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

**2004/2005 Annual Report  
of the Auditor General  
of British Columbia**

*Serving the Legislative Assembly  
and the People of British Columbia*

*June 2005*

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

Speaker of the Legislative Assembly  
Province of British Columbia  
Parliament Buildings  
Victoria, British Columbia  
V8V 1X4

Dear Sir:

I have the honour to transmit the 2004/2005 Annual Report of the Auditor General of British Columbia to the Legislative Assembly, to be laid before the Assembly in accordance with the provisions of section 22 of the Auditor General Act. This report is also available on our website: [www.bcauditor.com](http://www.bcauditor.com).

Wayne Strelieff, FCA  
Auditor General

Victoria, British Columbia  
June 2005

copy: Mr. E. George MacMinn, Q.C.  
Clerk of the Legislative Assembly



# Accountability for Annual Report

The 2004/05 Annual Report of the Auditor General of British Columbia was prepared under my direction. I am accountable for the organization's performance, the selection of performance measures, and how actual performance has been reported.

The information presented reflects the actual performance of the Office of the Auditor General for the 12 months ended March 31, 2005, in relation to our service plan. This report contains estimates and interpretive statements that represent the best judgment of management.

The Office of the Auditor General is making progress in incorporating the British Columbia Performance Reporting Principles into its performance reporting documents. Development of performance measures consistent with these principles is ongoing.

This document is intended for a general audience. Specific users may require more detailed information than is contained in this report.

*Wayne Strelloff, FCA*  
*Auditor General*

*Victoria, British Columbia*  
*June 2005*





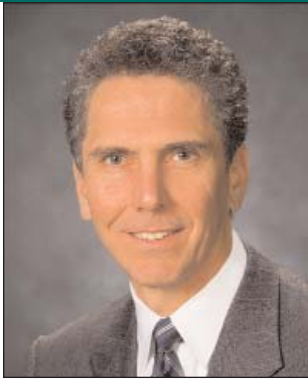
# Table of contents

Auditor General’s Message .....	1
About the Office of the Auditor General .....	7
Vision .....	7
Mission .....	7
Goals .....	7
Values .....	7
Code of professional conduct .....	8
Our mandate and role .....	8
Our clients and key stakeholders .....	9
Our structure .....	10
Our planning, funding and reporting cycle .....	13
How we measure our performance .....	15
Our performance for the year ended March 31, 2005 .....	17
Setting our strategic direction .....	17
Changes from our 2004/05 Service Plan .....	20
Self-assessment of our annual report .....	21
How the remainder of this report is organized .....	21
Goal 1 .....	23
Goal 2 .....	42
Our finances .....	63
Our financial statements .....	68
Appendices	
A Our standards of service .....	81
B. Description of changes to vision, mission, goals and objectives .....	83
C. Our annual report self-assessment .....	87
D. Summary of our reports completed in 2004/05 .....	91





# Auditor General's message



Wayne Strelloff, FCA  
Auditor General

I am pleased to present to Members of the Legislative Assembly the annual report of my Office for the fiscal year ended March 31st, 2005.

As I write this report, newly elected legislators are preparing to fulfill the considerable responsibilities entrusted to them by the citizens of British Columbia. The responsibilities include overseeing how government manages significant public resources and a diverse array of programs, services and legal authorities.

My role is to help legislators assess the performance of government. Through my Office, I do this by examining and reporting publicly on the extent to which government management practices are sound and on the extent to which government reports on its plans and results clearly and publicly. I believe the citizens of British Columbia and their elected representatives should receive the best information possible for assessing the performance of government—public business should be public!

During my five years as BC's Auditor General, legislators have put in place several important building blocks that are required for a robust public scrutiny and assessment of the performance of government.

Government is now required to provide legislators with more timely and relevant planning information. For example,

- the annual budget must be presented in February,
- on the same day, a Minister of government must table the service plan of each organization, and
- all planning information is to include the results expected to be achieved in terms of measurable objectives, relevant indicators of performance, and meaningful targets.

Government is required to provide legislators with a timely accounting of its actual results. Most annual performance reports of government organizations are now published no later than three months after their fiscal year end.

## Auditor General's message

Government is required to prepare its financial plans and reports based on generally accepted accounting principles. Legislators and BC citizens will now receive from government a full accounting of its financial results, including the financial and physical resources allocated to government health and education programs.

Legislators also endorsed for use by government a set of eight performance reporting principles to form the basis for how service plans and annual performance reports are to be written and assessed.

Those principles state that in their annual performance reports, organizations should:

- Explain the public purpose served;
- Link goals and results;
- Focus on the few, critical aspects of performance;
- Relate results to risk and capacity;
- Link resources, strategies and results;
- Provide comparative information;
- Present credible information, fairly interpreted; and
- Disclose the basis for key reporting judgments.

These principles are now in use within the BC public sector. They are also consistent with those being developed for use nationally by the Canadian Institute of Chartered Accountants.

Much of my work pertains to providing legislators with independent assessments of the extent to which these building blocks are being brought to life by government in a meaningful way. In this report, I describe that work, what was accomplished, and the challenges ahead.

I am particularly enthused and encouraged by two significant developments. The first is that the government is now preparing its financial statements in a manner that is consistent with the framework of measurement and disclosure rules envisioned by generally accepted accounting principles.

## Auditor General's message

This step took many years to complete. In the future, I hope to be able to assure legislators the government uses the same accounting principles in its quarterly financial reports.

The second step is that government is making progress in using the principles for performance reporting when preparing annual performance reports. Each year my Office reports on the extent to which this is happening. In the future, I plan to begin to assess whether the performance information in these reports is reliable.

Also, I am encouraged that the recommendations we make through our work on improving governance, management and accountability practices are almost always supported by legislators and implemented by government. In this report, I describe the status of our recommendations.

A goal of my Office is that our work meets the highest standards and is carried out in an exemplary manner. Every day, we strive for this because we know what we do is important to British Columbians and is a key ingredient for public confidence in government.

In striving towards this goal, my Office faces three particularly difficult challenges. These challenges exist during a period when the auditing profession's due diligence and independence expectations are becoming more demanding as a result of the recent audit failures in North America and elsewhere.

One challenge is to ensure we perform the due diligence required to decide whether the government's overall summary financial statements include any significant misstatements. This challenge is now more complex as for the first time the government's financial statements include the full financial results of school boards, universities, colleges and health authorities.

A second challenge is to provide legislators with robust assessments and advice on how well government is managing its programs and services. Such assessments are particularly important as government continues to alter service delivery methods. Because of limited and recently reduced funding support, we have not been able to examine the range of significant issues we think legislators require from us.

## Auditor General's message

A third challenge is to provide legislators with our assessments of whether the information government sets out in its annual performance reports is reliable. So far, our work has focused on the degree to which government is strengthening its public reporting. We also need to examine whether the information in those reports is reliable. Reliable information is an essential ingredient to a rigorous public scrutiny of the performance of government.

We address these challenges through a management framework that focuses on four key risk objectives pertaining to our relevance, credibility, capacity and independence. These interrelated objectives help us ensure what we do is relevant and is done in a credible, professional manner. The objectives also help us develop and maintain our organizational capacity to fulfill our responsibilities effectively and maintain appropriate decision-making independence.

In the last few years, I have advised legislators that we require additional funding to maintain our organizational capacity. In 2003/04, our appropriation was reduced by five percent and, in 2004/05, a further ten percent. This reduced funding, combined with the loss of many experienced staff, has weakened our capacity to carry out our more demanding responsibilities. I am encouraged that legislators decided to support my request for additional funding for 2005/06. With this support and, I hope, additional support in the future, we can rebuild our capacity to meet our many challenges.

In the past, I advised legislators that the new Auditor General Act enacted in 2003 served to enhance our independence, as the Act strengthened our relationship to the Legislature. Such independence is not only required by the standards of the auditing profession, such independence is fundamental to the role of an Auditor General. We monitor closely the state of our independence because we know the value of what we do directly relates to the public's confidence that we have the required decision-making independence.

## Auditor General's message

We have a number of administrative ties to government, most of which make good practical sense and do not impact our decision-making independence. Some of those ties, however, are inappropriate. For example, because my staff are subject to the Public Service Act, an official of government is required to approve my decisions regarding how best to set staff classification levels within my Office. I believe this situation clearly affects the independence of my Office.

I am authorized by the Auditor General Act to ask a standing committee of legislators to consider exempting my Office from regulations, orders or directives made by government under either the Public Service Act or the Financial Administration Act. Over the next few months, I will assess the extent to which I should seek such exemption.

In conclusion, I wish to thank my staff for their outstanding contribution to the work of my Office and, thus, to the citizens of British Columbia and their elected representatives. The continued dedication of my staff and their pursuit of excellence gives me great confidence that our independent assessments and advice will continue to enhance accountability and performance across the provincial public sector.

*Wayne Strelloff, FCA*  
*Auditor General*

*Victoria, British Columbia*  
*June 2005*





# About the Office of the Auditor General

## Vision

Making a difference for the people of British Columbia by contributing to an accountable and well-performing provincial public sector

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## Mission

To serve the people of British Columbia and their elected representatives by providing independent assessments and advice that enhance accountability and performance across the provincial public sector

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## Goals

1. The people of British Columbia and their elected representatives receive the best information possible for assessing the performance of the provincial public sector.
  2. Our work meets the highest standards and is carried out in an exemplary manner.
- 

## Values

As we pursue our goals, we are committed to:

### Excellence

We strive to meet the highest standards of service, professionalism, integrity and independence. (Our service standards are described in Appendix A.)

We are committed to being efficient and effective in our operations, and to promoting creativity, innovation and responsible risk-taking in our work.

We seek to maintain a relationship of mutual respect and trust with those we serve, and willingly share our experience and expertise.

### Our People

We value the unique contribution and talents each individual adds to our Office and community.

We strive to manage on the basis of fairness, equity, honesty, mutual respect, trust and personal dignity. As our success is dependent on our working together, we promote a spirit of cooperation and teamwork throughout our organization.

We are committed to the concept of personal and professional development and support quality-of-life endeavours.

# About the Office of the Auditor General

## Code of professional conduct

We conduct ourselves as professionals and take pride in our work. We encourage a positive and professional attitude, including a commitment to our values and service standards.

As Public Service Act appointments, we are required to comply with the Standards of Conduct for Public Service Employees. Additionally, most of us belong to professional associations, and are subject to codes of conduct of those professions.

## Our mandate and role

The Auditor General is an Officer of the Legislature, appointed for a six-year term by the Legislative Assembly. Non-partisan, objective and independent of the government of the day, he or she reports impartial assessments of public sector accountability and performance to the Assembly. By doing so, the Auditor General contributes to improved accountability and performance in the British Columbia public sector.

Under the authority of the Auditor General Act, the Auditor General has a mandate to audit all parts of the provincial public sector, including its ministries, Crown agencies and other organizations (such as school districts, colleges and institutes, universities, and health authorities).

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 organization that is included in the government reporting entity (i.e., any organization for which financial results are consolidated into the Summary Financial Statements), subject to the approval of a committee of the Legislative Assembly.

The Act also allows the Auditor General to carry out examinations focusing on, among other things, whether government or a government organization is operating economically, efficiently and effectively; and whether the performance information provided to the Legislative Assembly by the government or a government organization with respect to the results of its programs is adequate.



## About the Office of the Auditor General

To carry out our mandate, we have developed three lines of business:

1. Attesting to the reliability of the provincial public sector's financial information.
2. Assessing how well the provincial public sector manages its key risks.
3. Assessing the quality of provincial public sector performance reports.

Our reports are generated by these lines of business. In them, we provide assurance to elected officials and the public on matters relating to past events or practices within the public sector, as well as offer recommendations for improving future public sector management and accountability practices. In exercising this responsibility, we stay attentive to the needs, expectations and priorities of the Legislative Assembly and the public. At the same time, we remain responsive to, and aware of, the needs and expectations of public sector managers so that we can provide sound, practical recommendations for improvement.

By examining performance information provided by the provincial public sector and, where appropriate, providing assurance about the relevance and reliability of that information, we enable legislators and the public to rely on the information. And, by assessing how well the provincial public sector is managing the various risks it faces in ensuring its programs are operating economically, efficiently and effectively, we help legislators and the public make informed decisions about the effectiveness of programs and the value received for the public's money.

Our Office is one of the few independent sources of credible, high quality assurance work relevant to British Columbians. We carry out a role that is key to good public accountability and vital to the democratic process of responsible government.

## Our clients and key stakeholders

Our clients are the Members of the Legislative Assembly (MLAs) and, through them, the citizens of British Columbia (Exhibit 1). All of our reports are tabled in the Legislature and are then referred to the Select Standing Committee on Public Accounts

# About the Office of the Auditor General

(PAC), an all-party committee of the Legislature. The PAC reviews our reports and recommends to the Legislative Assembly acceptance or rejection of our findings and recommendations.

Our main stakeholders are the public sector organizations we audit (included in “Government” in Exhibit 1). They also benefit from our services.

Other key stakeholders include the Canadian Institute of Chartered Accountants, which sets the auditing standards we must follow, and the private sector auditing firms that conduct the majority of the audits of the Crown agencies included in the government reporting entity. We rely heavily on their work in forming our opinion on the Summary Financial Statements of government.

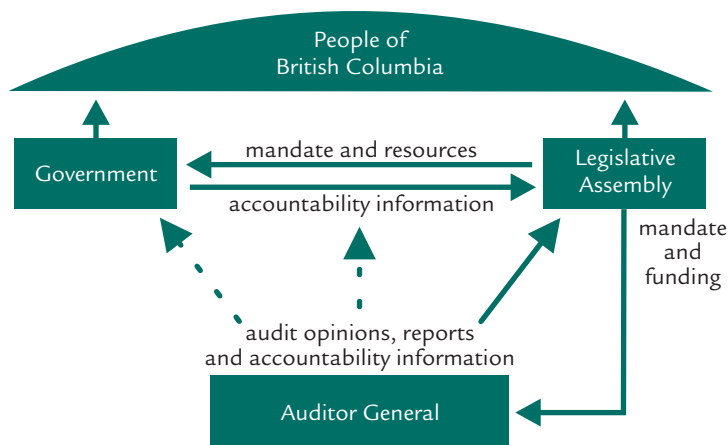
## Our structure

The Auditor General is supported by about 80 permanent staff. They include highly trained auditing professionals, many of whom have advanced technical and subject area specialist knowledge and credentials. Our audit staff have post-graduate credentials in a range of subject specialties such as accounting, business and public administration, law, social and environmental

### Exhibit 1

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#### Mandate and reporting relationships in the Office of the Auditor General



# About the Office of the Auditor General

sciences, and health care. Our collective experience in auditing the provincial public sector is strong, our collective knowledge of the business of government indispensable to carrying out our mandate successfully.

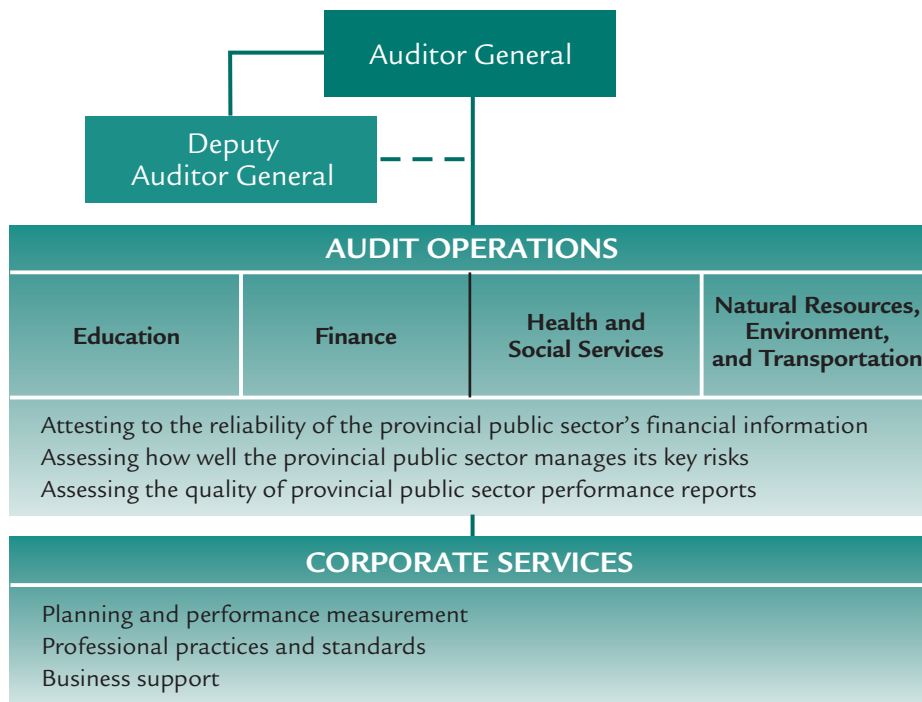
Our permanent staff is augmented by expertise acquired by personal service contracts let on a short-term basis. Also, for some financial audits, we use the resources of private sector auditing firms.

Our audit operations staff is organized into four groups, reflecting the main activities of the public sector: Education, Finance, Health and Social Services, and Natural Resources, Environment and Transportation.<sup>1</sup> Each of these groups is led by an Assistant Auditor General (Exhibit 2). In addition, our Corporate Services group provides the Office with administrative support.

<sup>1</sup>This current structure was put in place during the 2004/05 year. Previously, we were organized into five groups.

