSAB standards are updated, we will also update our two documents. Current versions of them and more information on the changes to the accounting standards are available on our website: [www.bcauditor.com/model-financial-statements](http://www.bcauditor.com/model-financial-statements).

In addition to those changes, new international standards for financial auditing came into effect for the B.C. public sector on December 31, 2010. While we have adopted international standards for financial statement audits, standards for other assurance engagements (such as performance audits) are not changing in the short term, but likely will in the long term.

Together all of these changes will increase the quantity of work (and cost) for both our Office and the private sector audit firms that audit government entities.

44 MANAGEMENT'S DISCUSSION AND ANALYSIS

44 **Financial and Business Highlights**

51 FINANCIAL STATEMENTS



**Exhibit 22:** The Office's 2010/11 expenditures compared with those planned and in the prior year (\$ thousands)

	Fiscal 2010/11 Planned	Fiscal 2010/11 Actual	Variance Planned to Actual	Fiscal 2009/10 Planned	Variance 2010/11 to 2009/10	Fiscal 2011/12 Planned
Salaries and Benefits	11,864	11,767	97	11,073	694	11,998
Professional services	923	951	(28)	1,360	(409)	1,062
Other expenses	2,613	2,450	163	2,871	(421)	2,692
<b>Total operating expenses</b>	<b>15,400</b>	<b>15,168</b>	<b>232</b>	<b>15,304</b>	<b>(136)</b>	<b>15,752</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management has prepared a discussion and analysis of the Office of the Auditor General's business operations and of significant events that affected the results of those operations and the Office's financial position for the year ended March 31, 2011, relative to the same period last year and to the service plan published in June 2010.

This discussion and analysis of our financial performance should be read in conjunction with our financial statements and related notes. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Management has included forward-looking statements that pertain to the business and anticipated financial performance of the Office. These statements are subject to a number of risks and uncertainties that may cause actual results to differ from those contemplated in the forward-looking statements.

## Financial and Business Highlights

The Auditor General's mandate is broad, covering audits not only of the financial statements of the Province, but also of government's performance reports and the delivery of specific programs and services. Through the work of the Office, the Auditor General provides the public and the Legislative Assembly with a strong means for holding government to account for how it delivers programs and services to the people of British Columbia.

In 2010/11 the voted appropriation we received from the Legislative Assembly to fund our operations was \$15.4 million. This amount reflects the estimated full cost of operations because the Office did not recover fees for service engagements and was fully funded. The Legislative Assembly also approved a separate appropriation for capital expenditures of \$150,000.

In 2010/11 the actual total cost of our operations was \$15.2 million, approximately \$232,000 less than planned. Capital purchases were \$1,000 less than planned. Our unused appropriation cannot be used in subsequent fiscal years. Exhibit 22 summarizes these high-level variances. Further details are provided in the remainder of this discussion and analysis.

**Exhibit 23:** Distribution of the Office's expenditures across our lines of business, 2010/11 (\$ thousands)

	Direct Costs	Indirect Support Costs	Overhead Allocation	Total Expenditures	%
Financial audit	6,487	2,697	667	9,851	65%
Performance audit	2,224	927	229	3,380	22%
Governance and accountability	1,303	500	134	1,937	13%
	10,014	4,124	1,030	15,168	100%

In previous years, our greatest challenge was attracting and retaining staff. The Office has seen some early success with its staffing plan, but this area continues to be a challenge as a result of both external market pressures (notably, competing demand for accounting professionals in the private and public sectors) and internal pressures (such as pending retirements and maternity and parental leaves). Because salaries, benefits and professional service contracts together make up 84% of our total operating expenses, changes or fluctuations in staff or in our resource mix can shift our financial position significantly from what was planned.

For 2011/12 the Legislative Assembly has approved an appropriation of \$15.75 million to fully fund our work program and operations. This will give us the funding to achieve a staffing level of 115 employees, offer competitive compensation, and provide all necessary support and infrastructure required to carry out our work program.

### *Distribution of resources across the work we do*

Historically, over 50% of our resources have been planned and used in auditing the government's Summary Financial Statements and the financial statements of some government organizations (as set out in our Financial Statement Audit Coverage Plan).

In 2010/11 about 65% of our resources were used in the conduct of financial audits and 35% in the conduct of performance audits. Exhibit 23 shows this distribution.

Direct costs include costs directly related to specific audits such as travel, report publications, contract services, and specialized training. Indirect costs include costs for all support activities directly required to conduct audits, such as core training and professional development and information technology. Overhead includes items such as office financial services and corporate professional services.

### *Resources used to staff the work we do*

In 2010/11 we planned to increase and maintain a staff complement of 115. With attrition, however, the average full-time equivalent (FTE) rate for 2010/11 was 112 and our actual spending on salaries and benefits in 2010/11 was \$97,000 less than planned – but still \$694,000 more than that of the prior year.

**Exhibit 24:** Year-over-year planned and actual staff expenditures with associated FTEs (\$ thousands)

	Fiscal 2010/11 Planned	Fiscal 2010/11 Actual	Variance Planned to Actual	Fiscal 2009/10 Planned	Fiscal 2009/10 Actual	Variance 2010/11 to 2009/10 Actual
Salaries and Benefits	11,864	11,767	(97)	11,770	11,073	694
FTEs	115	112	(3)	115	112	-

Exhibit 24 shows comparative figures for planned, actual and prior year spending for salaries and benefits as well as for related FTEs.

The Office succession and staffing strategy is to increase the number of audit associates and provide and commit to long-term training and development to prepare them for more senior financial audit positions.

The increase in salaries over the prior year is a result of: having junior associates increase their salary as they progress through their development; sustaining an average of 112 FTEs for the year; and having to pay severance and retirement benefits for departing employees.

Leave liability costs and associated benefits are also included in the expenses for salaries and benefits. We made a concerted effort in 2010/11 to encourage staff to take their earned vacation. In addition to benefiting the well-being of the employees, this also reduced the leave liability costs incurred by the Office.

The under-spending in salaries and benefits is linked to an overspending in professional services. In 2010/11 we spent \$28,000 more on the latter than planned. However, this is \$409,000 less compared to that in 2009/10 and can be attributed to our sustained staffing levels in 2010/11. This trend illustrates the correlation between FTE levels and the need for professional services to augment our staff.

Exhibit 25 highlights the professional service expenditures we incurred in 2010/11 to augment our audit work, and also shows our corporate activity spending for the year.

In 2010/11 contract services for audit work decreased as fewer audit consultants were required and projects related to standards and quality were completed in 2009/10. The Office also experienced a decreased need for indirect audit support as human resource services related to strategic staffing needs were no longer required. There was also a significant decrease in contract services related to corporate activities from the previous year.

A one-time legal fee expense in 2009/10 pushed expenditures up in that category for that year. Additionally in 2009/10, the Office updated its website to support the release of electronic reports and focused on developing its strategic plan.

