



NEWS RELEASE

For Immediate Release

July 19, 2019

Government should follow generally accepted accounting principles

VICTORIA – The Office of the Auditor General of British Columbia has released a report explaining its qualified audit opinion on government’s 2018-19 summary financial statements.

Auditor general Carol Bellringer’s audit opinion states that the summary financial statements present government’s financial performance fairly, except for one qualification, or concern, about an error in the statements. The overall impact of the qualification is that government’s reported surplus for the year should have been \$7.2 billion rather than \$1.5 billion.

The office continues to differ with government on how it records revenue that it receives primarily from the federal government. Government does not record this revenue according to independent accounting standards. Instead, government records the revenues over a much longer period than the standards allow, meaning these revenues have been under-reported and cloud the Province’s true financial position.

As of March 31, 2019, government has deferred \$5.7 billion in revenue over the years. To correct its financial statements, government should have recorded the \$5.7 billion as revenue for a total reported surplus of \$7.2 billion.

This year, the office removed its qualification on rate-regulated accounting because in November 2018, government repealed a regulation that had stopped BC Hydro from following generally accepted accounting principles. Government also provided new direction that allows the British Columbia Utilities Commission (BCUC), the regulator for BC Hydro, to set rates and have greater oversight of BC Hydro as it is intended to. BC Hydro also wrote off \$1 billion in rate-smoothing regulatory assets.

“This is a significant step forward. We’re encouraged by government’s changes and its commitment to restore the authority of BCUC, as well as the accounting changes at BC Hydro, so we’ve removed the qualification on rate-regulated accounting for this year,” said Bellringer.



OFFICE OF THE
Auditor General
of British Columbia

The full report is available on the Office of the Auditor General website at www.bcauditor.com.

Bellringer will answer questions pertaining to the report via a news conference.

News Conference Date: Friday, July 19, 2019

Time: 11:30 a.m. (Pacific time)

Dial-in Information:

From Vancouver: 604 681-0260

From elsewhere in Canada and the USA: 1 877 353-9184

Participant Pass Code: 44848#

During question and answer period, to ask a question: Press 01

During question and answer period, to exit the question queue: Press #

About the Office of the Auditor General of British Columbia

The Auditor General is a non-partisan, independent Officer of the Legislature who reports directly to the Legislative Assembly. The *Auditor General Act* empowers the Auditor General and staff to conduct audits, report findings and make recommendations.

Contact information:

Colleen Rose,

Manager, Communications

Office of the Auditor General

250 419-6207

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