## Exhibit 2

### Operations structure in the Office of the Auditor General

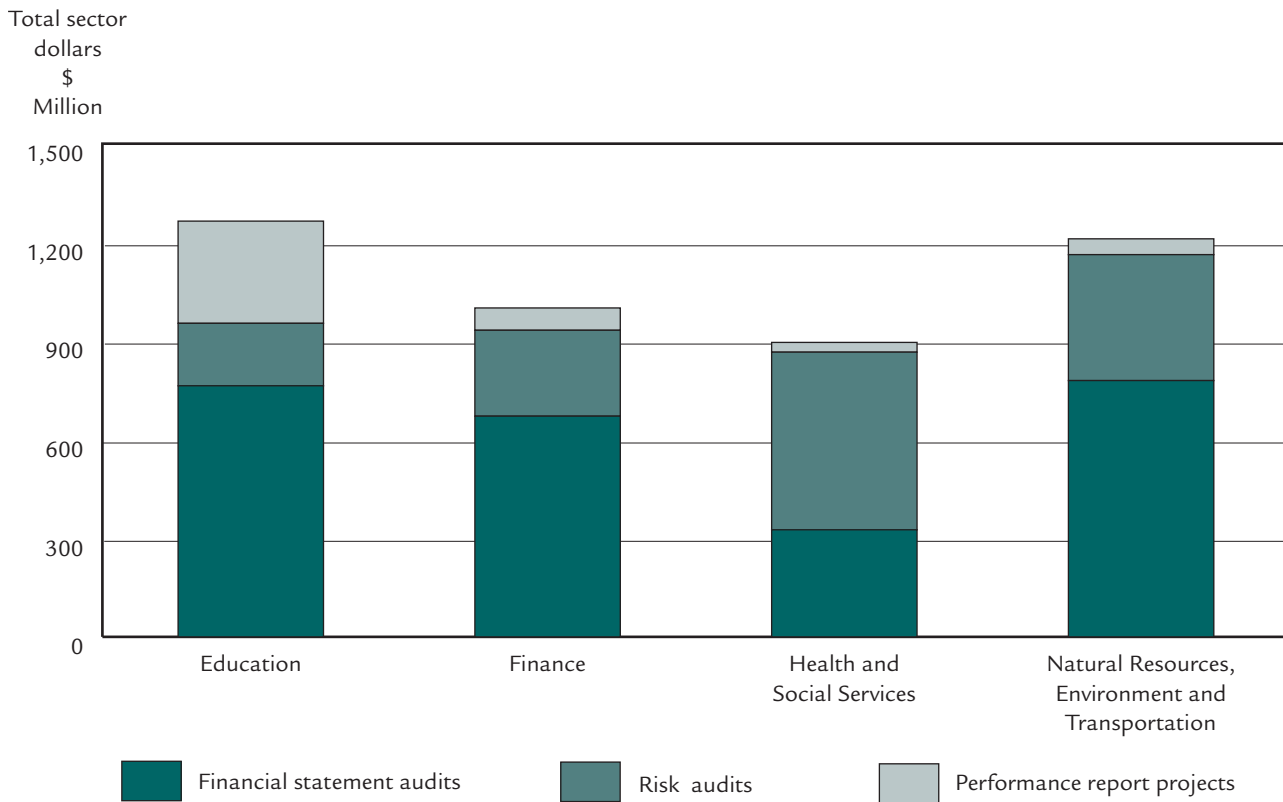


# About the Office of the Auditor General

Exhibit 3 shows the relative allocation of audit resources between our audit groups, and the distribution of resources among lines of business within each group. The base allocation to each of the four operational groups is approximately equal. Incremental funding is added to this for targeted Office-wide activities. For instance, the Finance group also has responsibility for Information Technology audits and the Education group has responsibility for leading our work on assessing the quality of government performance reports. Further allocations within and between individual groups occur as priorities and risks are assessed in each area.

## Exhibit 3

Distribution of audit dollars among our operating groups and lines of business for the 2004/05 period



Source: Compiled by Office of the Auditor General of British Columbia

### Our planning, funding and reporting cycle

Our planning, funding and reporting cycle, depicted in Exhibit 4, provides us with a framework against which we can measure and monitor the achievement of our goals and objectives. The result of this planning process is confirmation of, or amendment to, our three-year corporate goals, objectives and strategic priorities. Two streams of information flow from this process:

1. an updated audit plan for each sector; and
2. issues internal to our Office, warranting action to achieve improvement.

This information in turn leads to a work program for the coming years.

The Auditor General Act requires strong involvement by committees of the Legislative Assembly in reviewing the Auditor General's annual work plans and funding proposal. The Act also sets out clear expectations concerning performance reporting by the Auditor General to the Assembly. Accordingly, in November of each year, we submit our financial statement audit coverage plan and our strategic direction and funding proposal to the Legislative Assembly. The Assembly refers these documents to, respectively, the Select Standing Committee on Public Accounts and the Select Standing Committee on Finance and Government Services. The audit coverage plan outlines a three-year plan for the appointment of auditors for government organizations and trust funds.<sup>2</sup> The funding proposal contains our proposed work program and related costs.

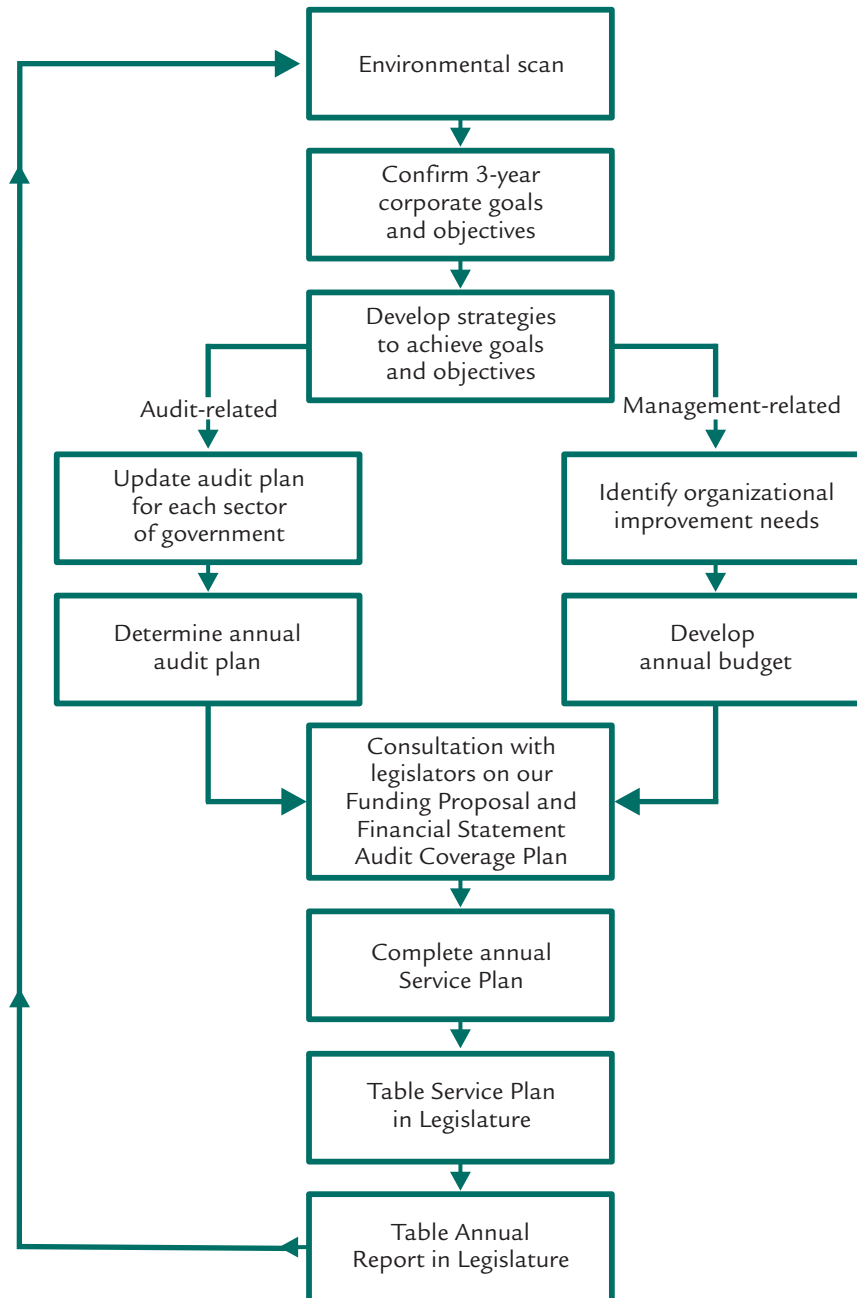
Our annual service plan, tabled in the Legislative Assembly in February of each year, incorporates the approved financial statement audit coverage plan and the Finance and Government Services Committee's funding recommendations, confirms our strategic direction and priorities, and outlines our work program for the next three years. Our annual report, tabled at the end of June each year, completes this cycle by providing information about the Office's performance for the year ended March 31, assessed against the previously published service plan.

<sup>2</sup>Our most current financial statement audit coverage plan and our strategic direction and funding proposal are available at [www.bcauditor.com](http://www.bcauditor.com)

# About the Office of the Auditor General

## Exhibit 4

### The Office's funding, planning and reporting cycle



# About the Office of the Auditor General

## How we measure our performance

### Our performance measures

Our current set of measures was finalized in the 2003/04 year. We engaged staff in extensive discussions to identify what was important to measure. Our three lines of business are assessed, and the views of legislators and the organizations we audit on the value of our work and its intended outcomes is collected and reported. We also measure and report on how well we are managing our key risks.

We believe the suite of measures we have adopted focus on the full range of issues that concern the public and the legislators. However, we have not to this point consulted directly with our clients and key stakeholders to ascertain if they agree with our choice of measures.

Developing meaningful performance measures has been a challenge for us. Much of what we believe is important to measure is not within our control. For example, we believe it is important to measure the extent to which organizations are complying with generally accepted accounting principles in their financial reporting. Similarly, we think it important to know the extent to which organizations are incorporating the BC reporting principles into their performance reports, or the extent to which our recommendations are implemented. In none of these cases do we actually control the result—we can only influence the result through our work.

Some aspects of performance we can measure directly. Compliance with GAAP, for example, and the results of our assessment of annual performance reports fall out of the normal course of our audit work. Other measurement techniques are less direct, such as surveys of the perceptions of our clients and our stakeholders.

### Our targets

The basic premise behind our targets is that we want to constantly improve our performance. In most cases, therefore, the target for a particular measure is established by setting what appears to be a reasonable improvement to results achieved in previous years. In general, we believe that we need to have longer trend lines before we can settle on targets that represent the best possible attainable performance. In some cases, however, we know that now. For example, we know that 100% of government organizations should be following GAAP. But, for many of the

## About the Office of the Auditor General

### Data limitations

measures of legislator views of our performance, we don't yet know what represents best possible performance, given the realities of the political environment in which we operate.

Our level of confidence in the reliability of the data varies, depending on the source. Our office information system provides reliable data on our operations, finances and human capital. Our audit staff provided reliable information about GAAP compliance and about the quality of public sector reporting. The surveys of organizations we audit are quite reliable as the questions are consistent over time and the digital processes used to send and retrieve the information are neutral as to their impact on the results collected. However, the surveys are currently not confidential and so we have no way of knowing what bias may be in the data.

The interview data gathered from legislators is less reliable, not because it is qualitative in nature, but because the interviews were conducted by the Auditor General in the context of a yearly face-to-face meeting. His direct involvement may well have affected the way legislators responded to the questions. We set out to conduct in-person, uniformly structured interviews of all MLAs who had been a member of the Select Standing Committee of Public Accounts (PAC) since the general election in 2001. We selected this group because they are the most familiar with our work. This is the second year we have held such interviews.

We asked to meet with each MLA as soon as the Spring session began in the second week of February. Of the 23 MLAs who had been members of PAC, we were able to schedule meetings with 14 of them before the Legislative Assembly was adjourned March 10, 2005. Only one member was able to be available after this date due to the domination in MLA's schedules of pre-election season. For our first survey, carried out early in 2004, we were able to meet with 18 out of a possible 19 members.

Where the data are available, we provide actual results for the last three years. For measures arising from our survey of legislators, we can only provide two year's data since we have only surveyed legislators twice to date.

In the description of our performance that follows, we set out the data source for each measure. Where necessary, we identify additional limitations specific to individual measures.





## Setting our strategic direction

Exhibit 5 outlines the linkages between our current goals, objectives, mission and vision.<sup>3</sup>

**Goal 1** is our ongoing and long-term goal: to ensure that the people of British Columbia and their elected representatives receive the best information possible for assessing the performance of the provincial public sector. To help us achieve this goal, we have identified three objectives:

- The provincial public sector provides relevant and reliable information about its financial performance.
- The people of British Columbia and their elected representatives are informed of how well the provincial public sector is managing its key risks.
- The provincial public sector provides relevant and reliable information about what it is trying to achieve and how successful it has been in doing so.

**Goal 2** – that our work meets the highest standards and is carried out in an exemplary manner—is something we strive for everyday. We have designed our objectives for meeting this goal around the four key risks the Office must manage well if we are to be successful. Consequently, the strategies we employ to help us achieve our objectives are, in effect, our risk management strategies. The objectives are:

- **Credibility:** Our work is done in an efficient, effective and professional manner. *(Risk: We cannot be successful if we provide inappropriate or incorrect assurance and advice. Our reputation is critical to our success. We know it can take years to build a positive reputation and only moments to lose it.)*
- **Independence:** Our Office is independent from political parties and from the provincial public sector. *(Risk: We cannot be successful if we lose, or are perceived to lose, our independence.)*
- **Relevance:** Our work program is relevant to the needs of the public and its elected representatives. *(Risk: We cannot be successful if we do not adequately understand or respond to the information needs of our stakeholders.)*

<sup>3</sup>This updated framework was taken from our most recent service plan released February 2005. For the previous version of this framework, please see page 15 of our 2004/2005 Service Plan at [www.bcauditor.com](http://www.bcauditor.com)

## Our performance for the year ended March 31, 2005

- **Capacity:** We have the organizational capacity to complete our work effectively. (*Risk: We cannot be successful if we do not have the capacity—that is, the knowledge, skills, resources and information systems—we require to do our work competently and effectively.*)
- **People:** Our work environment attracts, optimizes and retains the best people.

### A note about our values

Our statement of values, set out with our main vision, mission and goals, captures behaviours that we aim for in our work and interpersonal relationships. The prominence of those values, relative to our service vision and mission, is our recognition that excellence and respect for each other are fundamental to how we pursue our two corporate goals.

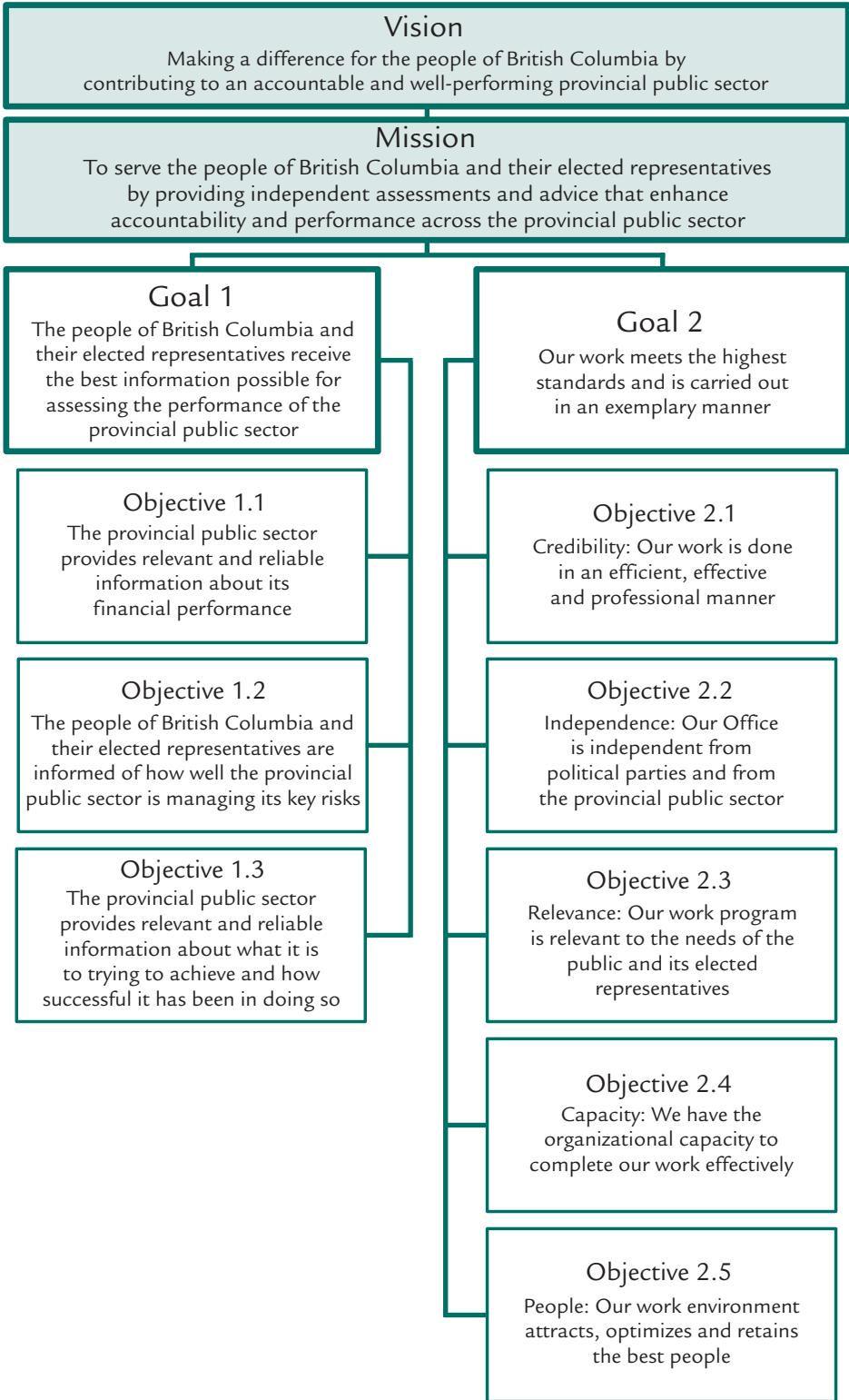
Striving for excellence is a personal conviction we share about how we will conduct ourselves in the complex tasks involved in providing independent assessments and advice to the Legislative Assembly and the public. Excellence is therefore inextricably linked with goal one. Similarly, excellence is logically implied by goal two which states that our work meets the highest standards and is carried out in an exemplary fashion.