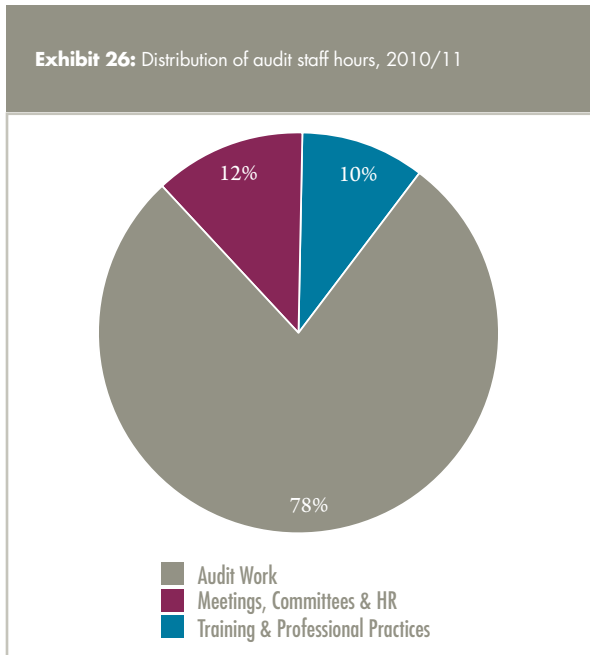
### *How our audit staff spends their time*

In 2010/11 our audit staff spent 78% of their available time on work directly related to performing audits. Another 10% of their time they spent in required training and professional development, working to stay current with professional standards. Staff are also involved in human resource recruitment activities and Communities of Practice in various specialty areas; and many are involved in internal committees such as the Office's Health and Safety Committee, Green Team, Wellness Committee and IT

**Exhibit 25:** Distribution of Professional Services Expenditures Across Audit Work and Corporate Activities, 2010/11 (\$ thousands)

		2010/11	2009/10	Variance
<b>Audit Work</b>	<i>Financial Audit Contractors</i>	68	213	(145)
	<i>Fees to Audit Firms</i>	492	306	186
	<i>Performance Audit Consultants</i>	25	132	(107)
	<i>Standards and Quality</i>	–	73	(73)
	<i>Audit report editing</i>	14	23	(9)
			599	747
<b>Indirect Audit Support</b>	<i>Human Resources</i>	17	70	(53)
	<i>Information Technology</i>	79	68	11
	<i>Training</i>	176	158	18
			272	296
<b>Corporate Activities</b>	<i>Financial and Audit</i>	25	34	(9)
	<i>Office Services</i>	12	132	(120)
	<i>Legal Services</i>	42	150	(108)
	<i>Corporate Report Editing</i>	1	1	(–)
			80	317
<b>Total Professional Services Expenses</b>		<b>951</b>	<b>1,360</b>	<b>(409)</b>





Advisory Committee – all of which are essential in helping us maintain a positive work environment and ensure excellence in how we do our work.

Exhibit 26 shows this allocation of professional time by our staff.

### *Resources used to support our staff*

In 2010/11 we spent \$2.45 million on necessary office and support infrastructure. Total office and support expenses included both indirect audit support and overhead. These expenses exceeded our planned budget by \$163,000, but this was a decrease of \$421,000 over spending on this category during the prior year.

Exhibit 27 shows the major elements of these expenses and provides a comparison of actual over planned and prior year expenditures.

In 2010/11 the Office changed the way reports are released, moving from hardcopy printed reports to electronic publications. This change saw a significant decrease from the planned costs to produce our reports.

Occupancy costs and office expenses also decreased from the prior year as tenant improvements were completed in 2009/10. The tenant improvement costs included those for the improvements, movers and purchase of non-capital furniture and equipment.

Maintaining the highest professional standards and excellence in the way we perform our work requires us to commit funds to make sure our staff remain current with professional standards. It also requires us to provide staff with opportunities for growth and development.

Last year we spent over \$507,000 in professional dues and training courses for our staff, including \$176,000 for professional services training fees and \$331,000 for professional dues and external training courses. This investment resulted in our audit associates successfully completing their Uniform Final Examination (with a pass rate of 75%) and becoming designated Chartered Accountants. Our success is shared by the rest of the public service, as some newly qualified associates leave the Office to work elsewhere in the public service.

### *A glance at our past and a look into our future*

Financial trends for the past five years, along with our 2011/12 planned expenditures, are shown in Exhibit 28.

The 2010/11 average FTE utilization was 112, including auxiliary and co-op staff. The average utilization rate has remained the same over the past two years and is near our

**Exhibit 27:** Comparison of the Office's planned, actual and prior year office and support expenses (\$ thousands)

	<i>Fiscal 2010/11 Planned</i>	<i>Fiscal 2010/11 Actual</i>	<i>Variance Planned to Actual</i>	<i>Fiscal 2009/10 Actual</i>	<i>Variance 2010/11 to 2009/10</i>
<i>Occupancy costs</i>	686	676	10	857	(181)
<i>Travel</i>	591	470	121	503	(33)
<i>Information Technology</i>	293	418	(125)	481	(63)
<i>Professional Dues and Training</i>	489	331	158	373	(42)
<i>Office Expenses</i>	189	304	(115)	412	(108)
<i>Amortization</i>	122	135	(13)	136	(1)
<i>Report Publications</i>	180	42	138	46	(4)
<i>Research Grants</i>	63	74	(11)	63	11
	<b>2,613</b>	<b>2,450</b>	<b>163</b>	<b>2,871</b>	<b>(421)</b>

goal of 115. The stabilization of the FTE utilization is a result of the early successes of our planned staffing strategy.

Changes in technology and audit methods have increased technology demands in our Office. To ensure the Office can continue to effectively and efficiently conduct its work, we have planned an increase in technology costs in the upcoming year.

The Office intends to continue making tenant improvements to make more efficient use of available office space. The Office also expects ongoing pressure in our accommodation costs because our leases expire in 2014 and market demand for space in Victoria's downtown core continues to increase. All other operations costs will continue to rise with inflation.

