



## ***NEWS RELEASE***

*For Immediate Release*  
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### ***New accounting standards make balancing the budget more challenging***

VICTORIA— The Auditor General of B.C. has provided his audit opinion of the provincial government's Summary Financial Statements, the largest audit in the province and the biggest piece of work conducted by his office.

The report, [\*Observations on Financial Reporting 2012/13: Summary Financial Statements\*](#) and the information piece published this summer, [\*Audit Opinions are Important: A discussion on the qualified audit opinion on B.C.'s 2012/13 Summary Financial Statements\*](#), explain the Auditor General's three qualifications and other areas of concern encountered during the audit.

New generally accepted accounting principles (GAAP) that all Canadian governments had to adopt this past year require funds to be accounted for in a different manner to make financial statements more transparent.

"These new accounting standards and Government's corresponding regulation are the main reasons why there are qualifications," explains Jones.

Jones also stated that, "government needs to follow its balanced-budget legislation as well as its legislated commitment to public-sector accounting standards. While these new accounting standards make balancing the budget more difficult, it is not impossible."

As part of the audit, the Auditor General looked at BC Hydro's continued use of rate-regulated accounting. \$4.4 billion in expenses has been placed in deferral accounts and will need to be recovered over time. Further work that examines BC Hydro's plan to recover these amounts will be published in early spring.

Also of note is that government continues to borrow money before it is required, resulting in \$1.2 billion in cash and investments being available in school districts alone. While some progress has been made in Government's cash management since the Office's 2010 report on this topic, [\*Aspects of Financial Management\*](#), an update will be published in early 2014.

The Office of the Auditor General wishes to thank the over 150 government entities that were audited, the Office of the Comptroller General and the private sector auditors who assisted in the audit of the 2012/13 Summary Financial Statements.

#### **About the Office of the Auditor General of B.C.:**

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 his staff (known as the Office of the Auditor General or the OAG) to conduct audits, report findings and make recommendations.

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