Our values also express a deep conviction that *our people* are the most important assets we have. We know that keeping each other equipped, educated, safe, respected and recognized are fundamental to the achievement of both goals and to the long-term stability of the greater work team we comprise. Without harmonious interrelationships that recognize our different disciplines and viewpoints, our productivity in providing independent assessments and advice would suffer and our ability to meet the highest standards as an organization would be impaired. Neither goal one nor goal two can be realized without the convictions we share concerning each other's capacity for valuable contribution.

# Our performance for the year ended March 31, 2005

## Exhibit 5

### Performance reporting framework of our Office



# Our performance for the year ended March 31, 2005

## Changes from our 2004/05 Service Plan

This report describes our performance in relation to the direction, measures and targets we set for 2004/05, as set out in our 2004/05–2006/07 Service Plan.

Ideally, there should be a perfect correspondence between that service plan and the measures and target results reported here. At the same time, this annual report captures our most current thinking as we learn how to better describe and measure our performance. Therefore, in this report, some elements of our most recent service plan have been combined with the original 2004/05 Service Plan.

As we were developing our 2005/06–2007/08 Service Plan in February of this year, we decided to drop two measures because we have not found a dependable way of quantifying them: the percentage of audited organizations following best practices in financial statement reporting, and the degree of fit between our desired competencies and our actual competencies. Nevertheless, we still believe that both areas are important for us to focus on, so we will be reporting on them in qualitative terms in future annual reports. The nature of our other 18 measures remains the same as was included in our 2004/05 Service Plan, but the order in which some are presented has changed, so that they relate more logically to the objective to which they best relate.

In the 2004/05 Service Plan we indicated that for a number of new measures (those dependent on an annual survey of legislators) a baseline was to be determined and so no target was shown. However, in our 2003/04 annual report we did report the results of our first survey of legislators. Having obtained actual results we were then able to establish targets for those measures. Consequently, for measures 2, 3, 7, 8, 14, and 16 in this report, the target that is shown for 2004/05 is the target that first appeared in last year's annual report.

Other changes to targets since our 2004/05 Service Plan report was issued are explained in the detailed analysis of the results that follows.

## Our performance for the year ended March 31, 2005

Another significant—and we believe positive—difference is that we have changed how we describe our goals and objectives. Under Goal 1 we have changed the wording of the goal and the related objectives to better describe the scope of our work. These changes do not alter the essence of what we are trying to achieve. Under Goal 2, we have revised our goal and objectives to reflect the key risks we need to manage well if we are to be successful. Again, we believe these revised objectives better capture the way in which we manage our organization.

Consequently, this annual report has been organized around these newly worded goals and objectives. The changes can be examined at Appendix B.

### Self-assessment of our annual report

We have assessed the quality of this performance report using the same methodology we plan to use to assess government's 2004/05 annual reports. This is the fourth year we have done a self-assessment of this kind.

A summary of our self-assessment is provided in Appendix C. It shows that our annual report continues to improve in relation to the BC Performance Reporting Principles. We plan to involve an independent third party for the first time when assessing our 2005/06 Annual Report.

### How the remainder of this report is organized

We have organized this performance report by goal. Under each goal, we describe our objectives and the measures we have chosen to assess our progress.

We start each of these sections by describing the activities and strategies we undertook to achieve our objective. We then present each performance measure result, describe its importance and explain the results we achieved. We also set out the 2004/05 target for each measure, and the actual results where available for the preceding two years. Finally, we show the 2005/06 target as set out in our 2005/06–2007/08 Service Plan.

Each of these sections ends with a 'looking ahead' discussion of the challenges we face and the strategies we intend to employ over the next three years.

# Our performance for the year ended March 31, 2005

## Our performance at a glance

The following table contains our performance measures, our actual results for 2004/05, and the relevant targets.

Measure	2004/05 Target	2004/05 Actual	2005/06 Target
1. Percentage of government entities fully following generally accepted accounting principles (GAAP) (see page 28)	100%	98%	100%
2. Legislators believe in the value of the Auditor General's regular examination of government's financial statements (see page 29)	100%	100%	100%
3. Legislators believe in the value of our examinations of how risks are being managed (see page 32)	95%	86%	95%
4. Percentage of our recommendations endorsed by the Select Standing Committee on Public Accounts (PAC) (see page 32)	100%	100%	100%
5. Percentage of recommendations implemented within two years (see page 33)	75%	100%	80%
6. Percentage of government's annual reports that have reached fundamentals in place for (see page 38)			
■ 1 reporting principle	60%	47%	80%
■ 2-4 reporting principles	30%	17%	40%
■ 5-8 reporting principles	10%	8%	15%
7. Legislators believe in the value of the Auditor General's efforts in the area of performance management and reporting (see page 39)	90%	64%	93%
8. Legislators make use of government's performance reports in their deliberations or decision making (see page 39)	90%	71%	92%
9. Level of compliance with CICA quality control standards. (see page 44)	Self-assessment completed and new policies and practices developed	Self-assessment completed. New policies and practices still under development	100%
10. Percentage of our resources (measured in dollars) devoted to audit support (see page 45)	24%	26%	24%
11. Percentage of audit hours of operational staff charged against annual available hours (see page 45)	79%	73%	80%
12. Percentage of projects completed on time (see page 46)			
■ Financial statement audits	100%	98%	100%
■ Performance reporting projects	85%	100%	85%
■ Risk projects	70%	17%	70%
13. Percentage of projects completed on budget (see page 46)			
■ Financial statement audits	85%	57%	90%
■ Performance reporting projects	85%	33%	85%
■ Risk projects	85%	50%	85%
14. Legislators believe information in the Office's risk audit reports is presented in an objective and unbiased manner (see page 49)	100%	57%	100%
15. Audited organizations are satisfied with the way we conduct our work (see page 50)	70%	76%	75%
16. Legislators believe topics chosen by the Auditor General are relevant (see page 52)	100%	79%	100%
17. Percentage of actual expenditures invested in learning and professional development (see page 57)	5.5%	5.2%	5.7%
18. Work environment engagement score (see page 60)	73%	69%	72%

## Our performance for the year ended March 31, 2005

### Goal 1

The people of British Columbia and their elected representatives receive the best information possible for assessing the performance of the provincial public sector

Resources dedicated to achieving Goal 1

In our 2004/05 Service Plan, we estimated that the distribution of our resources among our three lines of business for the year would be as follows:

- 50% to attesting to the reliability of the provincial public sector's financial information;
- 40% to assessing how well the provincial public sector manages its key risks; and
- 10% to assessing the quality of provincial public sector performance reports.

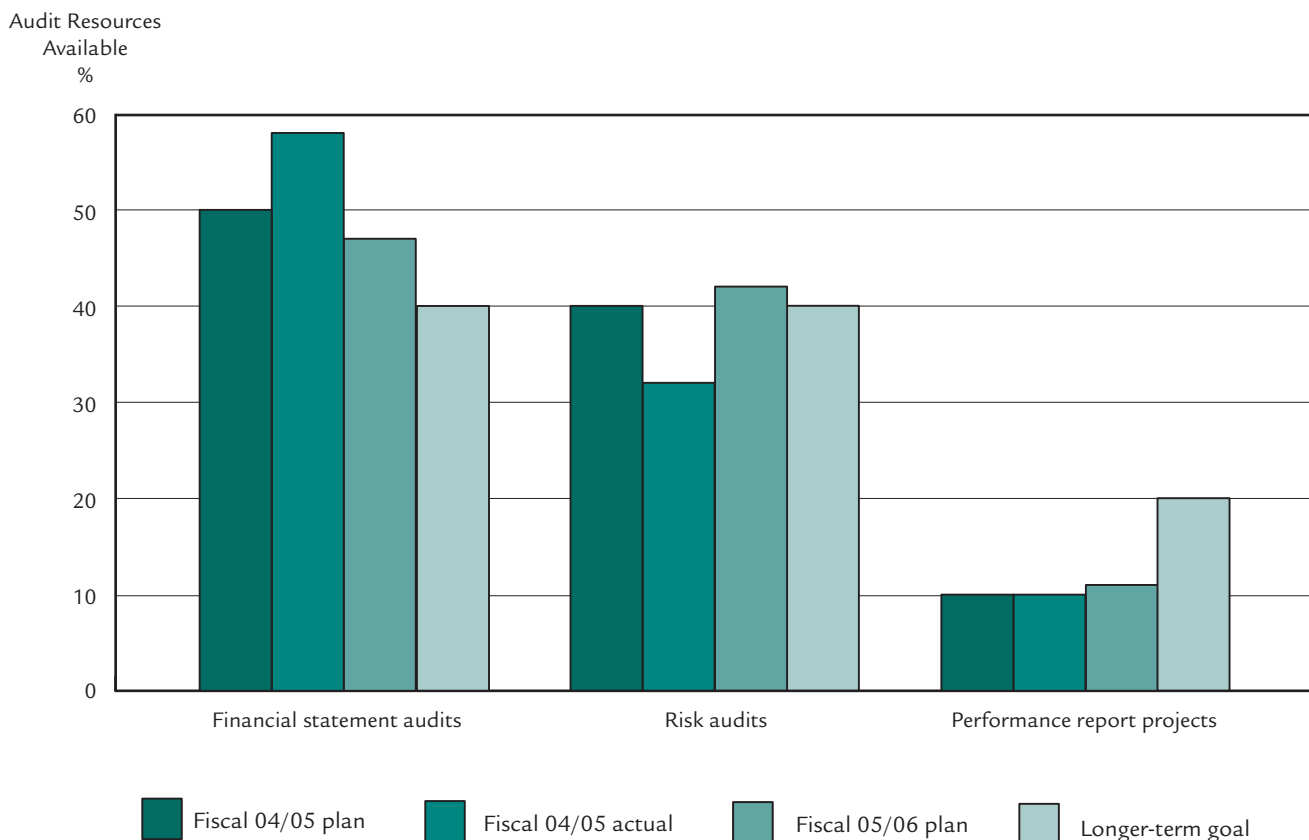
The actual distribution of resources that occurred in the 2004/05 year indicates that 8% more audit resources were applied to carrying out financial statement audits and related work than we anticipated (see Exhibit 6). This we attribute primarily to the impact of new professional standards and to some inefficiencies resulting from staff turnover and the need to assimilate several new audit staff members into our processes. As additional resources were required for financial statement audits, our capacity for risk audits decreased.

Providing assessments of annual reports is a relatively new line of business for our Office. We believe it will expand as government organizations improve the quality of their performance reports and as legislators and the public increasingly use the reports and look for assurance on the reliability of information included in them. In the longer term, we expect that the proportion of resources allocated to assessing annual reports will gradually rise to 20%, with the remaining 80% of resources split evenly between financial statement and risk audits.

# Our performance for the year ended March 31, 2005

## Exhibit 6

### Planned and actual distribution of audit resources by line of business and fiscal year



Source: Compiled by Office of the Auditor General of British Columbia

## Objective 1.1—The provincial public sector provides relevant and reliable information about its financial performance

Line of Business—Attesting to the reliability of the provincial public sector’s financial information

### Background

As the auditor of all of government, we have the responsibility to provide an opinion as to whether the Summary Financial Statements—one of the government’s key accountability documents to the citizens of British Columbia—are presented fairly and in accordance with Canadian generally accepted accounting principles (GAAP). The statements report on the province’s financial results



## Our performance for the year ended March 31, 2005

against the financial plan, and must therefore be comprehensive, accurate, timely and independently verified to maintain the trust and confidence of all readers.

For many years, the government's Summary Financial Statements were, in our view, incomplete. They have been missing information on the transactions and balances of school districts, universities, colleges and hospitals (known as the SUCH sector). Because of this, the Auditor General has had to qualify his audit reports on the statements. This means that he has had to caution readers that government's financial statements were significantly misstated.

However, a comprehensive picture of British Columbia's finances is finally in sight. The government is required by legislation to provide a complete accounting of all its revenues, expenses, assets and liabilities for the fiscal year ending March 31, 2005. British Columbia is leading the country in its full implementation of GAAP. Soon the public will be better able to use government's reports to track and monitor provincial trends in a full and complete manner.

The government's Summary Financial Statements include financial information from the financial statements of all the organizations included in the government reporting entity—149 for the 2004/05 year. The Auditor General Act states that the Auditor General may be the financial statement auditor of any of those organizations. Each year, the Auditor General must provide the Public Accounts Committee with a three-year plan setting out for which organizations he should be the financial statement auditor and for which organizations a private sector auditing firm should be the financial statement auditor.

In November 2003, the Public Accounts Committee approved our first financial statement audit coverage plan (for the fiscal years 2004/05, 2005/06 and 2006/07). The plan recognized that both the Auditor General Act and the auditing profession require us to have sufficient knowledge of the operations of the organizations making up the Summary Financial Statements being audited, to determine whether the information contained within the financial statements is complete and fairly presented.

## Our performance for the year ended March 31, 2005

Consequently, the plan provided for us to conduct audits of some individual government organizations directly and, in other cases, to oversee and rely on the work of private sector auditors. The organizations we audit directly are selected from all sectors of government (i.e., health, education, social services, natural resources, transportation, protection of persons and property). The plan also provided for the Auditor General to be the auditor of a sample of organizations that are representative of a homogeneous population (i.e., colleges, school districts, health authorities and hospital societies).

As well, we will be the auditor of, or at least have a significant level of involvement in the audits of, government organizations that:

- have a significant impact on the Summary Financial Statements;
- deliver a core service or have a significant public policy role;
- are subject to a high level of public interest in the program/services being delivered or in current or future issues;
- are significantly funded through appropriations;
- present an inherently high risk to the government with respect to the programs they operate or the role they fulfill; or
- are complex.

In addition to taking steps to ensure that we may rely on the work of other auditors, we carry out extended procedures for significant organizations for which we are not the auditor. Our aim is to ensure we have adequate knowledge of their operations. These procedures involve reviewing audit plans and files prepared by other auditors, determining how issues identified during the audit are resolved, and participating in the communications with the audit committee.

### *What we achieved in 2004/05*

We completed our audit of the government's 2003/04 Summary Financial Statements and issued the Auditor General's final opinion on them on June 18, 2004—only 79 days after the fiscal year-end. This audit covered central government (including 19 ministries) along with the consolidation of the financial results of 52 Crown agencies.

## Our performance for the year ended March 31, 2005

We completed our audits of the financial statements of 22 organizations included in the government reporting entity, and continued to work with private sector firms to ensure appropriate audit coverage of all other government entities. On 4 of the audits conducted by the Auditor General, we used the resources of private sector audit firms. These arrangements often entail a five-year agreement whereby a private sector auditing firm, selected after a rigorous tender process, is contracted to perform audit services to the standard required by the Auditor General. While we rely on the work carried out by the private sector auditors, the Auditor General continues to be responsible for signing the audit opinion. We ensure the appropriate quality has been achieved by carrying out detailed reviews of the firms' audit plans and audit working papers.

In addition, we carried out the financial statement audits of the Workers' Compensation Board of British Columbia and the British Columbia Investment Management Corporation. Neither of these organizations is part of the government reporting entity, but nonetheless both are prominent organizations operating in the public sector domain. We agreed to carry out these audits at the request of the governing boards.

We also carried out a significant portion of the audit work pertaining to the government's 2004/05 Summary Financial Statements (to be published in June 2005).

We took steps to implement the changes in audit coverage set out in the financial statement audit coverage plan—ceasing to carry out some audits, taking on new audits and developing relationships with private sector auditors and organizations' audit committees. Our focus is to build our knowledge in particular sectors and of organizations that are significant in terms of their size and impact on the government's Summary Financial Statements.

We assessed the extent to which government is adopting best practices in financial reporting. To that end, we published *Leading the Way – Adopting Best Practices in Government Financial Reporting – 2003/04* (Report 6, November 2004). In the report, we made recommendations for improving government's financial accounting and reporting, and also encouraged the government to provide more information about important decisions affecting the financial statements and about significant transactions reported in

## Our performance for the year ended March 31, 2005

the financial statements. For example, we discussed the changes in estimates that gave rise to significant changes in the equalization revenues recorded and we explained the BC Rail/CN transaction.