# OUR FINANCES

**Exhibit 28:** Year-over-year financial trends in the Office, 2006/07–2011/12 (\$ thousands)

	Planned	Actuals for Fiscal Years (ending March 31)					Line Items (as a percent)				
	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2010/11	2009/10	2008/09	2007/08	2006/07
<b>Operating Expenses</b>							<i>As a % of Total Operating Expenses</i>				
Salaries	9,294	9,289	8,659	7,795	6,557	5,961	61.2	56.6	54.8	53.4	55.7
Employee Benefits	2,704	2,478	2,414	2,271	1,634	1,569	16.3	15.8	15.9	13.3	14.6
Professional Services	1,062	951	1,360	1,597	1,816	1,250	6.3	8.9	11.2	14.8	11.7
Occupancy Costs	736	676	857	634	696	526	4.4	5.6	4.5	5.7	4.9
Travel	537	470	503	513	408	361	3.1	3.3	3.6	3.3	3.4
Information Technology	391	418	481	545	354	305	2.8	3.1	3.8	2.9	2.8
Professional Dues and Training	493	331	373	258	237	233	2.2	2.4	1.8	1.9	2.2
Office Expenses	220	304	412	289	318	202	2.0	2.7	2.0	2.6	1.9
Amortization	152	135	136	158	139	122	0.9	0.9	1.1	1.1	1.1
Report Publications	100	42	46	121	59	122	0.3	0.3	0.9	0.5	1.1
Research Grants	63	74	63	63	63	63	0.5	0.4	0.4	0.5	0.6
<b>Total Operating Expenses</b>	<b>15,752</b>	<b>15,168</b>	<b>15,304</b>	<b>14,244</b>	<b>12,281</b>	<b>10,714</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Appropriation and other amounts</b>	<b>15,752</b>	<b>15,400</b>	<b>15,536</b>	<b>15,250</b>	<b>10,350</b>	<b>8,565</b>					
<b>Unused appropriation</b>	<b>-</b>	<b>(232)</b>	<b>(232)</b>	<b>(1,006)</b>	<b>(274)</b>	<b>(292)</b>					
Capital expenditures	250	149	185	131	156	182					
Capital expenditures	115.0	111.6	111.9	96.4	86.5	83.0					



## OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA STATEMENT OF MANAGEMENT RESPONSIBILITY

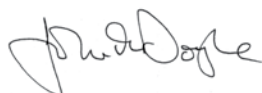
We are responsible for ensuring that the financial statements and other financial information in this annual report are complete and accurate.

We have prepared the financial statements in accordance with Canadian generally accepted accounting principles.

We have developed and maintain systems of internal control that give reasonable assurance that our Office has:

- operated within its authorized limits;
- safeguarded assets; and
- kept complete and accurate financial records.

The Select Standing Committee on Finance and Government Services of the Legislative Assembly appointed Grant Thornton LLP, Chartered Accountants, to audit the accounts of our Office for the year ended March 31, 2011. Our auditors report the results of their audit to the Auditor General. In their report, the auditors outline the scope of their audit and give their opinion on our financial statements.



---

John Doyle, MAcc, CA  
*Auditor General*



---

Russ Jones, MBA, CA  
*Assistant Auditor General  
Chief Financial Officer*





## Independent auditors' report

Grant Thornton LLP  
3rd Floor  
888 Fort Street  
Victoria, BC  
V8W 1H8  
T +1 250 383 4191  
F +1 250 381 4623  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Speaker of the Legislative Assembly, Province of British Columbia

We have audited the accompanying financial statements of the Office of the Auditor General of British Columbia, which comprise the financial position as at March 31, 2011, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

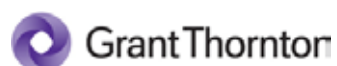
### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit • Tax • Advisory  
Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd



2

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Auditor General of British Columbia as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Other matter**

The statement of operations for the year ended March 31, 2011 includes budgeted amounts which are unaudited.

Victoria, Canada

May 19, 2011

A stylized, handwritten signature of "Grant Thornton LLP" in black ink.

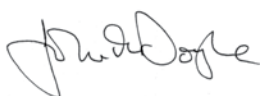
Chartered accountants

# FINANCIAL STATEMENTS

## OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA — STATEMENT OF FINANCIAL POSITION (IN \$000S)

March 31	Note	2011	2010
<b>Current Assets</b>			
Petty Cash		2	2
Prepaid expenses	3	71	91
Due from Consolidated Revenue Fund	4	723	949
		<u>796</u>	<u>1,042</u>
<b>Non Current Assets</b>			
Property, Plant and Equipment	7	356	342
		<u>1,152</u>	<u>1,384</u>
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		796	1,042
		<u>796</u>	<u>1,042</u>
Net Assets	5	356	342
		<u>1,152</u>	<u>1,384</u>

Approved by:



John Doyle, MAcc, CA  
Auditor General



Russ Jones, MBA, CA  
Assistant Auditor General  
Chief Financial Officer

The accompanying notes are an integral part of the financial statements.



OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA —  
STATEMENT OF OPERATIONS IN (\$000S)

Year Ended March 31	2011		2010
	Planned	Actual	Actual
<b>Revenue</b>			
Operating grant	15,400	<b>15,168</b>	15,304
Capital grant	150	<b>149</b>	185
	<u>15,550</u>	<u><b>15,317</b></u>	<u>15,489</u>
<b>Expenses</b>			
Salaries and benefits	11,864	<b>11,767</b>	11,073
Professional services	923	<b>951</b>	1,360
Occupancy Costs	686	<b>676</b>	857
Travel	591	<b>470</b>	503
Professional dues and training	489	<b>331</b>	373
Information technology	293	<b>418</b>	481
Office expenses	189	<b>304</b>	412
Depreciation	122	<b>135</b>	136
Report publications	180	<b>42</b>	46
Research grants	63	<b>74</b>	63
	<u>15,400</u>	<u><b>15,168</b></u>	<u>15,304</u>
Excess of revenue over expenses before purchase of Property, Plant and Equipment	150	<b>149</b>	185
Purchase of Property, Plant and Equipment	150	<b>149</b>	185
Net Operations	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.



# FINANCIAL STATEMENTS

56

## OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA – STATEMENT OF CASH FLOWS (IN \$000S)

March 31	Note	2011	2010
<b>Operating Activities</b>			
Paid to employees		(11,532)	(11,096)
Paid to suppliers		(3,597)	(3,922)
Miscellaneous Receipts	2	145	99
Current year appropriation		14,904	15,056
Cash provided by operations		(80)	137
<b>Investing Activities</b>			
Acquisition of property, plant and equipment		(295)	(69)
Current year appropriation for property, plant and equipment		149	69
		(146)	-
<b>Decrease in Due from Consolidated Revenue Fund</b>			
		(226)	137
Due from Consolidated Revenue Fund, beginning of year		949	812
<b>Due from Consolidated Revenue Fund, end of year</b>		<b>723</b>	<b>949</b>

The accompanying notes are an integral part of these financial statements.



## OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA — NOTES TO THE FINANCIAL STATEMENTS (TABULAR AMOUNTS IN \$'000S)

### 1. Nature of Operations

The Auditor General is an Officer of the Legislature of British Columbia, appointed for a six-year term by the Legislative Assembly. Non-partisan, objective and independent of the government of the day, he reports impartial assessments of government accountability and performance to the Assembly.

The Auditor General's mandate is established by the *Auditor General Act*. The Act requires the Auditor General to audit the government's annual Summary Financial Statements, and allows the Auditor General to be appointed as the financial statement auditor of any government organization or trust fund. The Act also allows the Auditor General to carry out examinations focusing, among other things, on whether government or a government organization is operating economically, efficiently and effectively; and whether the accountability information provided to the Legislative Assembly by the government or a government organization with respect to the results of its programs is adequate.

