



## ***NEWS RELEASE***

*For Immediate Release*

*Dec. 18, 2013*

### ***Report Examines Special Indemnities***

VICTORIA — Auditor General Russ Jones has released an audit report focused on government's practice of granting and administering special indemnities.

Special indemnities are agreements under which government pays individuals' private legal costs for circumstances not covered under their terms and conditions of employment. Between 1996 and 2011, government spent more than \$11 million to honour special indemnities approved for just over 100 individuals, of which \$6.4 million went to defend former Ministerial Assistants Mr. David Basi and Mr. Bob Virk.

"All of the 26 special indemnity agreements we reviewed, including Mr. Basi's and Mr. Virk's, were granted legally with no evidence of political interference in the decisions to grant or amend them," said Jones.

The Office found that the public servants approving and administering special indemnities were diligent and their practices were principled. Where indemnities were granted in relation to criminal matters, they were well aware of their professional responsibility to keep the administration of the indemnities separate from the legal proceeding.

The audit identified opportunities to improve administrative and reporting practices, as reflected in the report's 10 recommendations.

In the case of Mr. Basi's and Mr. Virk's indemnities, Jones stated that, "the decision to amend Mr. Basi's and Mr. Virk's indemnities was made by public servants, separate from the trial. It was made to avoid the future cost of a lengthy trial." Due to the questions around the defence costs paid under the authority of special indemnities for Mr. Basi and Mr. Virk, the report presents the administration of their special indemnities as a case study, and provides an analysis of the total public cost of the trial.

In addition to paying the private legal costs funded under special indemnities, government is often responsible for funding millions of dollars of defence costs for large criminal trials where the defendants cannot afford their own defence. Solicitor-client privilege prevents an audit of these public funds unless individuals receiving the legal advice waive the privilege that exists between them and their lawyer.

"One of the report recommendations is for government to obtain a waiver of solicitor-client privilege for audit purposes, as a condition of providing indemnity coverage," explains Jones. "My Office could then work with government to improve the management of publicly-funded legal costs."



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

The full report is available on the Office of the Auditor General website at [www.bcauditor.com](http://www.bcauditor.com). Auditor General Russ Jones will be available to answer questions pertaining to the report via a news conference.

News Conference Date: Wednesday, December 18, 2013

Time: 11am PST

Dial: 604-681-0260 (Vancouver) or 1-877-353-9184 (from Canada and USA)

Participant Pass Code: 44848#

To ask a question during the conference: press 01

To exit the question queue during the conference: press #

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

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

An Audit of Special Indemnities Report (<http://www.bcauditor.com/pubs>)

For more information or to speak with the Auditor General, please contact:

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