We expanded our involvement in the oversight of the financial reporting process. Some of the directions in which we would like to see this process moving toward were described in our report *Monitoring the Government's Finances* (Report 7, November 2004). In that document, we provided an eight-year trend for several key financial and economic indicators that we believe should supplement the government's financial statements. We also compared British Columbia's financial condition with that of other Canadian jurisdictions to provide a useful perspective.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
1. Percentage of government entities fully following generally accepted accounting principles (GAAP)	98%	98%	100%	98%	100%

### Description

Following GAAP ensures financial information is fairly presented. Although it is government's responsibility to ensure this happens so that the public and its elected representatives can rely on the information as it is reported, we play a role in advising government on its reporting decisions. The fact that financial statement audits focus on whether GAAP has been complied with is also an important incentive for organizations to ensure their financial reporting is complete in all respects.

The result or target for each year is based on audits completed in the fiscal year, relating to the year ended March 31. So, for example, the actual percentage for 2004/05 is based on the audits of financial statements for the year ended March 31, 2004.

### Explanation

The government's Summary Financial Statements for the year ended March 31, 2004, were not prepared in accordance with GAAP. However, starting with the 2004/05 year we expect that will change: legislation now requires the government to prepare those statements using GAAP. We anticipate that the actual percentage of government entities fully following GAAP in the future will be 100%.

### Data source

Auditors' opinions on the annual financial statements of government and organizations included in the consolidated government reporting entity. The opinions indicate whether the financial statements have been prepared in accordance with GAAP.

The usefulness of this measure is limited by its inability to provide weighting. For example, we consider it extremely important that the Summary Financial Statements of government be prepared in accordance with GAAP. We may be concerned to a lesser degree that a smaller organization does not follow GAAP, but for this measure the two would receive an equal degree of importance that does not reflect our relative concern. For example, in the results shown above the 2% not following GAAP was, in fact, the government's Summary Financial Statements.

## Our performance for the year ended March 31, 2005

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
2. Legislators believe in the value of the Auditor General's regular examination of government's financial statements	New measure	100%	100%	100%	100%

### Description

We believe that our examination of government's financial statements gives the public and its elected representatives confidence in government's financial reporting. This measure indicates the extent to which legislators believe this to be the case.

### Explanation

The target was met and this confirms our view that the examination of the government's financial statements contributes substantially to the confidence that legislators and the public have in the government's financial information.

### Data source

Annual survey of legislators serving on the Legislative Assembly's Select Standing Committee on Public Accounts, conducted in face-to-face meetings with the Auditor General.

## Looking ahead

Starting with the 2004/05 year, the government's Summary Financial Statements are going to be much more complex than before. The government reporting entity will include 149 organizations including universities and colleges, school districts and training authorities, hospital societies, health authorities, social service and economic development bodies. There are various other tax-payer supported crown agencies and funds included in the entity.

To ensure our efforts are focused appropriately, we will:

- Assess the reliability and fairness of the government's Summary Financial Statements, using Canadian GAAP as the basis—aiming to complete our examination within 90 days after the year end.
- Assess directly the reliability and fairness of the financial statements of a number of key public sector organizations included in the government reporting entity (for the 2004/05 Summary Financial Statements, we are auditing directly 24 government organizations).

## Our performance for the year ended March 31, 2005

- Have an involvement in the audit process with private sector firms of government entities for which the Auditor General is not the appointed auditor (for the 2004/05 Summary Financial Statements, we are involved in the audit of 28 of the government organizations audited by private sector firms).
- Assess the soundness of the financial statement audit system across the provincial public sector, and work with private sector firms to ensure appropriate audit coverage of all provincial public sector entities.
- Assess the extent to which the provincial public sector is adopting best practices in financial reporting, and continue to produce our *Leading the Way – Adopting Best Practices in Government Financial Reporting* report.
- Provide timely advice to government on the many accounting and accountability issues that arise as a result of restructuring, governance changes, and changes in the way government provides services, and continue to produce our *Monitoring the Government's Finances* report.
- Investigate the feasibility of providing assurance on government's quarterly financial reports.

Objective 1.2—The people of British Columbia and their elected representatives are informed of how well the provincial public sector is managing its key risks

Line of Business— Assessing how well the provincial public sector manages its key risks

### *Background*

This objective relates to an important aspect of our work: risk audits. These examinations, often referred to as “performance” or “value-for-money” audits, provide assessments of how well government and its organizations are managing their key risks in delivering programs, services and projects.

This is a challenging objective, since the operations of the Government of British Columbia are very large in size and scope relative to our audit resources. Accordingly, we try to use our resources to focus on the issues of greatest significance, interest and value to legislators and the people of the province.

Our risk audit reports are tabled in the Legislative Assembly, and then referred to the Select Standing Committee on Public

## Our performance for the year ended March 31, 2005

Accounts (PAC), an all-party committee of the Assembly, for its consideration. Most of our reports include recommendations designed to improve public sector performance. They are an important value-added component of our work. The PAC may develop additional recommendations after its review. We periodically perform follow-up reviews to provide the Legislative Assembly and the public with an update on the progress made by management in implementing our recommendations and those made by the Select Standing Committee on Public Accounts. We do this because legislators have asked us to keep them informed of the progress being made in implementing recommendations, and it allows us to assess whether our audits are having a positive effect.

### *What we achieved in 2004/05*

For legislators to be fully informed about the management of key risks associated with government programs, our audit topics must be relevant and our reports informative and timely. Our primary strategies to achieve this objective are related to our examinations of how government manages its key programs and services.

In 2004/05 we published four risk audit reports:

- *In Sickness and in Health: Healthy Workplaces for British Columbia's Health Care Workers* (Report 2, June 2004)
- *Preventing and Managing Diabetes in British Columbia* (Report 3, October 2004)
- *Salmon Forever: An Assessment of the Provincial Role in Sustaining Wild Salmon* (Report 5, October 2004)
- *Building a Strong Public Service: Reassessing the Quality of the Work Environment in British Columbia's Public Service* (Report 10, February 2005)

The wild salmon audit set a milestone. Our Office collaborated with the Auditors General of Canada and New Brunswick to provide a comprehensive look at how the federal and provincial governments are managing our nation's salmon, both the wild stock and the salmon aquaculture component. Each office issued its own report, with all three containing the same foreword highlighting common concerns and issues and being signed by the three Auditors General and the Commissioner of the Environment and Sustainable Development.

## Our performance for the year ended March 31, 2005

Several other projects are well underway and the reports will be released in the coming months (see “Looking Ahead” below for more details). We also followed up on nine of our previous audits by reporting on management’s progress in implementing our recommendations. Appendix D provides a summary of the follow-up reports we published in 2004/05.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
3. Legislators believe in the value of our examinations of how risks are being managed	New measure	89%	95%	86%	95%

### Description

Our reports inform legislators about how well government programs and services are being managed. We believe this information helps legislators in their work. This measure indicates the extent to which legislators share that belief.

### Explanation

Our target was not met, although the Auditor General’s discussions with legislators on this question indicate there is solid support for our examinations as to how government manages its risks. However, the flat results reported so far suggest that we need to pursue audits that are more useful to legislators in their scrutiny of government and other work. One way to address this is to involve legislators in identifying risk topics that they believe should be on our agenda for action. We shall be studying ways to collect this input without sacrificing the independence of the Auditor General’s mandate.

### Data source

Annual survey of legislators serving on the Legislative Assembly’s Select Standing Committee on Public Accounts, conducted in face-to-face meetings with the Auditor General.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
4. Percentage of our recommendations endorsed by the Select Standing Committee on Public Accounts (PAC)	100%	100%	100%	100%	100%

### Description

Endorsement of our recommendations by the PAC is a key measure of legislators’ support of the Office’s work.

### Explanation

Our target was met. During the most recent fiscal year, the Committee discussed and endorsed the recommendations of all of our reports that they had time to examine and discuss.

### Data source

Hansard record of proceedings of meetings of the PAC and the PAC report to the House for the 5th session of the 37th Parliament.



## Our performance for the year ended March 31, 2005

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
5. Percentage of our recommendations implemented within two years	74%	58%	75%	100%	80%

### Description

This measure provides us with an indication of the attention and support that management gives to the recommendations of our Office that are endorsed by the PAC. It reports on the percentage of recommendations contained in reports published two years ago between April 1, 2002, and March 31, 2003, that have been fully or substantially implemented.

Although we expect all of our recommendations to be implemented at the time we make them, our targets are less than 100% because we know there can be valid reasons why some of them are not implemented within two years. In some cases, for example, a program or circumstances may change so that some recommendations are no longer relevant. In other cases, our recommendations are more complex and take longer than two years to implement. Since it takes time to implement our recommendations, we report on the percentage implemented of the recommendations published two years previously.

### Explanation

We exceed our target. Between April 1, 2002, and March 31, 2003, the Office published the four risk audit reports listed below. All of the recommendations contained in them were endorsed by the PAC:

- *Building a Strong Work Environment in British Columbia's Public Service: A Key to Delivering Quality Service* (Report 1, April 2002)
- *Managing Contaminated Sites on Provincial Lands* (Report 5, December 2002)
- *Review of Estimates Related to Vancouver's Bid to Stage the 2010 Olympic Winter Games and Paralympic Winter Games* (Report 6, January 2003)
- *A Review of Government Oversight of Multi-Employer Public Sector Pension Plans in British Columbia* (Report 9, February 2003)

There were 12 recommendations in total and all except four were fully or substantially implemented at the time of our last follow-up review. The four outstanding recommendations were contained in *Building a Strong Work Environment in British Columbia's Public Service*. These recommendations have not been followed up at all. Given the importance of the subject and the fact that many changes had taken place since the report's survey was administered in 2001, we opted to re-administer the survey and reported its results in the spring of 2005. A follow-up will now occur at the appropriate interval for this 2005 report. Accordingly, the recommendations of the original report were not counted as unimplemented in this measure.

Our report, *Review of Estimates Related to Vancouver's Bid to Stage the 2010 Olympic Winter Games*, contained no recommendations.

### Data source

The results of our follow-up reviews.

## Our performance for the year ended March 31, 2005

### *Looking ahead*

We intend to focus our examinations on the health, social services and education sectors (where public interest is very high), on large capital projects in the transportation sector and on complex, mission-critical information systems. Risk audits in progress that will be reported on in the 2005/06 year include:

- an audit of government's corporate accounting system
- integrity in the casino industry
- managing PharmaCare
- protecting drinking water sources from land use impacts
- governance of BC Ferries

We will also continue to focus on the status of the 2010 Olympic and Paralympic Winter Games.

As well, we expect to start a number of audits that will focus on issues such as:

- mental health services for children and youth
- infection control in the health care system
- expansion of the post-secondary education system
- child protection services
- programs to help income assistance recipients find employment

We will continue to provide recommendations that are sound and practical and then follow up on management's progress in implementing them.

## Our performance for the year ended March 31, 2005

Objective 1.3—The provincial public sector provides relevant and reliable information about what it is trying to achieve and how successful it has been in doing so

Line of Business—Assessing the quality of provincial public sector performance reports

### *Background*

We believe that robust performance reporting can have a number of positive effects. It can show how effectively management has performed, the fundamental choices an organization has faced, and the decisions it has made with respect to those choices. It enables healthy debate about plans and priorities when legislators are considering the results of government policies and when they are deciding whether to approve future expenditures. Good reporting also encourages constructive discussion about aims and results both within the management of the agency whose work is reported on and within the groups responsible for formulating government policy.

The Budget Transparency and Accountability Act—one of the few of its kind in Canada—requires government as a whole, ministries and government organizations to report publicly on their performance, with a focus on results. In October 2003, the Public Accounts Committee, government and the Auditor General agreed on a comprehensive suite of performance reporting principles designed to guide government organizations in how they report on the results they have achieved. Agreement on general principles is significant because it means the debate is no longer about what constitutes good reporting; efforts can now be focused on achieving it.

When reporting is of good quality, it helps build credibility into the whole reporting activity. Negative perceptions about the quality of reporting can be swept aside when independent eyes verify that the information in performance reports is fairly presented. Our Office has been active in promoting independent assessments because we believe that credibility of content is an essential attribute of any public sector performance report.

We think that eventually an independent third party will be able to provide assurance regarding the relevance and reliability of annual performance reports. When this happens, legislators, interested stakeholders and the public will be able to assess

## Our performance for the year ended March 31, 2005

government's performance with more confidence. However, we do not think this will happen until the quality of reporting evolves to a good standard, the use of the reports increases and an audit methodology is developed through experience.

### *What we achieved in 2004/05*

We completed our fourth annual assessment of the quality of government's annual reports.<sup>4</sup> This involved assessing reports of more than 30 government organizations (ministries and Crown agencies), as well as the report of government as a whole. The results of our assessment are reflected in Measure 6 below.

For the third year, we audited the annual performance report of the Public Guardian and Trustee of British Columbia. This audit was required under the Public Guardian and Trustee Act, still the only legislation in British Columbia specifically requiring assurance for performance reporting. Our audit report was included in the Public Guardian and Trustee's 2003/04 Annual Report (available at [www.trustee.bc.ca](http://www.trustee.bc.ca)).

We also completed, for the second time, a similar assessment of the Workers' Compensation Board (WCB) 2004 Annual Report. We concluded that the WCB's annual report fairly presents, in all significant respects, the performance of the board for the year ended December 31, 2004, in accordance with the BC Reporting Principles. This is the first time we have reached such a conclusion with respect to a performance report. In our opinion, the WCB's performance report represents leading practice in British Columbia and in Canada. The WCB's report will be made public soon.

For the second time, we provided assurance on government's biennial health indicator report. This work involves verifying that the nationally established health indicators are being applied properly and that the data generated are compiled correctly by the Ministry of Health Services. The overall aim of this national performance reporting initiative is to have a credible set of indicators of health services from each province, thereby providing accountability feedback to all parts of Canada under the jurisdiction of the Canada Health Act.

<sup>4</sup>Building Better Reports: Our Review of the 2003/04 Annual Service Plan Reports of Government, expected to be released July 2005.

## Our performance for the year ended March 31, 2005

We also carried out a review of Partnerships BC's report *Achieving Value for Money: Abbotsford Regional Hospital and Cancer Centre Project*. We had initially planned to perform a risk audit of the public-private partnership (P3) arrangements surrounding the project and issue our own report. However, Partnerships BC proposed that, rather than developing our own report, we provide assurance on its value-for-money disclosure report by assessing whether the project's aims, risks and costs were fairly presented to the public. We agreed, and subsequently concluded that the disclosure report did fairly describe the context, decisions, procurement process, and results of the project to the date of the report. This was the first legislative auditor's review of this type of report on a P3 initiative in Canada.

We continued to participate in the development of national standards for performance reporting. The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants—the standard-setter for government reporting—is in the process of developing a “statement of recommended practice” for public performance reporting and is using, as a starting point, the CCAF's recommended national reporting principles (from which the BC Reporting Principles are derived). While less authoritative than an accounting standard, this practice statement will encourage best practices in performance reporting. The project is expected to be completed within the next year.

In 2004/05, we also collaborated with our colleagues from other legislative audit offices across Canada to further develop methodology for auditing performance reports.

Finally, in 2004/05, we also examined government efforts to implement a results-focused management approach. In our last report for that year, *Building Momentum for Results-based Management: A Study about Managing for Results in British Columbia* (Report 13, March 2005), we expressed our strong expectation that management practices in central government can, with appropriate leadership, continue to improve and evolve in support of wider results-based management.

## Our performance for the year ended March 31, 2005

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
6. Percentage of government's annual reports that have reached "fundamentals in place" for:					
■ 1 reporting principle	18%	14%	60%	47%	80%
■ 2-4 reporting principles	5%	6%	30%	17%	40%
■ 5-8 reporting principles	0%	6%	10%	8%	15%

### Description

By indicating the extent to which government's performance reports are incorporating the BC Reporting Principles, this measure tracks improvement in government's reporting over time. The tool we use to assess government's annual reports is based on the BC Reporting Principles and has four stages: Start-up, In Process, Fundamentals in Place, and Fully Incorporated. We believe that reaching the "fundamentals in place" stage indicates that an annual report has addressed the most significant elements, although further improvements are possible. While it is government's responsibility to improve its performance reporting, we believe we can have a significant influence on the quality of the reporting through our reviews.<sup>a</sup>

The result or target for each year is related to government annual reports published in the fiscal year. So, for example, the actual percentage for 2004/05 is based on our assessments of annual reports for the year ended March 31, 2004.

The targets have been established in light of the general improvements we have seen and what we believe will continue given the in-depth review of the assessments we conduct with each organization every year. They guide us in assessing the success of our efforts.

We had not established any targets for this measure when we developed our 2005/05 service plan. During the 2004/05 year we decided that the idea of performance reporting was well on the road to becoming a reality in the British Columbia public sector and so we decided to start setting targets.

### Explanation

Although our target was not achieved, we were pleased to see steady, albeit measured, progress in the overall quality of public performance reporting. Some government organizations are approaching a standard of reporting we hope all will achieve over the next few years. However, there remains considerable room for improvement in most reports.

### Data source

Our assessment of the annual reports of government contained in *Building Better Reports: Our Review of the 2003/04 Annual Service Plan Reports of Government*, expected to be released July 2005.

<sup>a</sup>For an understanding of the methodology we use to assess the quality of government's performance reports, see *Building Better Reports: Our Methodology for Assessing the Annual Service Plan Reports of Government*, available at [www.bcauditor.com](http://www.bcauditor.com)

## Our performance for the year ended March 31, 2005

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
7. Legislators believe in the value of the Auditor General's efforts in the area of performance management and reporting	New measure	89%	90%	64%	93%

### Description

This measure reflects legislators' opinions about the impact of our efforts to encourage government to improve the quality of its performance reports.