Funding for the operation of the Office of the Auditor General (the Office) comes from a voted appropriation (Vote 2) of the Legislative Assembly.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies.

#### a) Legislative appropriations

The Office is funded by the Legislative Assembly through a voted appropriation. The vote provides separately for operating expenses and capital acquisitions. Any unused appropriation cannot be carried forward for use in subsequent years.

#### b) Miscellaneous Receipts

Miscellaneous receipts include the repayment of funds to the Office for expenditures made to employees and suppliers.

The Office currently supports the CCAF Fellows exchange program and receives reimbursement for all expenditures made to support exchange employees. The Office also has seconded employees to other jurisdictions and received repayment of their salaries during the exchange.

#### c) Financial instruments

The Office has designated its financial instruments as follows:

Accounts payable and accrued liabilities as other financial liabilities and are measured at amortized cost.

Due from (to) Consolidated Revenue Fund is classified as either loans and receivables or other financial liabilities and is measured at amortized cost.

It is management's opinion that the Office is not exposed to significant interest, currency or credit risk arising from these instruments.

#### d) Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation. Depreciation begins when the assets are put into use and is recorded on the straight-line method over the estimated useful lives of the assets as follows:

Computer hardware and software	3 years
Mainframe hardware and software	5 years
Furniture and equipment	5 years
Tenant improvements	lesser of 5 years or term of lease

e) *Employee future benefits*

- i) **Pension benefits**  
All eligible employees participate in a multi-employer defined benefit pension plan. Defined contribution plan accounting has been applied to the plan as the Office has insufficient information to apply defined benefit plan accounting. Accordingly, the Office's contributions are expensed in the year in which the services are rendered, and represent its total pension obligation.

- ii) **Other future benefits**  
Eligible employees are entitled to post-employment health care and other benefits as provided under terms of employment or collective agreements. The cost of these benefits is accrued as employees render the services necessary to earn them.

- iii) **Leave Liability**  
Eligible employees are entitled to accumulate earned, unused vacation and other eligible leave entitlements as provided under terms of employment or collective agreements. The liability for the leave is managed and held by the BC Public Service Agency.

f) *Measurement Uncertainty*

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Provision for staff performance incentives and estimated useful lives of property, plant and equipment are the most significant items for which estimates are used. Actual results could differ significantly from those estimates. These estimates are reviewed annually, and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

g) *Future Accounting Changes*

The Public Sector Accounting Board (PSAB) sets out the applicable source of Generally Accepted Accounting Principles to be applied by Canadian government organizations.

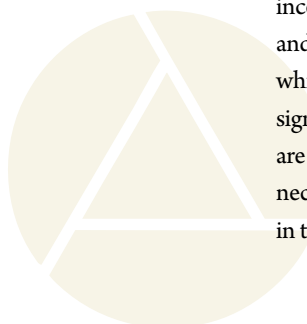
PSAB's guidance applicable to the Office offers a choice between International Financial Reporting Standards (IFRS) and PSAB Standards. The Office will follow PSAB standards commencing April 1, 2011.

3. **Prepaid expenses**

	2011	2010
Travel	4	6
Software maintenance	67	85
	<b>71</b>	<b>91</b>

4. **Due from/(to) the Consolidated Revenue Fund**

The Office does not have its own bank account or hold cash or cash equivalents. All financial transactions of the Office are processed through the Consolidated Revenue Fund of the Province of British Columbia. The "Due from (to) the Consolidated Revenue Fund" balance represents amounts that the Office will receive from, or transfer to the fund.



OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA —  
NOTES TO THE FINANCIAL STATEMENTS (TABULAR AMOUNTS IN \$000S)

	2011	2010
<b>Balance, beginning of year</b>	949	812
Cash provided for operations	14,904	15,056
Cash provided from miscellaneous receipts	145	99
Cash provided for acquisition of property, plant and equipment	149	69
	<b>16,147</b>	<b>16,036</b>
<b>Expenses during year:</b>		
Paid to employees	(11,532)	(11,096)
Paid to suppliers	(3,597)	(3,922)
Paid for acquisition of property, plant and equipment	(295)	(69)
	<b>(15,424)</b>	<b>(15,087)</b>
Balance, end of year	<b>723</b>	<b>949</b>

#### 5. Net Asset Balance

The net asset balance represents property plant and equipment that has been funded through appropriations.

#### 6. Voted, Unused and Used Appropriation

The Office receives approval from the Legislative Assembly to spend funds through an appropriation that includes two components—operating and capital. Any unused appropriation of both lapse at the fiscal year-end.

	2011		2010	
	Operating	Capital	Operating	Capital
Appropriation (Vote 2)	15,400	150	15,536	250
Total appropriation available	15,400	150	15,536	250
Total operating expenses	(15,168)	-	(15,304)	-
Capital acquisitions	-	(149)	-	(185)
Unused appropriation	232	1	232	65

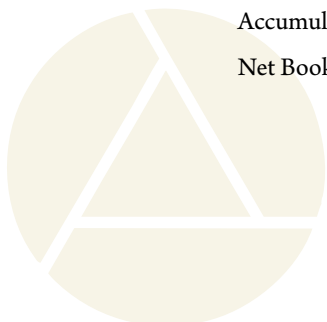
# FINANCIAL STATEMENTS

60

## OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA — NOTES TO THE FINANCIAL STATEMENTS (TABULAR AMOUNTS IN \$000S)

### 7. Property Plant and Equipment

	Computer hardware & software	Mainframe hardware & software	Furniture & equipment	Tenant Improvements	Total
<b>At March 31, 2009</b>					
Cost	504	100	264	-	868
Accumulated depreciation	(404)	(64)	(103)	-	(571)
Net Book Value	100	36	161	-	297
<b>Year ended March 31, 2010</b>					
Opening net book value	100	36	161	-	297
Additions	28	23	134	-	185
Disposals	-	-	(4)	-	(4)
Depreciation charge	(69)	(14)	(53)	-	(136)
Closing Net Book Value	59	45	238	-	342
<b>At March 31, 2010</b>					
Cost	480	123	378	-	981
Accumulated depreciation	(421)	(78)	(140)	-	(639)
Net Book Value	59	45	238	-	342
<b>Year ended March 31, 2011</b>					
Opening net book value	59	45	238	-	342
Additions	131	-	18	-	149
Disposals	-	-	-	-	-
Depreciation	(52)	(17)	(66)	-	(135)
Closing Net Book Value	138	28	190	-	356
<b>At March 31, 2010</b>					
Cost	544	103	396	-	1,043
Accumulated depreciation	(406)	(75)	(206)	-	(687)
Net Book Value	138	28	190	-	356



OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA —  
NOTES TO THE FINANCIAL STATEMENTS (TABULAR AMOUNTS IN \$000S)

The Office derecognized computer hardware totalling \$67,000 and mainframe hardware valued at \$20,000 that had been fully depreciated (\$52,000 of computer hardware and \$20,000 of partially depreciated furniture and equipment in 2010).

