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Monitoring the Government's Finances, November 2005

This report is published to help legislators and the public better assess the financial position and performance of government. Legislators and the public may not have the time, inclination or requisite experience to tease out the important trends and events that help explain the government's finances – or that answer the simple question of “how are we doing?” For the performance discussion in the Public Accounts to be more useful, it also needs to discuss the circumstances and trade-offs that influence financial decisions.

A clear picture should allow us to see all the initiatives – those completed, accelerated and shelved. It requires a full discussion of what the alternatives were, how the risks were managed, and why certain outcomes were delivered and others weren't. Including broader economic information in the discussion helps to set the overall context for the government's finances and also how decisions are affected by factors outside the government's control.

How is our report prepared?

We use a detailed financial framework in our report, which details the assets, liabilities, revenues and expenses for both general programs and government business enterprises over a nine year period. We also include a number of financial measures, indicators and trends over the same period, as well as a comparison of B.C. to several provinces and Canada overall. New this year is also a section devoted to commonly asked questions and answers about the government's finances.

The trend in financial accountability has been to increased disclosure for public corporations & governments, as well as more stringent audit guidelines. Part of our report was prepared based on the Public Sector Accounting Board's (PSAB) guidance on Financial Statement Discussion and Analysis and the research report issued by the Canadian Institute of Chartered Accountants (CICA) entitled: Indicators of Government Financial Condition.

What are the key recommendations in the report?

In this year's report we continue to recommend that the government expand its financial statement discussion and analysis in the Public Accounts, including the adoption of the Indicators of Government Financial Condition supported by the CICA, as well as adding other relevant economic and contextual background information in

explaining its financial position and performance.



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