### Explanation

We did not meet our target, which is disappointing since we believe that government's performance management and reporting efforts are important areas for us to focus on. However, the drop in legislator support for our work this year is perhaps understandable given that, during 2004/05, the Public Accounts Committee was not able to address any of our reports dealing with performance and management. Several of the legislators we interviewed were new to the committee and were unacquainted with our work with regard to performance reporting.

Next year, we will focus on orienting the new members of the committee with our three lines of business, including that of providing assurance on the quality of the government's performance reporting.

### Data source

Annual survey of legislators serving on the Legislative Assembly's Select Standing Committee on Public Accounts, conducted in face-to-face meetings with the Auditor General.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
8. Legislators make use of government's performance reports in their deliberations or decision making	New measure	76%	90%	71%	92%

### Description

This measure also reflects legislators' opinions of the impact of our efforts to encourage government to improve the quality of its performance reports. We believe that legislators will make greater use of government's performance reports, particularly when these reports provide a reasonably complete and reliable description of government's performance.

### Explanation

We conclude from the results that use of the performance reports is not universal among legislators. However, the majority of legislators did tell us that they use annual performance reports in their work when preparing questions for estimates debates and for discussions with their constituents.

We expect that when performance reporting reaches a consistently high quality, particularly with respect to reliability of information they contain, more legislators will use them.

### Data source

Annual survey of legislators serving on the Legislative Assembly's Select Standing Committee on Public Accounts, conducted in face-to-face meetings with the Auditor General.

## Our performance for the year ended March 31, 2005

### *Looking ahead*

Providing assessments of government annual reports is a relatively new line of business for our Office. We believe that, as government organizations improve the quality of their performance reports and as the reports are used more for decision-making, the public and its elected representatives will increasingly demand assurance that these reports are relevant and reliable. Such assurance is a reality for organizations such as the Workers' Compensation Board and the Public Guardian and Trustee of British Columbia, where already we are providing assurance on the organizations' annual reports. In the next three years, we intend to continue encouraging government to provide meaningful and accurate performance reports that are independently verified.

We will continue working to support results-oriented management practices and performance reporting by:

- encouraging adoption of results-oriented management practices;
- reporting annually on the quality of public performance reporting in British Columbia, focusing on the five key goals of the government;
- conducting research into best practices;
- continuing to raise awareness of the value of good performance reporting; and
- ensuring that British Columbia's point of view is heard through contributions to the development of national performance reporting standards.

We will also encourage legislators' use of performance information and raise awareness of the value of assurance.



## Our performance for the year ended March 31, 2005

And we will continue to develop methodologies for providing assurance on performance reports by:

- working with leading organizations to provide assurance on their performance reports;
- reviewing and providing assurance on a Partnerships BC value-for-money report concerning the expansion of the Sea-to-Sky Highway;
- starting to focus on the accuracy of reported performance measures of high public interest and impact;
- continuing our work with the legislative audit community across Canada in providing assurance on government health performance reports;
- continuing to work with government to develop an assurance program for British Columbia and reporting to legislators on our progress; and
- working with our colleagues in the legislative audit community to develop a methodology for providing assurance on performance information.

# Our performance for the year ended March 31, 2005

## Goal 2

### Our work meets the highest standards and is carried out in an exemplary manner

#### Objective 2.1—Credibility: Our work is done in an efficient, effective and professional manner

We strive to ensure our credibility by ensuring that our work is guided by best practice audit methodologies and quality control policies and processes, and by focusing on the efficiency and the timeliness of our work.

#### *Conducting our work in an effective and professional manner*

Accounting and auditing standards are undergoing unprecedented public scrutiny and change. A number of new or emerging standards will have significant implications for how we carry out our work. This requires us to stay up-to-date with developments in public sector accounting and auditing. We maintain active involvement in professional organizations so that we can both contribute to these developments and learn about them. Two of those are:

- The Canadian Council of Legislative Auditors (CCOLA)

CCOLA is an organization devoted to sharing information and supporting the continued development of auditing methodology, practices and professional development. The council's membership consists of the Auditors General or Provincial Auditors of the Canadian provinces and the Auditor General of Canada. It also has one associate member, the Auditor General of Bermuda.

Participating in CCOLA provides us with a cost-effective means of improving our effectiveness and performance. Our ability to tap into the shared expertise of legislative auditors across the country provides us with resources and information beyond our own capacity to create.

During 2004/05, a number of the Office's staff held positions in CCOLA interest groups and committees, including the Health Study Group, the Strategic Issues Group, the Performance Reporting and Auditing Group, the Human Resources Network, the Governance Study Group and the Information Technology Committee.

#### External Quality Assurance Review

During the year, we participated in the CCOLA inter-jurisdictional review program. Two senior members from the Office of the Auditor General of Quebec reviewed our audit files for one of our risk audits. They confirmed that the audit engagement was carried out, in all significant respects, in accordance with generally accepted auditing standards of the Canadian Institute of Chartered Accountants.

## Our performance for the year ended March 31, 2005

### ■ The Canadian Institute of Chartered Accountants (CICA)

The Office maintains an active association with the CICA, the standard-setting body in Canada for accounting and assurance (auditing) standards. In recent years, members of the Office's staff have served on various boards and committees, including the Public Sector Accounting Board, the Control and Government Board and the Assurance Standards Board. During 2004/05, staff members served on the task force on public performance reporting and the task force on engagement letters.

In addition to our work with professional associations, we have dedicated staff to monitor our practices, coordinate updates to our methodology and provide the Office with the latest developments in accounting and auditing matters. The Professional Practices group is responsible for developing policies, standards and practices that ensure the Office provides quality information, assurance and advice in a consistent and efficient manner. It also provides advice to staff on current and emerging technical issues in all our lines of business.

### Quality assurance

Our demanding quality control and assurance practices are designed to ensure that our audits are properly planned, staffed, conducted and reported, and that our audit findings are based on well-substantiated evidence. We also have audit manuals that provide staff with policy and technical direction, contain procedures that reflect current best practice, and state clearly our expectations for the exercise of professional judgment.

To ensure our audits meet external assurance standards (as well as our own standards for documentation), all audit reports and the supporting files are subject to thorough reviews. This ensures that the conclusions and opinions we express in our reports are accurate and supported by sufficient, appropriate evidence.

For each of our risk audits, we establish an advisory committee usually made up of internal and external experts. These committees consider whether we have:

- identified the most critical areas for in-depth examination;
- selected a sound methodology and suitable criteria; and
- reported findings and conclusions that fairly present the facts and that are adequately supported.

The checks and balances that underpin our audit work are important, though often time-consuming. This is particularly true for risk audits where the topics are always important and sometimes sensitive, and where our audit findings and conclusions may be controversial. Because of this, we believe it is important to take enough time to allow government organizations to consider our findings and conclusions and to respond accordingly. As will be noted in Measure 12 below, each risk audit brings a unique set of issues and challenges that makes accurate estimation of the amount of time needed to complete them very difficult.

## Our performance for the year ended March 31, 2005

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
9. Level of compliance with CICA quality control standards	New measure	Interpreting new professional standards	Self-assessment completed and new policies and practices developed	Self-assessment completed. and practices still under development.	100%

### Description

In the past year, the Canadian Institute of Chartered Accountants issued new and more rigorous quality control standards for firms (including legislative audit offices) performing assurance engagements and for each assurance engagement (both financial and non-financial). These standards take effect December 1, 2005. Although quality control has always been a component of our internal processes, the new standards more specifically define expectations for firms and for assurance engagements. In addition to meeting the new quality standards, all aspects of the quality control framework must now be documented and communicated to staff. We are working toward being in compliance with the new standards by their effective date.

### Explanation

We partially met the target. We completed a quality control self-assessment in 2004/05 to determine our level of compliance with the defined criteria for the 10 elements of quality control. Our self-assessment indicated that we have generally good policies and practices in place, but there are some gaps that need to be addressed. The gaps are related to new requirements in the standards for areas such as our human resource practices, internal consultations, second “partner” file reviews and monitoring for compliance with our policies.

Based on our evaluation, the Office has developed a plan to close the identified gaps. Originally, we had hoped to have new policies and practices in place before the end of the 2004/05 fiscal year. We are collaborating with other Canadian legislative audit offices in this regard, and, although some new policies have already been introduced, the necessary changes will not be fully implemented until later in 2005. An external assessment of our compliance is planned for 2006/07.

### Data source

Self-assessment of our current quality control processes carried out by our Professional Practices group.

## Our performance for the year ended March 31, 2005

### *Conducting our work in a timely and efficient manner*

To be an exemplary organization, we must be, and be seen to be, financially and operationally efficient, accountable and transparent. We seek to provide our audit staff with strong administrative, technical and professional development support. Support activities such as information technology, human resources and administration are a necessary and integral part of our organization. These support functions equip our audit staff with the right knowledge, tools and resources to perform effectively and efficiently. With limited resources, we must continually strive to optimize support costs and maximize the effectiveness and productivity of our staff.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
10. Percentage of our resources (measured in dollars) devoted to audit support	27%	25%	24%	26%	24%
11. Percentage of audit hours of operational staff charged against annual available hours	74%	76%	79%	73%	80%

#### **Description**

Measure 10 shows the cost of business support (such as human resource management, technology, rent and depreciation, and general office administration) as a percentage of total office costs. The lower these costs, the more resources are available for assurance operations.

Measure 11 shows the percentage of total annual available hours spent by operational staff directly on audit work during the year. Annual available hours represent total hours charged by staff, minus leaves and vacation. Operational staff includes all assurance staff, audit management and executives.

#### **Explanation**

The target for measure 10 in the 2004/05 Service Plan was 26%. However, given that we reduced our percentage to 25% in 2003/04, we believed we could further reduce it to 24% in 2004/05, and restated the target accordingly in our 2003/04 Annual Report.

The actual dollars spent went down from 2003/04 to 2004/05, but the result went up from 25% to 26%. The reason is that, with much of our support costs being fixed, the 10% budget reduction in 2004/05 was absorbed mainly by the operational audit sectors. For 2005/06, we have received increased funding, so we anticipate that the 26% should go down to 24%.

Concerning the percentage of billable hours of audit staff against available hours (measure 11), we did not meet our target and the percentage also declined from the previous year. Reasons for the decline include more audit staff time dedicated to professional practices issues now that implementation of new standards is underway. Also, our relatively high staff attrition and turnover is contributing to more time spent in the orientation of new staff and moving assignments around.

#### **Data source**

Our internal management information system.

## Our performance for the year ended March 31, 2005

We are a project-based, professional service organization. With the somewhat cyclical nature of our workload, we must plan, schedule and manage our audits carefully. To do this, we need timely and accurate information on the status of our work. This gives us information for making decisions, as well as for responding quickly when priorities shift or new opportunities arise. It also gives us the information we need to be accountable for our financial and operational results.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
12. Percentage of projects completed on time:					
■ Financial statement audits	75%	88%	100%	98%	100%
■ Performance reporting projects	75%	66%	85%	100%	85%
■ Risk audits	55%	0	70%	17%	70%
13. Percentage of projects completed on budget:					
■ Financial statement audits	60%	43%	85%	57%	90%
■ Performance reporting projects	Not measured	33%	85%	33%	85%
■ Risk audits	80%	0	85%	50%	85%

### Description

The timeliness of our reporting is related to the relevance of our work. We define “on time” as meeting or beating the deadline defined in the audit plan. Completing projects within budgets reflects accurate planning and effective use of resources. We define “on budget” as being within 5% of the budget outlined in the audit plan.

### Explanation

We did not meet our targets for “on time” or “on budget.” However, our performance did improve over the previous year in all categories but one.

Our results and targets vary by line of business, reflecting the different management challenges each presents. Financial statement audits are the easiest line of business for which to plan and budget. They are carried out on a regular basis and, generally, one year's audit is fairly similar to those of the previous years. There were 51 discrete financial statement audit projects completed in 2004/05. By far the largest of these was that for the government's Summary Financial Statements. On that audit, we were 13% over budget, due in part to inefficiencies caused by high staff turnover, as well as the impact of more rigorous standards imposed by the auditing profession.

We completed three performance reporting projects during 2004/05. They were all completed on time, but only one was completed within budget. Because this line of work is relatively new, it is still challenging to estimate accurately the number of hours any project will require. This was especially true with respect to our review of Partnerships BC's value-for-money report on the Abbotsford Hospital and Cancer Centre P3. Because this was the first review of its kind we had done, we did not have a good basis to budget our time accurately.

Our risk audits are the most challenging to manage because each is unique and therefore hard to predict in length. There is no “standard” risk audit in terms of average length of time or budget. Typically, these audits span at least one year. From time to time, we respond to emerging priorities by reassigning all or some staff from an audit team, thereby

## Our performance for the year ended March 31, 2005

inevitably extending the audit timelines. Also, we often discover as we get to better understand an audit topic that our planned approach needs to be amended. We have not yet found a way to track these legitimate changes in a way that allows these two measures to more accurately reflect our performance. Consequently, we will be considering how best to define timeliness and budgets for this type of audit.

### **Data source**

Our internal management information system. Note that these two measures are for audits reported during 2004/05, even though some or most of the actual work would have been completed in the previous fiscal year. Similarly, all our audits in progress at the end of 2004/05 will be accounted for in the 2005/06 measures.

The usefulness of these measures is limited by their inability to provide weighting. Missing the deadline or exceeding the budget on a major audit counts the same as for a smaller audit.

### *Looking ahead*

We anticipate progress this year in several important areas that underpin our credibility as an Office. In implementing new quality control standards we are keeping pace with the best practice recommendations of the auditing profession. Well-designed quality control practices require that our audits be properly planned, staffed, conducted and reported, and that our audit findings be based on well-substantiated evidence. The result is that we are maximizing soundness in our work and in the opinions we provide. It means that we hold ourselves and the audit firms whose resources we use to the highest standards available.

We will be updating our core training program so that current and new staff continue to hone existing skills and develop their expertise.

A priority is that we constantly update our financial statement and risk audit manuals to reflect the many new standards being introduced by the auditing profession. These manuals provide the practical guidance to staff for each audit engagement. We must continually improve all aspects of our planning, fieldwork and reporting practices, and conduct post-project reviews to identify opportunities for improvements in future projects.

## Our performance for the year ended March 31, 2005

### Objective 2.2—Independence: Our Office is independent from political parties and from the provincial public sector

The primary value of our Office is that we provide legislators, the public and government with independent assessments about the performance of government. If that independence were compromised, our perceived value would be severely diminished. Accordingly, we devote considerable management attention to our independence.

The Auditor General Act, newly established in April 2003, includes a number of provisions that help ensure our independence:

- The Auditor General is appointed by an all-party committee of the Legislature for a six-year term that can be renewed one time only.
- The Auditor General is accountable to the Legislative Assembly, not to the government of the day.
- The Auditor General is funded primarily from a committee of the Legislature rather than from government.
- The Auditor General's conclusions are presented directly to the Legislative Assembly.
- The Auditor General can ask the government for any information that he or she needs to carry out the Office's mandate.
- The Auditor General has broad power to examine the range of matters that are of interest to legislators and the public, including whether government organizations or trust funds are operating efficiently and effectively.

The Canadian Institute of Chartered Accountants, the standard-setting body for the auditing profession in Canada, also introduced new professional standards that establish a systematic, principles-based framework for ensuring independence in each auditing engagement. The framework describes threats to independence, as well as safeguards that should exist to protect it.

Some important aspects of how we ensure our independence include:

- having a formal code of conduct for all staff members;



# Our performance for the year ended March 31, 2005

- communicating the concepts of professional independence to all staff;
- requiring staff to confirm periodically their compliance with our independence policies; and
- having processes to determine whether independence is impaired, and also having policies and practices to deal with situations when independence is determined to be impaired.

In addition, Canadian generally accepted auditing standards require all assurance engagements to be performed with due care and with an objective state of mind. Our audit methodologies and quality control processes (referred to under Objective 2.1) are designed to ensure that individually and collectively we meet this standard in all our work.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
14. Legislators believe information in the Office’s risk audit reports is presented in an objective and unbiased manner	New measure	94%	100%	57%	100%

**Description**  
 An important facet of our independence lies in our ability to provide audit reports that present our findings and conclusions in an objective and unbiased manner. This measure reflects legislators’ views of the extent to which we have achieved that goal.

**Explanation**  
 The 2004/05 result falls short of the target and is considerably lower than the rating in 2003/04. The lower result for this year extends from several legislators telling us that one of the four reports reviewed by the PAC this year (*Audit of the Government’s Review of Eligibility for Disability Assistance*) appeared to be biased against government. In addition, some legislators noted that when we decide to examine a particular subject matter, they think this indicates we already have concluded governance, management or accountability problems exist.

Our risk audits are not designed to (nor do they) question whether government’s policies are appropriate. Furthermore, we aim to provide fair, independent assessments of the quality of government administration and to identify opportunities to improve the performance of government. We do not focus exclusively on known or suspected problem areas. That being said, the fact is that critical or controversial elements of our reports receive much more media attention than do the positive findings.

**Data source**  
 Annual survey of legislators serving on the Legislative Assembly’s Select Standing Committee on Public Accounts, conducted in face-to-face meetings with the Auditor General.