#### 8. Pension Benefits

The Office and all eligible employees contribute to the Public Service Pension Plan, a multi-employer, defined benefit, and joint trusteeship plan, established for certain British Columbia public service employees. The British Columbia Pension Corporation administers the plan, including payments of pension benefits to eligible employees. A board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of assets and administration of benefits.

The plan is contributory, and its basic benefits are based on years of service and average earnings at retirement. Under joint trusteeship, the risks and rewards associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions.

Every three years an actuarial valuation is performed to assess the financial position of the pension plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2008 reported a surplus..

#### 9. Commitments

The Office leases three photocopiers under separate agreements which expire in August 2011, February 2012 and March 2012.

The Office has an accommodation agreement with the Ministry of Labour and Citizens' Services for occupancy of the space at 8 Bastion Square. The agreement expires October 2014. The Office also leases office space at 595 Pandora Street. This lease expires November 2014.

The Office incurred severance commitments in September 2010, which expire in October 2012 and April 2012.

Future minimum payments under the terms of the commitments as of March 31, 2011 are as follows:

Fiscal Year	Commitment
2011/12	885
2012/13	649
2013/14	647
2014/15	381
<b>Total</b>	<b>2,562</b>

#### 10. Related Party Transactions

The Office is related as a result of common ownership to all Province of British Columbia ministries, agencies, crown corporations and all other public sector entities. Transactions with entities are recorded on an accrual basis and are considered to be in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- a) The statement of operations includes the following transactions with related parties:

	2011	2010
Operating Grant	15,168	15,304
Capital Grant	149	185
<b>Payments for:</b>		
Professional services	16	-
Rent	596	547
Information technology	99	136
Office expenses	54	57
Report publications	1	42
	<b>16,083</b>	<b>16,271</b>



# FINANCIAL STATEMENTS

OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA —  
NOTES TO THE FINANCIAL STATEMENTS (TABULAR AMOUNTS IN \$000S)

b) Year-end balances arising from operations:

	2011	2010
Due from Government	723	949
Trade and other payables	-	1
Net assets	356	342
	<b>1,079</b>	<b>1,292</b>

c) Key management includes the Auditor General, and each Assistant Auditor General. The compensation paid or payable to key management for employee services is shown below:

Job Title	2010/11				Total
	Salary Total	Benefits	Travel	Other	
Auditor General	263	64	4	54	385
Assistant Auditor General	156	38	7	-	201
Assistant Auditor General	156	38	6	-	200
Assistant Auditor General	156	38	1	-	195
Assistant Auditor General	151	37	1	-	189
Assistant Auditor General	156	38	3	-	197
Assistant Auditor General	152	37	2	-	191
	<b>1,190</b>	<b>290</b>	<b>24</b>	<b>54</b>	<b>1,558</b>

## 11. Comparative Figures

Certain comparative figures in the financial statements have been restated to conform to the current year presentation.



# APPENDICES

64	APPENDIX A: SUMMARY OF WORK ISSUED IN 2010/11
66	APPENDIX B: CUMULATIVE TOTALS OF RECOMMENDATIONS
68	APPENDIX C: PROJECTED FOLLOW-UP SCHEDULE
69	APPENDIX D: PERFORMANCE AUDIT PROCESS
72	APPENDIX E: FINANCIAL AUDIT PROCESS
73	GLOSSARY
74	ONLINE RESOURCES



## FINANCIAL AUDITS

1. Summary Financial Statements of the Province of B.C.
2. Summary Provincial Debt, Key Indicators of Provincial Debt, and Summary of Performance Measures

### Colleges

3. Douglas College
4. Langara College

### School districts

5. School District 36 – Surrey
6. School District 38 – Richmond

### Universities

7. Simon Fraser University

### Health authorities

8. Vancouver Island Health Authority

### Crown corporations and other government agencies

9. Community Living BC
10. BC Health Authority Shared Services Organization
11. BC Immigrant Investment Fund
12. BC Pavilion Corporation
13. BC Transportation Financing Authority
14. BCIF Management
15. BC Enterprise Corporation
16. BC Liquor Distribution Branch
17. BC Securities Commission
18. BC Transmission Corporation (contracted auditors)
19. BC Transmission Corporation Pension Plan (contracted auditors)
20. Columbia Power Corporation

### *Subsidiaries of Columbia Power Corporation:*

21. Arrow Lakes Power Corporation
22. Brilliant Power Corporation
23. Brilliant Expansion Power Corporation
24. Power Project Planning Joint Venture

25. Forestry Innovation Investment
26. Industry Training Authority
27. Oil and Gas Commission
28. Pacific Carbon Trust
29. Transportation Investment Corporation
30. BC Assessment Authority
31. Tourism BC

### Other organizations and special reports

32. WorkSafeBC
33. Office of the Representative for Children and Youth (audit of statement of expenditures)
34. Provincial Employees Community Services Fund
35. Oil and Gas Commission Science and Community Environmental Knowledge Fund

### *Advanced education / federal government labour market agreements*

36. Statement of Revenue and Expenses – Labour Market Agreement
37. Schedule of Detailed Expenditure Claims – Targeted Initiative for Older Workers
38. Statement of Revenue and Expenses – Strategic Training and Transition Fund
39. Labour Market Agreement compliance report

### *BC Transportation Financing Authority / federal funding agreements*

40. Canada – British Columbia Agreement on the British Columbia Lower Mainland Border Project
41. Canada – British Columbia Improvements at Border Crossing
42. Canada – British Columbia Strategic Highway Infrastructure Program
43. Canada – British Columbia Asia-Pacific Gateway and Corridor Initiative
44. Canada – British Columbia Asia-Pacific Gateway and Corridor Initiative Transportation Infrastructure Component, South Fraser Perimeter Road
45. Canada – British Columbia Provincial-Territorial Base Funding Agreement Building Canada Infrastructure Plan

46. British Columbia Benefits and Measures Statement of Operations

## ENROLLMENT AUDITS

- 47. Douglas College
- 48. Simon Fraser University

## PERFORMANCE AUDITS/ REPORTS

- 49. *IT Continuity Planning in Government*
- 50. *2009/10 Annual Report and 2010/11–2012/13 Service Plan*
- 51. *Observations on Financial Reporting: Summary Financial Statements*
- 52. *Conservation of Ecological Integrity in B.C. Parks and Protected Areas*

### **Aspects of Financial Management**

- 53. *Management of Working Capital by Colleges and School Districts*
- 54. *Year-end Government Transfer Expenditures*
- 55. *Infrastructure Grants*
- 56. *Managing Fraud Risks in Government*
  
- 57. *Audit of the Agricultural Land Commission*
- 58. *Follow-up Report: Updates on the Implementation of Recommendations from Recent Reports*
- 59. *Upkeep of the Provincial Roads Network by the Ministry of Transportation and Infrastructure*
- 60. *An Audit of the Management of Groundwater Resources in British Columbia*

### **Summary Report: Results of Completed Projects**

- 61. *Hand hygiene self-assessments completed by the Ministry of Health Services and the health authorities.*
- 62. *An examination of School District 35's (Langley) board governance, internal controls and long-term planning.*
- 63. *ICBC's progress in responding to the 2008 Material Damage Research and Training Facility incident.*
- 64. *Guidelines developed for public sector institutions to create relevant key performance indicators.*
- 65. *A preliminary review of government's management of B.C.'s natural resource information.*
- 66. *An assessment of the management of oil and gas royalty programs.*
- 67. *An audit of government's identification and assessment of IT security risks.*

## GUIDANCE SERIES

- 68. *Model Financial Statements*
- 69. *Guide for Developing Relevant Key Performance Indicators for Public Sector Reporting*

## ACCOUNTABILITY REPORT AUDIT OPINIONS

- 70. *2010 Annual Report and 2011–2013 Service Plan of the Workers' Compensation Board of British Columbia (WorkSafeBC)*
- 71. *The 2009 Annual Service Plan Report of the British Columbia Assessment Authority (BC Assessment)*



# APPENDIX B: CUMULATIVE TOTALS OF RECOMMENDATIONS

From October 2008 to April 2011 follow-up reports.

Report	Report Initially Released	Number of Recommendations in Report	Cumulative Status of Recommendations			
			Fully or Substantially Implemented	Alternative Action Taken	Partially Implemented	No Substantial Action Taken
<b>Education</b>						
Literacy: Creating the Conditions for Reading and Writing Success	Feb 2008	8	7		1	
Government's Post-secondary Expansion - 25,000 Seats by 2010	Dec 2006	6	5			1
Planning for School Seismic Safety	Dec 2008	7	1		6	
A Major Renovation: Trades Training in British Columbia	Nov 2008	11	10		1	
<b>Finance</b>						
An Audit of Joint Solutions Procurement and the Revenue Management Project	Apr 2008	8	6	2		
BC Arts Council Grant Administration	Dec 2008	9	6		3	
<b>Environment</b>						
Preventing Fatalities and Serious Injuries in B.C. Forests: Progress Needed	Jan 2008	15	9	5	1	
Removing Private Lands from Tree Farm Licenses 6, 19 & 25: Protecting the Public Interest?*	Jul 2008					
Oil and Gas Site Contamination Risks: Improved oversight needed	Feb 2010	9	5		4	
<b>Governance &amp; Accountability</b>						
Financial Framework Supporting the Legislative Assembly	Apr 2007	4		4		
Keeping the Decks Clean: Managing Gaming Integrity Risks in Casinos	Jul 2005	13	12	1		
Strengthening Accountability in British Columbia: Trends and Opportunities in Performance Reporting	Apr 2008	5	5			
British Columbia Audit Committees: Doing the Right Things	Dec 2006	2	2			
How Are We Doing? The Public Reporting of Performance Measures in British Columbia	Dec 2008	4	4			
Public Participation: Principles and Best Practices for British Columbia	Nov 2008	1		1		
British Columbia Crown Corporations Executive Compensation Arrangements: A Work in Progress	Nov 2009	8	7	1		

\*Formal recommendations were not made in the TFL report; however, the Ministry's update notes improvements in documentation, public consultation and communication - consistent with our Public Participation Report.

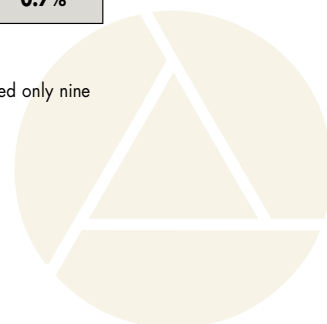
continued on next page



# APPENDIX B: CUMULATIVE TOTALS OF RECOMMENDATIONS

Report	Report Initially Released	Number of Recommendations in Report	Cumulative Status of Recommendations			
			Fully or Substantially Implemented	Alternative Action Taken	Partially Implemented	No Substantial Action Taken
<b>Health</b>						
In Sickness and in Health: Healthy Workplaces for British Columbia's Health Care Workers	Jun 2004	37	33	1	3	
Preventing and Managing Diabetes in British Columbia	Dec 2007	3			3	
Infection Control: Essential for a Healthy British Columbia	Mar 2007	126	124	2		
The Child and Youth Mental Health Plan: A Promising Start to an Urgent Need	Jun 2007	11	11			
Managing PharmaCare: Slow Progress Toward Cost-Effective Drug Use and a Sustainable Program	Mar 2006	15	15			
Interior Health Authority: Working to Improve Access to Surgical Services	Aug 2008	12	8	2	2	
Electronic Health Record Implementation in British Columbia	Feb 2010	1	1			
<b>Information Technology</b>						
Managing Government's Payment Processing	May 2008	34	26	4	4	
Managing Access to the Corrections Case Management System**	Mar 2008	9	9			
IT Audits of the Corporate Accounting System	2005/2006	25	24	1		
Wireless Networking Security in Victoria Government Offices: Gaps in the Defensive Line	Feb 2009	4	4			
The PARIS System for Community Care Services: Access and Security	Feb 2010	10	9		1	
Wireless Networking Security in Government: Phase 2	Mar 2010	17	7	5	3	2
IT Continuity Planning in Government	Apr 2010	9	6		3	
<b>Social Services</b>						
Management of Aboriginal Child Protection Services: Ministry of Children and Family Development	May 2008	10	4	6		
Home and Community Care Services: Meeting Needs and Preparing for the Future	Oct 2008	10	9		1	
Homelessness: Clear Focus Needed	Mar 2009	7	1	1	5	
<b>Transportation</b>						
Switching Tracks: A Review of the BC Rail Investment Partnership	Mar 2007	1	1			
Changing Course - A New Direction for British Columbia's Coastal Ferry System: A Review of the Transformation of BC Ferries	Dec 2006	3	1	2		
<b>Total Recommendations</b>		<b>454</b>	<b>372</b>	<b>38</b>	<b>41</b>	<b>3</b>
<b>Percentage of Total Recommendations</b>			<b>81.9%</b>	<b>8.4%</b>	<b>9.0%</b>	<b>0.7%</b>

\*\* 92 recommendations were made in the detailed management report. Due to the sensitivity of the information involved, the public report contained only nine summarized recommendations.



# APPENDIX C: PROJECTED FOLLOW-UP SCHEDULE

68

This appendix details the Office of the Auditor General's current schedule for follow-ups over the next 12 months. For more information on the follow-up process, see Appendix D.