## Our performance for the year ended March 31, 2005

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
15. Audited organizations are satisfied with the way we conduct our work	New measure	61%	70%	76%	75%

### Description

The credibility of the Auditor General is of critical importance to the organizations we audit. We maintain our credibility by preserving our independence and ensuring all work meets the highest standard. Our standards of service require us to approach our work in a fair and considerate way that ensures our findings and recommendations are sound and relevant. We survey those we audit to monitor their perceptions of our ability to maintain our credibility and meet our professional standards.

### Explanation

The response we received to both of these questions was more positive this year.

The reasons for this increase are not readily apparent, although we do work hard to deliver a professional, high-standard product. We also credit the efforts of our staff and those staff of the operations we audit for creating a cooperative, constructive climate for the audit processes.

### Data source

Survey of organizations at the completion of each assurance engagement. The two responses that correspond with the key measure above are tabulated, aggregated and a percentage score calculated. The rate of response to the survey was 58%, a little less than the 62% response of last year.

## Our performance for the year ended March 31, 2005

### *Looking ahead*

We will be reviewing the adequacy of our current practices (as part of a broader initiative on quality control) to confirm that appropriate mechanisms are in place to ensure our Office is, and is perceived to be, independent and impartial. For example, we will be considering the appropriateness of the existing requirement that the Office's human resource management policies and decisions be subject to the review and approval of the Public Service Agency, a government organization. If we conclude that change is needed, the Auditor General will approach the Select Standing Committee on Finance and Government Services to seek exemption from part or all of the Public Service Act, an action authorized by the Auditor General Act.

### Objective 2.3—Relevance: Our work program is relevant to the needs of the public and its elected representatives

Our relevance is dependent on our understanding of the needs of our main client group, the legislators, and of our key stakeholders, the organizations we audit. We meet regularly one-on-one with a selection of legislators to ask them about our performance and to find out more about their assurance needs. We also survey senior management of the organizations we audit to obtain their views about what issues are important to the success of their organizations. And, as we are shaping our audit projects, we ask our audit advisory committees (which include external subject area experts) to consider whether we have identified the most critical areas for in-depth examination.

Our Office is organized by key functions in the public sector, allowing us to develop a better understanding of government's key programs. To help us maintain our relevance in the health sector, for example, we have engaged a health advisory group. It is composed of individuals who are recognized for their extensive knowledge and understanding of critical issues within the sector. We meet with the group once every two years to discuss topical matters and obtain their advice on our work program.

## Our performance for the year ended March 31, 2005

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
16. Legislators believe topics chosen by the Auditor General are relevant	New measure	100%	100%	79%	100%

### Description

Focusing our efforts on topics that are relevant to legislators is critical to our effectiveness. Relevance is confirmed when legislators believe our work meets their needs and addresses their priorities.

### Explanation

In 2004/05, the Select Standing Committee on Public Accounts examined the following reports that we believed merited legislators' attention: *Audit of the Government's Review of Eligibility for Disability Assistance*, *Healthy Workplaces for British Columbia's Health Care Workers*, *Prevention and Management of Diabetes in British Columbia*; a status report on *Internal Audit in Health Authorities and Assessment of the Provincial Role in Sustaining Wild Salmon*. The Committee supported all recommendations our Office made in these reports.

We welcome the Committee's continued efforts to meet frequently enough to review the full range of reports that have been referred to it. However, because a number of reports are awaiting consideration by the Committee, the balance we have sought to achieve in the range of work we have carried out may not have been evident. We will be seeking ways to allow legislators more frequent input into the process that selects our audit projects, so that they may better appreciate why particular issues were addressed over many others that compete for the Office's attention and resources.

### Data source

Annual survey of legislators serving on the Legislative Assembly's Select Standing Committee on Public Accounts, conducted in face-to-face meetings with the Auditor General.

## Looking ahead

Maintaining our relevance to legislators, the public and organizations we audit depends on a coherent and active program of external communications. We need to more proactively seek out advice as to where we should be moving from the perspective of the various communities we serve, and to take those views into account without sacrificing the independence of the Office.

Consequently, we plan to:

- seek new opportunities to profile the Office plans and priorities publicly, to explain its role and objectives and to listen with a keener ear;
- continue to monitor the external environment, so as to ensure our work addresses the areas of greatest interest to our stakeholders; and
- meet more regularly with legislators to ensure that we select audit topics that are relevant to their needs and interests.

## Our performance for the year ended March 31, 2005

Objective 2.4—Capacity: We have the organizational capacity to complete our work effectively.

The most important component of our capacity is our people. We need to manage our staff composition carefully to ensure we have the right people with the necessary competencies<sup>5</sup> to meet our long-term goals and objectives. The auditing profession is increasing professional quality standards to the highest level ever experienced. The demands of a competitive market place, the reductions in the number of professional accounting graduates entering the public sector, and likely retirements will all provide a challenge for us as we try to ensure we have the right people at the right time. These risks are making our recruitment, development and retention activities more vital than ever before.

Our competencies have been designed around three key areas: leadership, technical and core. Competencies can be developed by participating in training, utilizing individual coaching, and through on-the-job opportunities such as project and task team involvement. We have made significant progress in developing our competencies within each of these three areas.

### *Leadership competencies*

#### Leadership capacity

The Auditor General is supported by a professional staff with many years of audit expertise. Among them are his executive group, made up of a Deputy Auditor General and four Assistant Auditors General. Together, they establish and lead the audit programming of the Office in all of its aspects, from quality control and administrative concerns to the most fundamental decisions about what the Office should do and how it should go about doing it.

The Office's executive group of six people is the smallest in many years. But much change has been manifested elsewhere in the organization as well, with retirements in middle management within the last two years. As a result, the need to develop leadership skills among our staff has never been greater. While we are fortunate that many of our employees are contributing at the pinnacle of their careers, the fact that they are also relatively near retirement is less welcome. This, along with the difficulty we are experiencing

<sup>5</sup>A competency is the term used to describe a cluster of related know-ledge, skills, and attributes that contributes to successful job performance and ultimately to the goals and priorities of the Office.

## Our performance for the year ended March 31, 2005

in keeping newly qualified accountancy professionals, magnifies the pressure facing the Office to rapidly create leadership competency throughout the organization.

### Leadership development

Leadership development is designed to grow leadership competencies internally to ensure a suitable supply of leaders for senior roles. Our leadership development program is part of the Office's human resource management framework that ensures we have the right person, in the right place, at the right time, with the right skill set.

During the year, 25 staff members attended courses provided by the Leadership Centre through the BC Public Service Agency. The courses were focused on daily leadership skills, team building, managing in an environment of constant change and high expectations, interpreting and achieving business goals, and developing a cross-organizational and societal perspective to better respond to future organizational issues.

### The Changing Face of the Office

In 2004/05, there was considerable change at the top after several years of leadership continuity. The landmark contributions of Peter Gregory (former Deputy Auditor General) Endre Dolhai and Keyvan Ahmadi (former Senior Principals) to this office were celebrated upon their leaving the office in late 2004. Peter was widely recognized in Canada for his seminal contributions to value-for-money audit methodology and more lately for his contributions to the work of the Canadian Assurance Standards Board. Endre was active in corporate governance reforms and value-for-money audit supervision. And Keyvan had provided outstanding contributions to our financial statement auditing line of business.

As well, a senior member of our staff, Roger Brown, retired last summer. Roger possessed an enormous fund of experience and practical insight, which was always freely delivered with humour and professionalism of the highest calibre.

Retirements have brought a new face into the executive group this year. Susan Jennings (Assistant Auditor General) has led many audit projects and provided sound advice to the Office for many years. Her expertise extends and complements that of the Auditor General himself and that of Errol Price (Deputy Auditor General), Bill Gilhooly, Russ Jones and Morris Sydor (all three Assistant Auditors General).

Errol Price assumed his duties as Deputy in November of last year after a national competition identified him (one of our own long-serving executives) as the best person to take over from Peter Gregory. A past National President of the Institute of Public Administration of Canada, Errol has been one of the principal champions of both accountability-for-results and performance management thinking which has driven much of the advice and related recommendations this Office has provided to the provincial government through the Legislature.

## Our performance for the year ended March 31, 2005

Recently two of our staff, Jo-Ann Youmans and Charleen Tupper, completed their certification in Executive Coaching, a graduate level program at Royal Roads University. This is the only International Coach Federation accredited university program in Canada. We expect them to add to the leadership development opportunities available to our staff by providing skilled internal resources. Our focus on developing leadership skills should reap significant benefits in the current environment of pending retirements and increasing competitiveness to retain and recruit qualified staff.

### *Technical competencies*

#### Financial statement auditing

Our largest line of business, financial statement auditing, requires a long-recognized field of expertise, the accountancy profession. We acquire the services of qualified Chartered Accountants (CA), Certified General Accountants (CGA) and Certified Management Accountants (CMA) through competitive hiring, through personal service contracts let on a short-term basis, by training accountancy students seeking their professional designation, and by using the resources of private sector auditing firms.

#### Accountants in training

During the year, we had 11 staff members working towards accounting designations. Three of them—Peter Leung, Rene Loo and Wendy Wu—obtained their CA designation in 2004.

Each accountancy student has a personalized plan of progression, which links the work assignments with the competency framework they need to achieve their practical experience requirements. In addition, a director-mentor is assigned to support each individual.

#### Risk auditing

We acquire risk audit capacity in three ways: we train financial statement auditors; we hire individuals with relevant and mature multi-discipline backgrounds whom we then train in the audit process; and we contract with subject area specialists when risk audit planning indicates that we need particular expertise to cover a risk audit topic adequately.

## Our performance for the year ended March 31, 2005

Our risk auditing work requires that each audit team collectively has a strong auditing background, knowledge of governance best practices, a sound understanding of management in the public sector, and one or more subject specialties that are relevant to our audit program. When we hire risk auditors, we are looking for the essential program evaluation and analytical skills sets, but we also seek to complement the risk audit capacity we currently have with subject knowledge and credentials that new people bring into the group. For example, during 2004/05 we hired Brenda Marin-Link BScN, MBA, who possesses extensive experience in public health administration and home care strategies and Charleen Tupper BA, MA who has public service experience in several ministries and expertise in leadership and coaching.

### Performance report projects

One of our three lines of business is focused on assessing the quality of government public performance reporting. This is relatively new work for the Office and we are building our capacity in this area in several ways. For example, we offer an assignment each year to one staff member to coordinate the Office-wide project, Building Better Reports. This project also involves a large number of staff across our operational sectors in assessing the annual reports of government. This year we have also dedicated resources to providing assurance (similar to an audit opinion) on the non-financial performance information provided by a few organizations. And, lastly, we continue to work closely with our colleagues in other legislative audit offices across Canada to share our experiences and build expertise in developing and promoting good performance reporting and assurance.

### Information technology (IT) auditing

Our three lines of business are also supported by our IT audit group. The group works closely with its Canadian Council of Legislative Auditors colleagues to share knowledge and resources about IT audits of new and existing systems. Significant in-house expertise has been developed in understanding and auditing IT areas such as MVS and Unix operating systems, Oracle Databases and Oracle Financials systems.



# Our performance for the year ended March 31, 2005

The group currently has two staff members with a Certified Information Systems Auditor (CISA) designation, Faye Fletcher and Pam Hamilton. Three others are gaining the work experience necessary to meet the professional requirements for the certification. David Lau, one of the CISA candidates, is Vice-President of the award-winning local chapter of the Information Systems Audit and Control Association (ISACA), the certification body behind the CISA designation. Another of our CISA candidates, Joji Fortin, serves as the Chapter’s Treasurer.

## Core competencies

During 2004/05, we completed the third cycle of our employee performance development plan (EPDP). Over 70 percent of all of our employees completed an EPDP—about the same as the previous year. These plans allow us to link learning requests and opportunities to the Office’s goals and work plan needs. Through this process, we identify shared learning needs such as communication courses, writing skills, project management training, leadership training and experience, and mentoring partnerships, which allows us to better facilitate the development needs of staff.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
17. Percentage of actual expenditures invested in learning and professional development	5.0%	5.7% (restated)	5.5%	5.2	5.7%

**Description**  
 This measure represents investment in learning and professional development as a percentage of actual expenditure, and includes all course fees plus the travel, salary and benefits costs of time spent on training and professional development activities. This figure does not include costs related to our student training program.  
 We found a more accurate way to arrive at the travel costs associated directly with training, resulting in the 2003/04 actual of 5.3% being restated to 5.7%.

**Explanation**  
 We did not meet our target. This is a disappointment given our professional development objectives for continuously building office capacity. Keeping professional development front and centre is proving to be a challenge as funding for the Office has declined. Extra pressure on staff to complete audit work has possibly caused training needs to take a back seat. Management will need to be vigilant in the future to ensure appropriate priority is given to training.

**Data source**  
 Our internal management information system.

## Our performance for the year ended March 31, 2005

### *Looking ahead*

The executive group believes that the capacity issues discussed above need to be captured and managed through the creation of a strategic human resources management framework. This framework will emphasize development of staff competencies through a combination of core training, progressive job experience, on-the-job training and mentoring. The Office's human resources function will provide ongoing transactional support in the framework.

As part of the framework development, we have established a capacity committee for each of our three lines of business. The purpose of each committee will be to ensure that the Office has and maintains the capacity (i.e., the competencies) required to carry out the relevant part of the Office's work program.

We recognize that our employees possess a great wealth of expertise, audit experience and insight, which we will seek to disseminate to other staff through the establishment of in-house "communities of practice." These communities—one for each of our three lines of business—will facilitate the sharing of knowledge, information and experience about the most efficient and effective way to carry out our work.

Also, we are expanding the role of the existing staff scheduling committee to match learners with audit work in a way that better addresses skill development.

We are rebuilding our core training program, the objective of which is to ensure that all of our audit staff have a solid understanding of our audit methodologies.

In addition to these major strategies, we also intend to pursue the following specific capacity-building initiatives. We will:

- share resources and information with other legislative auditors through the Canadian Council of Legislative Auditors;
- direct our recruiting, performance management and professional development activities towards addressing gaps in Office competencies;
- encourage employees to expand corporate knowledge by participating in the Mentoring Program;

## Our performance for the year ended March 31, 2005

- continue to support leadership development to ensure we have staff who are ready to take on leadership roles in the future; and
- use the employee professional development plans to improve the effectiveness of our professional development and performance management practices.

### Objective 2.5—People: Our work environment attracts, optimizes and retains the best people.

Because we recognize the investments already made in current staff and the ongoing challenge to attract and retain high performers, our objective is to create and maintain a positive, motivating work environment.

Two particular challenges have combined to increase the turnover rate since last year. We lost all of our newly qualified Chartered Accountants to the private sector, where they uniformly sought better compensation and different professional experience. Our commitment to training accountancy students is firm, but this traditional method of obtaining our accounting professionals is not proving to be successful at present.

The second challenge is no less onerous. Recruiting qualified accountants has become much more difficult. There is a shortage of accountants in the market generally, relative to the existing demand.

These issues are shared among provincial legislative audit offices across Canada. Although the Office is committed to becoming an employer of choice, current market forces are making it difficult for us to build that reputation among qualified job seekers.

Staff members frequently cite positive reasons for investing their careers in the Office. They note its small size and important mandate as its draws, and they often comment favourably on the collegiality and intellect of the staff.

## Our performance for the year ended March 31, 2005

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target
18. Work environment engagement score	70%	No survey	73%	69%	72%

### Description

“Engaged” employees are productive and committed. High employee engagement is a predictor of a high-performing organization. This measure shows the percentage of our employees, responding to our internal work environment survey, who said they “strongly agree” or “agree” with the following five statements:

- The work I do makes an important contribution to the Office’s success.
- I would highly recommend this Office to a friend seeking employment.
- I think this Office is a great place to work.
- This Office deserves my loyalty.
- I am proud to be part of this Office.

### Explanation

We did not meet our target, although the result is consistent with the previous survey in 2002. This means that we did not secure the improvement that we had hoped for. Notwithstanding this, we believe that when compared to the average engagement score of the top 50 companies to work for in Canada (79%), the Office’s work engagement score is reasonably good.

We strive to be an employer of choice in the public sector auditing field. Creating a stimulating, rewarding environment in a knowledge-based field such as ours is challenging. Meeting deadlines may require staff to work under significant pressure without sacrificing the quality of their work. In addition, the audit process is not often one that immediately incites praise and support by those we are auditing. Having a mandate that is clear and positive in its intended outcomes is a very welcome force working in our favour.

At a time when we are losing our valuable audit staff to the private sector where pay rates are higher and advancement opportunities greater, it is gratifying that our remaining staff are productive and committed to the Office’s mandate. It suggests that we may continue to attract and retain talented staff even when market forces are less favourable.

### Data source

An internal work environment survey, which allows us to understand the overall level of employee engagement. Before 2004/05, we conducted the survey every two years, which is why there is no measure for 2003/04. Starting with 2004/05, we plan to conduct the survey annually.