## *October 2011 Follow-up Report*

### **Education**

School Seismic Safety (December 2008; April 2010 Follow-up Report; October 2010 Follow-up Report)

### **Finance**

Management of Working Capital by Colleges and School Districts (Aspects of Financial Management, August 2010)

Managing Fraud Risks in Government (Aspects of Financial Management, August 2010)

Infrastructure Grants (Aspects of Financial Management, August 2010)

Year-End Government Transfer Expenditures (Aspects of Financial Management, August 2010)

### **Environment**

Conservation of Ecological Integrity in B.C. Parks and Protected Areas (August 2010)

Audit of the Agricultural Land Commission (September 2010)

Natural Resource Information (Summary Report, December 2010)

### **Governance & Accountability**

School District 35 – Langley (Summary Report, December 2010)

### **Health**

Hand Hygiene: Self-Assessment (Summary Report, December 2010)

### **Information Technology**

Electronic Health Record Implementation in British Columbia (February 2010; October 2010 Follow-up Report; April 2011 Follow-up Report)

Wireless Networking Security in Government: Phase 2 (March 2010; April 2011 Follow-up Report)

### **Transportation**

Upkeep of the Provincial Roads Network by the Ministry of Transportation and Infrastructure (November 2010)

## *April 2012 Follow-up Report*

### **Environment**

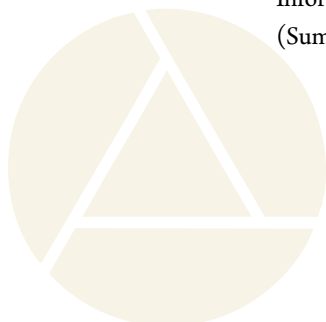
Oil & Gas Contamination Risks: Improved Oversight Needed (February 2010; October 2010 Follow-up Report; April 2011 Follow-up Report)

An Audit of the Management of Groundwater Resources in British Columbia (December 2010)

### **Information Technology**

IT Continuity Planning in Government (April 2010; April 2011 Follow-up Report)

Information Security Management: An Audit of How Well Government is Identifying and Assessing its Risks (Summary Report, December 2010)





## PHASE 1: IDENTIFICATION

This first phase in the audit process is to identify a potential topic and assess whether it is relevant and appropriate for an audit.

The Office regularly assesses the government environment and ranks potential audit topics based on a combination of impact (on dollars and people), urgency and our capacity to do the work. However, in order to accommodate emerging priorities, the work plan is subject to regular review and adjustment. As part of this process, we assess the interest of legislators and the public in potential audit topics. We ask MLAs on an ongoing basis what their interests are, and we actively invite audit suggestions from them.

In addition to ideas from MLAs, we receive many suggestions from members of the public and groups such as non-profit organizations, labour organizations, industry associations and academic researchers. We review each of these suggestions carefully and incorporate them in our planning where possible.

We select audit topics based on a number of factors, such as:

- financial, social and environmental impact;
- urgency;
- our capacity to do the work; and
- our goal to cover a wide range of government programs and organizations.

In the identification phase, the audit team meets with their Assistant Auditor General, who is ultimately responsible for the overall quality, value and timeliness of the audit. The final identification document is then shared with an internal operations committee who assess the potential audit with a risk-based approach and for its alignment with the Office's strategic goals. This is the first formal step in the Office's quality assurance process.

## PHASE 2: PLANNING

During this phase, the audit team develops a plan to guide their work on the audit. This audit plan covers:

- the purpose of the audit (why it is being done);
- the scope of the audit (what the audit team will and won't be examining);
- the criteria (how the team will evaluate the audit topic); and
- the timeline (how long each phase of the audit will take).

Before the plan is formally approved by the Auditor General, the audit team presents their plan to an internal challenge committee who reviews it to ensure all aspects of the audit have been thought through. The use of a challenge group is a further step taken by the Office to ensure the credibility and validity of our work.

The Assistant Auditor General then sends a notice of planning letter to the Assistant Deputy Minister (or equivalent). This is the official notice that an audit is going to be conducted.

An Engagement Quality Control Reviewer (EQCR) is a key part of the the Office's quality assurance process. An EQCR is required under Canadian generally accepted auditing standards and is responsible for providing an objective evaluation of the audit team's judgements and the conclusions reached in the report.



## PHASE 3: EXAMINATION AND CONDUCTING

During this stage, all the participants must be ready to work together and have a good understanding of their roles and responsibilities. This will keep the process moving smoothly given that the examination phase requires frequent interactions between the audit team and staff at the audited organization.

Based on the evidence-gathering strategy in the audit plan, each member of the audit team is assigned specific tasks to carry out. These tasks include conducting interviews, requesting and reviewing documents, and carrying out other forms of data collection and analysis.

When the audit team has finished gathering evidence, they identify their key findings and conclusions.

The key findings and conclusions are then presented, in order, to the EQCR, Assistant Auditor General, internal challenge committee and audited organization.

Late in this phase, a brief, high-level summary of the audit is posted on the [Office's Work in Progress webpage](#).

## PHASE 4: REPORTING

Now that the facts have been gathered and the key findings and conclusions are in place, the reporting phase begins. Through the *Auditor General Act*, the Auditor General is empowered to report in different ways, depending on what is appropriate for each audit. Reporting methods include a traditional written report, a management letter, good practice guides and web-based reports. At different stages before publication, each report is reviewed by the Assistant Auditor General, EQCR, internal reporting group, audited organization and Auditor General. The audited organization is invited to submit a formal response for inclusion in the published report.

Once finalized, the report is submitted to the Minister responsible for the audited organization and the Speaker of the Legislative Assembly (who tables it with the Legislative Assembly). The report is published on the Office's website as a public document. The Legislative Assembly refers the report to the Select Standing Committee on Public Accounts (PAC), which may decide to review it at some point during their proceedings.

## PHASE 5: FOLLOW-UP

The Office usually follows-up on an audited organization's progress in implementing the report's recommendations.

Follow-ups are a necessary process for ensuring that recommendations are addressed and that British Columbians receive full value from the Auditor General's work. On behalf of PAC, the Office follows up with agencies in varying formats, including action plans, agency self-assessments, progress assessments and progress audits.

### Action Plans

Agencies are always asked to provide, within three months of the publication of the report, an action plan describing how and when they will implement the recommendations. This can often be started during the reporting phase and, if completed in time, will be included in the published report as part of the agency's formal response to the report. If the action plan is not available in time to publish in the report, we post it on our website alongside the audit report once it is received.

### Self-Assessments

Since 2008, the Office has published semi-annual follow-up reports. Approximately three months before the publication date, audited organizations are sent a self-assessment form in which to describe the progress they have made in implementing the Auditor General's recommendations and their plans going forward. Organizations have two to three weeks to complete these short forms. The submissions are then published unedited and in their entirety so that readers can assess for themselves whether or not progress is satisfactory.

Most initial follow-ups are conducted approximately one year after the report is issued, although this timeframe is shortened to six months for:

- urgent matters;
- situations where the organization had the opportunity to address significant issues in advance of the report's release; and
- Information Technology audits, because of the need to stay current.

The Office expects that most recommendations will be addressed with the first follow-up. However, subsequent follow-ups may be required on outstanding recommendations or certain key recommendations that have not been satisfactorily addressed. Published within one year of the initial follow-up, subsequent follow-ups are also unedited self-assessments from the agency. In order to remain relevant, successive follow-ups are conducted when necessary, generally within a maximum of two years.