# Our performance for the year ended March 31, 2005

## Overview of human capital statistics for the past six years

Statistic/definition	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Number of staff (The person-years worked during the year. For example, one person working for six months would only count as 0.5 of a staff member. Contracted resources are not included.)	87	87	88	88	88	81
Executive (Includes staff at Management Level 8 and above.)	10	12	10	10	8	6
Audit	62	57	61	62	63	62
Corporate Services	15	18	17	16	17	14
Average training and development hours for staff (Includes all hours spent on internal or external learning events, divided by the person-years worked.)*	63	77	57	60	55	49
Total staff turnover (Calculated from the number of exits divided by the number of staff. Turnover for 2000 to 2002 has been restated to show consistent trends.)*	8%	20%	13%	10%	17%	20%
Student turnover*	20%	8%	20%	0	0	55%
Number of hires (Number of staff hired that were permanent and full-time.)*	12	16	15	10	5	16
Number of exits (Number of permanent or full-time staff who left voluntarily.)*	7	17	11	9	15	17
Number of staff with a professional accounting designation (Includes all staff with CA, CGA or CMA designation at the fiscal year-end.)	51	52	50	50	50	50
Number of staff with a Certified Management Consulting designation	7	7	8	7	5	4
Number of staff with Certified Information Systems Auditor designation	2	2	1	2	2	2
Number of accounting students (person-years worked) (Includes permanent full-time staff who are being supported in obtaining their professional accounting designations.)	15	13	15	13	9	11
Average age of staff classified at Management Level 6 and above	51	52	51	52	52	52
Number of staff eligible for retirement within 5 years (age 55 or more)	23	22	26	19	23	11
* = Activity for the year. All others as at March 31.						

Source: The Corporate Human Resource Information System (CHIPS) and an internal database of the Office of the Auditor General

## Our performance for the year ended March 31, 2005

### *Looking ahead*

The Office will continue to promote our established corporate values in order to build its reputation as an employer of choice. We will continue to:

- provide staff with interesting and challenging work;
- support the growth and development of our staff;
- track our turnover and assess the reasons behind it; and
- measure the extent to which our staff is “engaged” in the work of the Office.



## Revenues

We receive our revenue from an annual voted appropriation of the Legislative Assembly, which provides for the operations of our Office and includes amounts for specific items such as salaries and benefits, service contracts, rent, travel and other costs. We also recover costs by charging fees for various engagements carried out with provincial public sector organizations.

In the fall of 2002, the Select Standing Committee on Finance and Government Services recommended decreases in our appropriation of 5% and 10% for the fiscal years 2003/04 and 2004/05, respectively. In both years, our funding requests included increases that would have allowed us to maintain our capacity, and to strengthen—not weaken—the independent public scrutiny of government. In both years, the committee re-endorsed its previous recommendations and the decreases were subsequently approved by the Legislature. Those reductions, compounded by the impact of more rigorous professional standards, reduced our ability to provide the Legislature with sufficient information needed by Members to assess the performance of government in managing critical risks in many areas of government responsibility.

In the fall of 2004, the Auditor General made a budget presentation to the Select Standing Committee requesting an increase of \$0.600 million for 2005/06, and we proposed further increases of \$0.800 and \$0.600 million for the 2006/07 and 2007/08 years, respectively. The proposed funding increases were made to enable us to restore our capacity in a reasonable and sustainable manner over a three-year period and thereby contribute to our ability to provide effective independent public scrutiny of the performance of government. The committee endorsed our request for additional funding for 2005/06, which subsequently was approved by the Legislature, but did not endorse the increases for the following years. Total approved spending for 2005/06 includes an appropriation of \$7.670 million plus recoveries of \$2.300 million.

## Our finances

Exhibit 8 compares our financial performance for the current year to both our approved budget and to last year's financial performance, and discloses the approved budget for fiscal 2005/06. Exhibit 9 summarizes our financial performance over the last four years.

### Exhibit 8

#### Comparison of actual 2004/05 to budget and to previous year (\$ thousands)

	Fiscal 2005 Budget	Fiscal 2005 Actual	Variance 05 Actual to Budget	Fiscal 2004 Actual	Variance 05 Actual to 04 Actual	Fiscal 2006 Budget
<b>Sources of Revenue</b>						
Appropriation	\$ 7,069	\$ 7,069	\$ -	\$ 7,901	\$ 832	\$ 7,670
Unused appropriation	-	(82)	82	(365)	(283)	-
Recoveries	2,300	2,293	7	2,263	(30)	2,300
Other amounts	-	-	-	352	352	-
<b>Total revenue</b>	<b>\$ 9,369</b>	<b>\$ 9,280</b>	<b>\$ 89</b>	<b>\$10,151</b>	<b>\$ 871</b>	<b>\$ 9,970</b>
<b>Expenses</b>						
Total salaries and benefits	\$ 6,563	\$ 6,805	\$ (242)	\$ 7,599	\$ 794	\$ 7,210
Professional services	1,034	902	132	1,007	105	1,020
Building occupancy charges	456	457	(1)	443	(14)	510
Office expenses	343	376	(33)	341	(35)	322
Travel	306	226	80	231	5	316
Computer services and communications	297	220	77	219	(1)	264
Capital assets amortization	219	149	70	187	38	180
Public reports	90	82	8	59	(23)	85
Grants	61	63	(2)	63	-	63
<b>Total expenses</b>	<b>\$ 9,369</b>	<b>\$ 9,280</b>	<b>\$ 89</b>	<b>\$10,151</b>	<b>\$ 871</b>	<b>\$ 9,970</b>



## Our finances

The total appropriation and recoveries approved by the Legislature for 2004/05 were \$9.369 million, consisting of an appropriation of \$7.069 million plus \$2.3 million for recoveries. Total expenses for the year were \$9.280 million, resulting in an unused appropriation of \$0.082 million, or 0.9% of the revenue.

### Exhibit 9

#### Analysis of revenues and expenses (\$ thousands)

	Actuals for fiscal years ending March 31				Line items (as a Percent)			
	2005 \$	2004 restated \$	2003 \$	2002 \$	2005 %	2004 %	2003 %	2002 %
<b>Sources of Revenue</b>					As a % of revenues			
Appropriation	7,069	7,901	8,364	7,817	76.17	77.83	84.99	84.68
Unused appropriation	(82)	(365)	(691)	(586)	(0.88)	(3.60)	(7.02)	(6.34)
Recoveries	2,293	2,263	2,008	1,788	24.71	22.30	20.40	19.36
Other amounts	-	352	161	212	0.00	3.47	1.63	2.30
<b>Total revenue</b>	<b>9,280</b>	<b>10,151</b>	<b>9,842</b>	<b>9,231</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Expenses</b>					As a % of expenses			
Average FTE usage	81.4	88.0	88.0	88.0				
Total salaries and benefits	6,805	7,599	7,217	6,753	73.3	74.9	73.3	73.2
Professional services	902	1,007	931	903	9.7	9.9	9.5	9.8
Building occupancy charges	457	443	435	438	4.9	4.4	4.4	4.7
Office expenses	376	342	347	408	4.1	3.4	3.5	4.4
Travel	227	232	340	298	2.4	2.3	3.5	3.2
Computer services and communications	220	219	245	131	2.4	2.1	2.5	1.4
Capital assets amortization	148	187	201	197	1.6	1.8	2.0	2.1
Public reports	82	59	65	42	0.9	0.6	0.7	0.5
Grants	63	63	61	61	0.7	0.6	0.6	0.7
<b>Total expenses</b>	<b>9,280</b>	<b>10,151</b>	<b>9,842</b>	<b>9,231</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Our finances

### Expenses

#### Salaries and benefits

Total salary and benefit costs for the year exceeded the planned (budgeted) amount by \$242,000, but were \$794,000 less than in the prior year. The decrease from last year is largely a reflection of the 10% reduction in funding that caused our number of staff to fall from 88 to 81. The increase over planned spending consists primarily of unplanned expenses, such as vacation payouts upon termination and additional salary and benefits made possible by savings in other areas such as professional services.

#### Professional services

We use the services of outside professionals to augment and support our assurance work. Services provided range from subject matter expertise on issues related to our risk audits, to financial statement auditing services by suitably qualified contractors to help us complete our audit of the government's Summary Financial Statements in a timely manner.

Contract costs were less than planned by \$132,000 for the year and \$105,000 less than the prior year. The decrease is due to a combination of factors. First, in some cases we used existing employees to perform what had been originally planned as contract assignments and second, we experienced delays of certain contract services planned for late in 2004/05 to early 2005/06.

#### Office expenses

Office expenses are incurred for a variety of items, including office supplies, stationery, postage, research materials, professional membership dues, job advertising, training costs and course fees.

Our spending on office expenses of \$376,000 in 2004/05 was higher than planned by \$33,000. While training fees, which at \$130,000, were about \$15,000 less than planned, job advertising and recruiting was at \$52,000, about \$47,000 more than planned. During the last two years, we have experienced high staff attrition rates and we responded in 2004/05 by expanding our recruiting and advertising efforts to reach a wider pool of qualified candidates for all positions.

## Our finances

### Travel

Staff are occasionally required to travel as part of their duties, such as when conducting audit engagements, attending learning events and meeting with colleagues to participate in professional and standard-setting organizations. During 2004/05, we spent \$226,000 on travel, which was \$80,000 less than planned, but similar to the amount spent in the prior year. We continued to implement cost-effective strategies when auditing remote entities by, for example, conducting a single trip of longer duration instead of two or more short (and more costly) trips. As well, approximately \$57,000 of the travel expenses related to conducting fee-for-service audit engagements were recovered from organizations we audit.

### Computer services and communications

We incur expenses for voice and data communications, for computer hardware and software purchases that are not capitalized and amortized, and for maintenance and support of our computing systems. Our 2004/05 expenses, totaling \$220,000, were comparable to those of last year, but \$77,000 less than planned due to the deferral of certain planned spending for hardware and software and efficiencies in operations.

### Capital asset amortization

The current year's expense was \$70,000 less than planned and \$38,000 less than in 2003/04 as a result of the use of overly conservative estimates for planning purposes.

### Reports

During fiscal 2004/05, we spent a total of \$82,000 on producing public reports versus planned spending of \$90,000. The cost to produce our public reports last year was \$59,000. The increase of \$23,000 this year was the result of the greater number of reports published this year.

## 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 develop 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 Green Horwood Munro & Tuckey, Chartered Accountants, to audit the accounts of our Office for the year ended March 31, 2005. Our auditors report the results of their audit to the Speaker of the Legislative Assembly. In their report the auditors outline the scope of their audit and give their opinion on our financial statements.



Wayne Strelloff, FCA  
Auditor General



Errol Price, CA  
Deputy Auditor General  
and Executive Financial Officer

May 17, 2005

# GREEN, HORWOOD, MUNRO & TUCKEY

## CHARTERED ACCOUNTANTS

THIRD FLOOR – 1006 FORT STREET  
VICTORIA, B.C., V8V 3K4

### PARTNERS:

RICHARD T. TUCKEY, C.A.\*  
GEORGE A. V. FROBEEEN, B. Sc., C.A.\*  
GEORGE WONG, B. Sc., C.A.\*  
I. KEITH SMITH, B. Sc., C.A.\*

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### ASSOCIATES:

CLIFFORD E. HORWOOD, B. Comm., C.A.\*  
JOSEPH M. WEICKER, C.G.A.

\* Incorporated Professional

May 17, 2005

### AUDITORS' REPORT

To the Speaker,  
The Legislative Assembly  
Province of British Columbia

We have audited the Statement of Financial Position of the Office of the Auditor General of British Columbia as at March 31, 2005 and the Statements of Operations and Changes in Net Assets for the year then ended. These financial statements are the responsibility of management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, these 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, 2005, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*Green, Horwood, Munro & Tuckey*  
CHARTERED ACCOUNTANTS

**Office of the Auditor General of British Columbia**  
**Statement of Financial Position**  
**As at March 31, 2005**

	2005	2004
		Restated
<b>Financial Assets</b>		
Advances recoverable	\$ 14,978	\$ 13,870
Accounts receivable	1,197	1,364
Accrued recoveries for services (Note 4)	1,077,639	1,095,531
Government account (Note 5)	<u>30,531</u>	<u>299,456</u>
	\$1,124,345	\$1,410,221
<b>Non-Financial Assets</b>		
Prepaid expenses	51,886	40,003
Capital assets (Note 6)	<u>250,006</u>	<u>242,060</u>
	<u>\$1,426,237</u>	<u>\$1,692,284</u>
<b>Liabilities</b>		
Accounts payable	\$ 344,903	\$ 315,393
Accrued leave (Note 7)	647,020	742,916
Accrued workforce adjustment (Note 8)	<u>132,422</u>	<u>351,912</u>
	<u>1,124,345</u>	<u>1,410,221</u>
<b>Net Assets</b>	<u>\$ 301,892</u>	<u>\$ 282,063</u>

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

Approved by:

*Wayne Strelloff*

Wayne Strelloff, FCA  
Auditor General

*Errol Price*

Errol Price, CA  
Deputy Auditor General and  
Executive Financial Officer

**Office of the Auditor General of British Columbia**  
**Statement of Operations**  
**For the year ended March 31, 2005**

	2005		2004
	Planned	Actual	Actual Restated
<b>Revenues</b>			
Voted appropriation (Note 9)	\$ 7,069,000	\$ 7,069,000	\$ 7,901,000
Less unused appropriation (Note 9)	-	(81,625)	(365,229)
Recoveries for services	2,300,000	2,292,770	2,263,305
Other amounts (Note 8)	<u>-</u>	<u>-</u>	<u>351,912</u>
	<u>\$ 9,369,000</u>	<u>\$ 9,280,145</u>	<u>\$10,150,988</u>
<b>Expenses</b>			
Salaries	\$ 5,336,000	\$ 5,498,203	\$ 5,779,081
Employee benefits (Note 10)	<u>1,227,000</u>	<u>1,306,897</u>	<u>1,820,401</u>
Salaries and benefits	6,563,000	6,805,100	7,599,482
Professional services	1,034,000	901,855	1,007,201
Building occupancy charges	456,000	457,450	442,991
Office expenses	343,000	375,753	341,433
Travel	306,000	226,501	231,438
Computer services and communications	297,000	219,693	218,801
Capital assets amortization	219,000	148,526	187,450
Public reports	90,000	82,267	59,192
Grants	<u>61,000</u>	<u>63,000</u>	<u>63,000</u>
	<u>\$ 9,369,000</u>	<u>\$ 9,280,145</u>	<u>\$10,150,988</u>

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

**Office of the Auditor General of British Columbia**  
**Statement of Changes in Net Assets**  
**For the year ended March 31, 2005**

	2005		2004
	Planned	Actual	Actual Restated
<b>Net Assets – beginning of year</b>		\$ 282,063	\$ 305,655
Appropriations for purchase of capital assets (Note 9)	\$200,000	156,472	123,855
Capital asset amortization	(200,000)	(148,526)	(187,450)
Increase in prepaid expenses		11,883	40,003
		<u>19,829</u>	<u>(23,592)</u>
<b>Increase (decrease) in Net Assets</b>			
<b>Net Assets – end of year</b>		<u>\$ 301,892</u>	<u>\$ 282,063</u>

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



**Office of the Auditor General of British Columbia**  
**Notes to Financial Statements**  
**For the year ended March 31, 2005**

**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, recoveries for services, and deemed revenues in respect of workforce adjustment and leave liabilities funded centrally. All payments are made from, and funds are deposited in, the Province's Consolidated Revenue Fund.

**2. Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

*a) Accrual basis*

The financial statements are prepared using the accrual basis of accounting.

*b) Revenue*

The voted appropriation for each fiscal year is recognized and reported as revenue at the gross amount of the appropriation less the amount that is unused during the year.

Recoveries for services are recognized on an accrual basis in the period in which the work was performed and related costs were incurred. When work has been performed but not invoiced by year end, we estimate the value of the work done as a percentage of the total amount that will eventually be invoiced and recognize that portion as revenue in the current year.

These financial statements include certain expenses that are funded by the Government. In order that these statements represent a complete picture of the finances of the Office, these expenses are also included as revenue under the heading "other amounts".

*c) Expense*

Expenses are recognized when goods or services are acquired or a liability is incurred.

**Office of the Auditor General of British Columbia**  
**Notes to Financial Statements**  
**For the year ended March 31, 2005**

**2. Significant Accounting Policies** (continued)

*d) Net assets*

Net assets includes the net book value of capital assets plus prepaid expenses. These represent the unamortized cost of assets that will be used to provide services in future periods.

*e) Statement of cash flows*

A Statement of Cash Flows has not been prepared, as it would provide no additional useful information.

*f) Capital Assets*

Capital assets are recorded at cost less accumulated amortization. Certain purchases subject to dollar amount thresholds, such as computer server hardware and software under \$10,000, were recorded as capital assets in prior years but are now expensed. Amortization is provided on a straight-line basis over the estimated useful life of capital assets, as follows:

Computer hardware and software	3 years
Mainframe hardware and software	5 years
Furniture and equipment	5 years
Tenant improvements	5 years

**3. Measurement Uncertainty**

The calculation of accrued revenue from recoveries for services requires the use of estimates. When work has been performed but not invoiced by year end, we estimate the cost of the work done as a percentage of the total amount that will eventually be invoiced and recognize that portion as revenue in the current year. When estimates are used there is a chance that there could be a material difference between the amount recognized and other reasonably possible amounts.

**4. Accrued Recoveries for Services**

	<u>2005</u>	<u>2004</u>
Assurance engagements performed by the Office	\$ 917,639	\$ 743,524
Assurance engagements performed by authorized agents of the Office	<u>160,000</u>	<u>352,007</u>
Totals	<u>\$ 1,077,639</u>	<u>\$ 1,095,531</u>

**5. Government Account**

Since all cash transactions of the Office are included in the Consolidated Revenue Fund of the Government, we do not maintain or report any cash balances. The Government maintains clearing accounts which are debited or credited as we make payments or deposits. The amount shown under Government account includes the aggregate of all such transactions.

**Office of the Auditor General of British Columbia**  
**Notes to Financial Statements**  
**For the year ended March 31, 2005**

**6. Capital Assets**

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	\$ 363,822	\$ (203,320)	\$ 160,502	\$ 196,377
Mainframe hardware and software	31,452	(7,913)	23,539	29,829
Furniture and equipment	89,771	(23,806)	65,965	15,854
Tenant improvements	<u>778,563</u>	<u>(778,563)</u>	<u>—</u>	<u>—</u>
	<u>\$ 1,263,608</u>	<u>\$ (1,013,602)</u>	<u>\$ 250,006</u>	<u>\$ 242,060</u>

**7. Accrued Leave**

Accumulated liability with respect to vacation and other leave entitlements due to our employees is \$647,020 as at March 31, 2005 (2004 – \$742,916).

**8. Accrued Workforce Adjustment**

During 2004, the Office entered into early retirement agreements with several employees as part of a Government-wide workforce adjustment strategy. The liability and the amount funded in 2004 with respect to these agreements was \$351,912. Although the Government incurs the expense for these arrangements centrally, these amounts are related to the operations of this Office. Consequently, they were reflected in the statements for the year ended March 31, 2004 as revenue, employee benefits expense, accrued workforce adjustment and Government account. No new agreements were entered into in 2005. As at March 31, 2005, the remaining liability with respect to the 2004 agreements is \$132,422, and is reflected in these statements as accrued workforce adjustment and Government account.

**Office of the Auditor General of British Columbia**  
**Notes to Financial Statements**  
**For the year ended March 31, 2005**

**9. Voted Appropriation and Unused Appropriation**

Included in the Government's estimates and approved by the Legislative Assembly are the appropriations for our Office as voted through the *Supply Act*. The Office receives approval to spend funds through separate operating and capital appropriations. The unused appropriations cannot be used by the Office in subsequent fiscal years.

	2005			2004 Restated
	Operating	Capital	Total	Total
Appropriation	\$ 7,069,000	\$ 200,000	\$ 7,269,000	\$ 8,091,000
Recoveries for services	2,292,770	-	2,292,770	2,263,305
Other amounts (Note 8)	-	-	-	<u>351,912</u>
Gross funds available	9,361,770	200,000	9,561,770	10,706,217
Operating expenses	(9,280,145)	-	(9,280,145)	(10,150,988)
Capital acquisitions	-	<u>(156,472)</u>	<u>(156,472)</u>	<u>(123,855)</u>
Unused appropriation	<u>\$ 81,625</u>	<u>\$ 43,528</u>	<u>\$ 125,153</u>	<u>\$ 431,374</u>

**10. Employee Benefits**

Although Office employees are excluded from union membership, we participate in the Government's payroll and benefits programs and contribute through the Provincial Government payroll system for specific termination benefits as provided for under the Government's collective agreements and conditions of employment. Government charges the Office for these and other employee benefits on a cost recovery basis, expressed as a percentage of salaries. The rate was 24.1% for the year ended March 31, 2005 (25.3% for the year ended March 31, 2004). The charge includes amounts for employee benefits programs, pension plan contributions, employer portions of statutory remittances, payroll systems charges, and centrally funded vacation and retirement liabilities.

The Office and its employees also contribute to the Public Service Pension Plan. The Public Service Pension Plan is a multi-employer, defined benefit plan and is available to most of the Office's employees. The British Columbia Pension Corporation administers the Plan and payments to pensioners on behalf of the Office. The Public Service Pension Plan's management is based on a joint trusteeship whereby the risks and benefits are shared between the employees and employers.

Every three years an actuarial valuation is performed to assess the financial position of the pension plan and the adequacy of funding. The latest actuarial valuation report available was as at March 31, 2002 and indicated a surplus.

**Office of the Auditor General of British Columbia**  
**Notes to Financial Statements**  
**For the year ended March 31, 2005**

**11. Restatement**

The financial statements for 2004 have been restated to correct an error. Expenses reported in 2004 included \$17,736 of payments related to services received in 2005 and which should have been recorded as prepaid expenses. This correction has the following effect:

	<b>As originally stated 2004</b>	<b>As restated 2004</b>
Prepaid expenses	\$22,267	\$40,003
Computer services and communications expense	\$236,537	\$218,801
Unused appropriation	\$(347,493)	\$(365,229)

**12. Reclassification**

Certain reclassifications have been made to the 2004 Statement of Operations to conform to the 2005 presentation.

**13. Executive Compensation**

The annual compensation rates for executives are as follows:

	<b>Salary - March 31, 2005</b>	<b>Salary - March 31, 2004</b>
Auditor General <sup>(1)</sup>	\$180,600	\$171,250
Deputy Auditor General <sup>(2)</sup>	\$132,480	\$132,480
Assistant Auditors General <sup>(3)</sup>	From \$87,392 to \$92,970	From \$87,392 to \$92,970

These amounts reflect annual salary rates as at March 31<sup>st</sup>. In addition, each executive receives employee benefits estimated to cost 24.1% of salary (25.3% in 2004). The benefits relate primarily to the costs of health and retirement programs.

<sup>(1)</sup> Section 4 of the *Auditor General Act* sets the Auditor General's salary equal to that of the Chief Judge of the Provincial Court. During 2005, there was a 5.46% increase. The Auditor General also receives a car allowance of \$6,984 per year.

<sup>(2)</sup> The Deputy Auditor General also receives a car allowance of \$6,984 per year.

<sup>(3)</sup> There are four Assistant Auditors General (there were six in 2004).



# Appendices





## Appendix A: Our standards of service

The Office of the Auditor General has operationalized its core values and professional standards into the following standards for service. Many of the performance measures presented in this report are designed to help us monitor our ability to meet these standards:

### Approaching Our Work in a Fair and Constructive Way

- We audit matters that are of significance and interest to those who rely on our work.
- We are impartial and objective in conducting our audits.
- We judge government accountability information and performance against reasonable expectations.
- We base our assessments on the accountability principles or performance standards used by government where these are judged to be appropriate.
- We attest to the fairness and reliability of accountability information provided publicly by government where that information is available and complete.
- We conduct our audits in a way that enables us to provide positive assessments where warranted, and report the reasons for our reservations where we are unable to provide positive assessments.
- We offer sound, practical recommendations for improving performance.
- We issue our audit reports on a timely basis.

### Providing Accurate, Reliable Assessments and Sound Advice

- We conduct our audits in accordance with professional auditing standards, using sound auditing methodologies and techniques.
- We conduct our audits using personnel having the knowledge and competence required for the audit, including a thorough understanding of the type of organization and operations under review.
- We provide reliable, evidence-based assessments and advice, ensuring that our audit criteria or performance standards, findings and conclusions, and advice for improvement are well founded and supported.

## Appendix A: Our standards of service

- We report all matters of significance to those who rely on our work.
- We subject our audit reports, work and methodologies to rigorous quality assurance processes.

### Building Strong Relationships

- We are honest and forthright in all of our dealings with those we audit and those who rely on our work.
- We keep all information obtained in the performance of our work confidential, except as required to perform our duties under the Auditor General Act. (The Freedom of Information and Protection of Privacy Act does not apply to the audit records of the Office, including all audit working papers.)
- We communicate openly throughout an audit with management responsible for the matters under review by:
  - meeting with management at the start of an audit to establish a communication plan for the assignment;
  - discussing the terms of the audit assignment with management at the start of an audit, including the objective and scope of our work;
  - discussing our audit plan with management including the audit criteria or performance standards to be used; and
  - discussing with management our findings, analysis, conclusions and draft report.
- We provide management with an opportunity to publish in our report a response to our audit where we have assessed government performance directly.
- We organize our work to allow government staff to participate in our audits with a minimum of disruption to their regular duties.
- We welcome and respond to any comments, suggestions or queries from legislators, the public or government managers.



# Appendix B: Description of changes to vision, mission, goals and objectives

## Mission, Goals and Objectives

This is a summary of important elements originally contained in the Service Plan 2004/05-2006/07 that have since changed. We believe that better statement of purpose and due emphasis on our recognized risks are the result of these changes.

### Vision

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
Making a difference for the people of British Columbia by contributing to accountable and well-performing government.	Making a difference for the people of British Columbia by contributing to an accountable and well-performing provincial public sector.	Since the Auditor General Act allows the Auditor General to be the auditor of any organization included in the government reporting entity (GRE), and since the GRE now includes school districts, colleges and institutes, universities and health authorities, provincial public sector provides a better description of the scope of our authority.  Note that this change is uniformly applied in all equivalent situations that follow.

### Mission

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
To serve the Legislative Assembly and the people of British Columbia by providing independent assessments and advice that enhance government accountability and performance.	To serve the people of British Columbia and their elected representatives by providing independent assessments and advice that enhance accountability and performance across the provincial public sector.	For greater clarity, we state that our work serves the citizens of the Province and the elected representatives in their shared role of holding the government to account for its plans, actions and results.  Note that this change is uniformly applied in all equivalent situations that follow.

## Appendix B: Description of changes to vision, mission, goals and objectives

### Goal 1

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
Legislators and the public receive the best information possible for assessing the performance of government.	The people of British Columbia and their elected representatives receive the best information possible for assessing the performance of the provincial public sector.	No change except as noted in previous explanations above.

### Objective 1.1

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
The financial statements of government fairly present performance.	The provincial public sector provides relevant and reliable information about its financial performance.	We believe that a wider range of financial performance information beyond financial statements alone is required to provide a complete picture of the financial performance of the Province.

### Objective 1.2

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
The performance reports of government fairly present performance.	The provincial public sector provides relevant and reliable information about what it is trying to achieve and how successful it has been in doing so.	The new wording provides some clarity as to what one would expect to see in a performance report.

### Objective 1.3

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
Legislators are fully informed of the management of key risks associated with government programs and services.	The people of British Columbia and their elected representatives are informed of how well the provincial public sector is managing its key risks.	No change except as noted in previous explanations above.

## Appendix B: Description of changes to vision, mission, goals and objectives

### Goal 2

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
We are an exemplary organization that serves the Legislative Assembly and the public	Our work meets the highest standards and is carried out in an exemplary manner.	For clarity, we wanted to stress that part of being an exemplary audit organization is that our work meets the highest standards.

### Objective 2.1

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
Our audit approach reflects best practices.	Credibility: Our work is done in an efficient, effective and professional manner.	Last year's objective 2.1 is now a subset of our new objective 2.1.

### Objective 2.2

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
Our work is conducted efficiently and reported in a timely manner.	Independence: Our Office is independent from political parties and from the provincial public sector.	Last year's objective 2.2 is now a sub-set of new objective 2.1. This year's objective 2.2 is new.

### Objective 2.3

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
We have the organizational capacity to complete our work.	Relevance: Our work program is relevant to the needs of the public and its elected representatives.	We now prominently feature risks to our relevance as an audit authority as key drivers in our selection of audits and review projects. Organizational capacity risk in the former objective 2.3 is moved to the new objective 2.4.

## Appendix B: Description of changes to vision, mission, goals and objectives

### Objective 2.4

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
We are an employer of choice.	Capacity: We have the organizational capacity to complete our work effectively.	This objective now takes the place of former objective 2.3. The previous objective 2.4 is displaced and now appears as objective 2.5 below.

### Objective 2.5

Service Plan 2004/05-2006/07	Annual Report 2004/05	Explanation for change
	People: Our work environment attracts, optimizes and retains the best people	This objective takes the place of the former objective 2.4. It is more explicit in its intentions and we believe it reflects aspects over which we have some control and influence.



# Appendix C: Our annual report self-assessment

Performance Reporting Principles							
Stage of Development	Public Purpose Served	Linking Goals and Results	Few, Critical Aspects	Risk and Capacity	Linking Resources, Strategies	Comparative Information	Disclose Key Reporting Judgements
Fully Incorporated (FI)							
Fundamentals in Place (FIP)	■ ◆ ●	■ ◆	■	■ ◆	■		■ ◆
In Process (IP)		●	◆ ●	●	◆ ●	■ ◆	●
Start-up (SU)						●	

■ 2004/05 Assessment     
 ◆ 2003/04 Assessment     
 ● 2002/03 Assessment

**Public Purpose Served (FIP)** – The report explains why OAG exists: Its purpose, mission and legislated mandate. It describes how OAG conducts its business through three core business areas, as well as the services and products provided. OAG’s clients and key stakeholders are described, as is the accountability relationships with the Legislature. The report explains that some OAG services are delivered through private sector auditors and that procedures are in place to ensure the quality of this work. Organizational values are identified and clearly set in the context of OAG’s vision, mission and goals.

*To improve in this area of reporting, the OAG needs to...explain more clearly how it ensures that private sector auditors deliver what OAG’s requires.*

**Linking Goals and Results (FIP)** – The report makes clear linkages between OAG’s mission, mandate, goals, objectives and performance measures. Performance against these measures is clearly reported. Where measures have changed from the 2004/05 Service Plan clear explanations are provided. Where performance expectations were not met full and balanced explanations are provided, as well as references to OAG’s plans for the future.

## Appendix C: Our annual report self-assessment

**Few Critical Aspects of Performance (FIP)** – The report states why the goals, objectives and measures selected are important, and what achieving them means to the public and legislators. Key financial and operational results are clear and readily apparent.

**Risk and Capacity (FIP)** – The report identifies the key risks facing OAG and clearly links its management of these risks to its strategies to achieve its objectives. In particular the report addresses the impact of capacity on results and identifies where the organization needs to build capacity to succeed in the long term.

*To improve in this area of reporting, the OAG needs to...state its strategies for prioritizing the risks faced and outline the impact of all risks on results.*

**Linking Resources, Strategies and Results (FIP)** – The report supports OAG's financial statements with analysis and management discussion of key variances from budget and prior year. In addition, financial trend information is provided. Costs are linked to the three main lines of business with an explanation of what affected the actual allocation of resources and how this will develop in the future. Critical measures of efficiency are reported.

*To improve in this area of reporting, the OAG needs to...provide a clearer link between resources used and results achieved.*

**Comparative Information (IP)** – The report provides one or two years of comparative data for all performance measures and the target for performance in the next year. A clear explanation is provided for changes from the 2004/05 Service Plan in reported goals, objectives, performance measures and targets.

*To improve in this area of reporting, the OAG needs to...provide sufficient contextual information concerning its operating environment, as well as benchmark data from other similar organizations to compare performance.*



## Appendix C: Our annual report self-assessment

**Disclose Key Reporting Judgements (FIP)** – The report clearly explains OAG’s rationale for selecting the measures used and any changes made in the way performance is measured and presented. Management’s confidence in the data is described and any uncertainties are clearly stated. The report also explains the sources of performance data and how frequently measurements of the targets were made. The report includes interpretation of the results in a balanced manner and responsibility for the performance data is affirmed by the Auditor General.

*To improve in this area of reporting, the OAG needs to....clarify the period data applies to where this is not clear.*

### Comparison of 2004/05 Assessment to 2003/04 Assessment

This assessment shows an improvement in OAG’s 2004/05 Annual Report over that for 2003/04. For six of the BC Reporting Principles the report is assessed at Fundamentals in Place compared to four in the previous year’s report. This has also reduced the number of principles assessed at In Process from three to one.

OAG increased its assessment for Focus on the Few Critical Aspects of Performance by presenting much more clearly why it uses the information it does and how this links to the priorities of the public and Legislature . The improvement in reporting for Link Resources, Strategies and Results is due to a clearer link between financial information and how OAG has used its resources to deliver its programs, as well as more explanation of the impact of financial constraints on OAG’s ability to deliver against its goals.





## Appendix D: Summary of our reports completed in 2004/05

### Report 2, June 2004

In Sickness and in Health: Healthy Workplaces for British Columbia's Health Care Workers

### Report 3, October 2004

Preventing and Managing Diabetes in British Columbia

### Report 4, October 2004

Internal Audit in Health Authorities: A Status Report

### Report 5, October 2004

Salmon Forever: An Assessment of the Provincial Role in Sustaining Wild Salmon

### Report 6, November 2004

Leading the Way – Adopting Best Practices in Government Financial Reporting – 2003/04

### Report 7, November 2004

Monitoring the Government's Finances

### Report 10, February 2005

Building a Strong Public Service: Reassessing the Quality of the Work Environment in British Columbia's Public Service

### February 2005

Review of Partnerships BC's Report "Achieving Value for Money: Abbotsford Regional Hospital Cancer Centre Project"

### Report 13, March 2005

Building Momentum for Results-based Management: A Study about Managing for Results in British Columbia

## Appendix D: Summary of our reports completed in 2004/05

Follow-up reports released in the reporting period

### Report 1, April 2004

Follow-up of two performance reports: Managing Interface Fire Risks and Transportation in Greater Vancouver: A Review of Agreements Between the Province and TransLink, and of TransLink's Governance Structure

### Report 8, December 2004

Follow-up of 2002/2003 Report 5, Managing Contaminated Sites on Provincial Lands

### Report 9, December 2004

Follow-up of two health risk reports: A Review of Performance Agreements and Information Use in Resource Allocations

### Report 11, February 2005

Follow-up of A Review of Government Oversight of Multi-Employer Public Sector Pension Plans in British Columbia

### Report 12, March 2005

Third follow-up of 2000/2001 Report 4, Management Consulting Engagements in Government

This report and others are available on our website at <http://www.bcauditor.com>





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