## Progress Assessments

A third form of follow-up involves assessing the organization's self-assessment of all or certain recommendations to confirm their reliability. The results of progress assessments are published in the next available semi-annual follow-up report.

## Progress Audits

The fourth form of follow-up is the progress audit whereby audit level assurance is provided as to the validity of the entity's self-assessments. This involves conducting the entire audit again. Given the resources required to complete this form of assessment, the Office has yet to conduct work of this nature and would only do so when prudent.

For more information on performance audits, visit [www.bcauditor.com](http://www.bcauditor.com).



## PHASE 1: PRE-ENGAGEMENT PROCEDURES

Before the audit starts, the auditor performs pre-engagement acceptance or continuance procedures. These include:

- an Independence Assessment;
- a Pre-engagement Assessment; and
- communication with the previous auditor (if applicable).

Once the Pre-engagement Assessment is completed, the auditor will then issue an Engagement Letter to the audited organization.

## PHASE 2: RISK ASSESSMENT

During the planning phase, auditors gather information about the entity and its environment, including information from internal sources (such as financial statements, budgets, financial performance measures/metrics, audit committee minute filings with regulators, judgements and estimates) and external sources (such as creditors, media, analyst reports, government agency reports and the Internet).

For each significant business process identified, the auditor will perform a walkthrough to ensure that the process is operating as documented. A walkthrough includes making inquiries of personnel, observing the application of specific controls and inspecting documents and reports. It addresses control implementation at a point in time.

After the walkthroughs are completed, the design and implementation of internal control are evaluated. The risk of material misstatement is evaluated and segments that require special consideration are identified. Audit procedures are then designed by the Financial Statement area.

## PHASE 3: RISK RESPONSE

The audit team spends much of this phase performing the procedures outlined in the planning phase. This typically involves obtaining confirmations, performing analytical procedures and enquiring with management. The audit team continues to evaluate evidence obtained in the planning phase.

## PHASE 4: REPORTING

The audit matters and findings are communicated to management in the form of an audit report, which includes the draft audit opinion. A management letter is created that outlines issues encountered during the year and recommendations for improvement. Once the findings are agreed upon, a final version of the report is signed off by the Auditor General and presented to the audited organization's board of directors.

## PHASE 5: FOLLOW-UP

Issues that were identified at year-end will be examined in the next audit cycle to see if the Office's recommendations were implemented.

For more information on financial audits, visit [www.bcauditor.com](http://www.bcauditor.com).



**ASD:** Alternative service delivery models

**BC reporting principles:** performance reporting principles that government, the Legislative Assembly's Select Standing Committee on Public Accounts (PAC) and the Auditor General agree should apply to British Columbia public sector

**CA:** Chartered Accountant

**CATO:** Chartered Accountant Training Office

**CCAF:** Originally the Canadian Comprehensive Auditing Foundation, the name was contracted to CCAF-FCVI in 1995.

**CCOLA:** Canadian Council of Legislative Auditors

**CGA:** Certified General Accountant

**CICA:** Canadian Institute of Chartered Accountants

**CMA:** Certified Management Accountant

**Estimates:** The expenditure plans (budget) of all government departments, consisting of Main Estimates tabled annually and Supplementary Estimates tabled as required. Review of the estimates is the work of the Committee of Supply. The print version of the estimates is commonly referred to as the "blue book."

**FSACP:** Financial Statement Audit Coverage Plan

**FTE:** Full-time equivalent

**GAAP:** Generally accepted accounting principles

**GAAS:** Generally accepted auditing standards

**GBE:** Government business enterprise

**GRE:** Government reporting entity. The GRE is composed of ministries, Crown corporations and other public sector organizations such as universities, colleges, school districts, health authorities and similar organizations that are controlled by, or accountable to, the provincial government.

**Hansard:** The full and verbatim transcript of what is said in the Legislative Assembly and in committees. Hansard prepares a transcript that is available in print form as well as on the Internet. It also oversees the live telecast of proceedings throughout the province by satellite.

**ICABC:** Institute of Chartered Accountants of British Columbia

**IFRS:** International Financial Reporting Standards

**KPI:** Key Performance Indicator

**Legislative Assembly of British Columbia:** The legislative body of British Columbia, consisting of all the elected members, as constituted under the Constitution Act

**Legislature:** (1) Formally, the Lieutenant Governor acting with the advice and consent of the Legislative Assembly. (2) Term commonly used to refer to the Parliament Buildings.

**MLA:** Member of the Legislative Assembly: the elected representative of a constituency of British Columbia to the Legislature

**the Office:** The Office of the Auditor General of British Columbia

**P3:** Public-private partnership

**PAC:** The Select Standing Committee on Public Accounts; also sometimes referred to as the Public Accounts Committee. PAC is an all-party committee of the Legislative Assembly, chaired by a member of the Opposition. It is the committee to which the Auditor General's reports are routinely referred.

**PAL:** the Program for Accelerated Leadership is a mid-level leadership program predominantly for Assistant and Senior Managers making the transition to roles that require greater leadership.

**PECSF:** The Provincial Employees Community Services Fund, which facilitates provincial government employee contributions to local non-profit organizations. The PECSF is registered with the federal government as a charitable employee trust and is the only organization authorized to conduct a canvass of provincial government employees in the workplace.

**the Province:** The government of British Columbia  
**Summary Financial Statements:** These audited statements pull together and summarize all the financial activities within the province's reporting entity, which includes the government, Crown corporations, school districts, universities, colleges and health authorities. The Summary Financial Statements are reviewed by the Auditor General, who is an independent officer of the Legislative Assembly of British Columbia.

**UFE:** the Uniform Final Examination is the final exam for designated Chartered Accountants.



# ONLINE RESOURCES

---

- 74
- [Canadian Comprehensive Audit Foundation \(CCAF\)](#)
    - [CCAF Fellows Program](#)
  - [Canadian Council of Legislative Auditors \(CCOLA\)](#)
  - [Canadian Institute of Chartered Accountants](#)
  - [Certified General Accountants \(CGA\) of British Columbia](#)
  - [Certified Management Accountants \(CMA\) of British Columbia](#)
  - [Financial Management Institute \(FMI\) of Canada](#)
  - [Institute of Chartered Accountants of BC \(ICABC\)](#)
    - [Chartered Accountant Training Office \(CATO\)](#)
    - [Uniform Final Exam](#)
  - [Legislative Assembly of British Columbia](#)
    - [Members](#)
    - [Public Accounts Committee](#)
    - [Hansard Services](#)
  - [Office of the Auditor General of British Columbia](#)
    - [Auditor General Act](#)
    - [Financial Statement Audit Coverage Plan](#)
  - [Office of the Comptroller General](#)
  - [Provincial Employees Community Services Fund \(PECSF\)](#)
  - [Provincial Treasury](#)
  - [Treasury Board](#)

