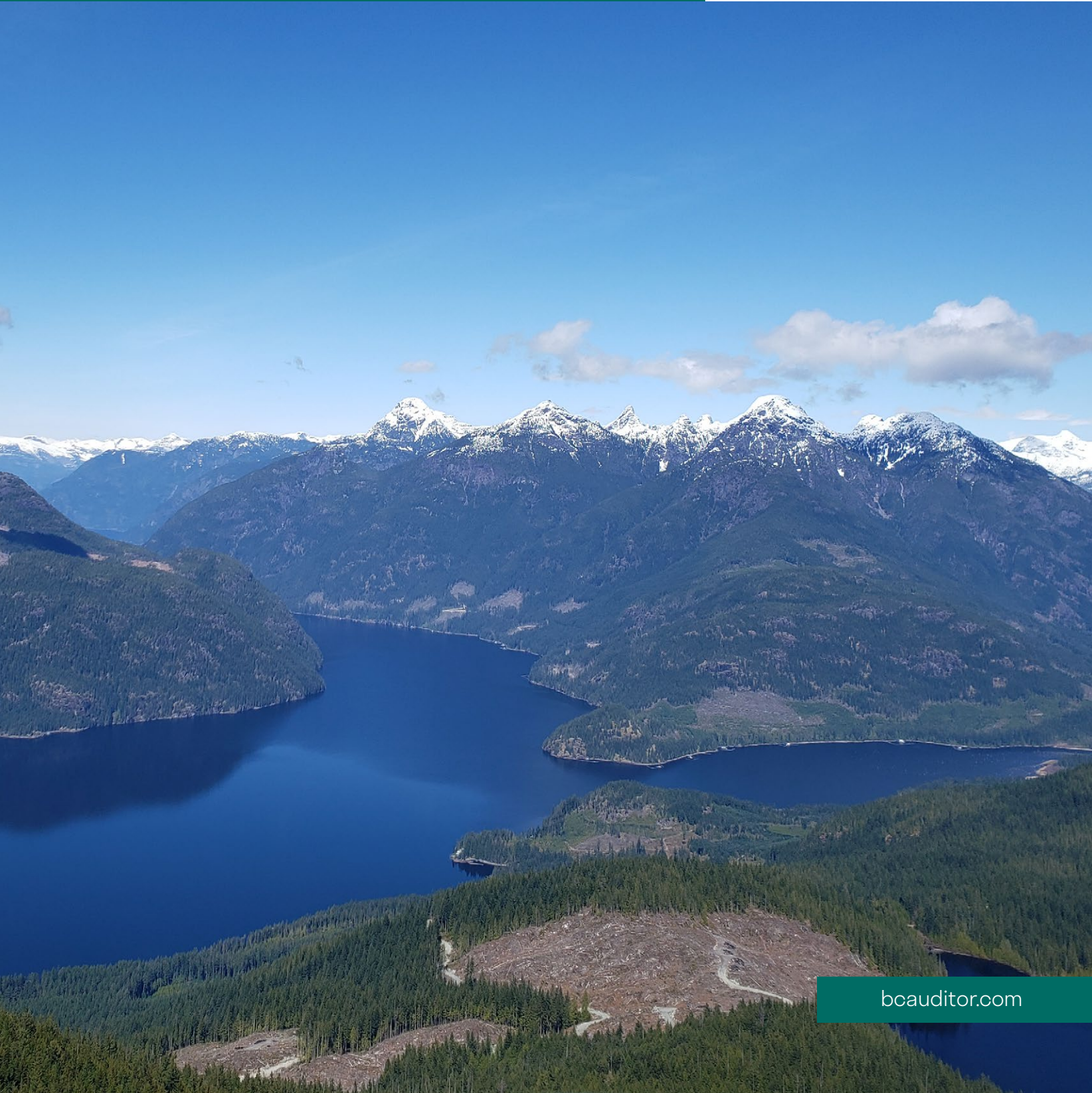




ANNUAL REPORT 2019/20



ABOUT OUR OFFICE

We exist to help the legislative assembly hold the government of British Columbia accountable for its performance and its stewardship of public funds. We do this by providing independent opinions on government financial reports and by auditing the performance of public sector operations. We are non-partisan and independent of government, and we report directly to the legislative assembly.

Under the *Auditor General Act*, the auditor general has a mandate to audit the government reporting entity, which includes ministries, Crown corporations and other organizations controlled by, or accountable to, the provincial government. This includes school districts, universities, colleges, health societies and health authorities.

Russ Jones is the acting auditor general of British Columbia.

Our vision

A legislative assembly, government and public service that works effectively for the people of British Columbia.

Our mission

To provide independent assurance and advice to the legislative assembly, government and public service for the well-being of the people of British Columbia.

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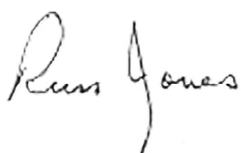
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The Office of the Auditor General of British Columbia would like to acknowledge with respect that we conduct our work on Coast Salish territories. Primarily, this is on the Lkwungen-speaking people's (Esquimalt and Songhees) traditional lands, now known as Victoria, and the WSÁNEĆ people's (Pauquachin, Tsartlip, Tsawout, Tseycum) traditional lands, now known as Saanich.

The Honourable Darryl Plecas
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Mr. Speaker:

I have the pleasure of submitting this *Annual Report 2019/20* in fulfillment of the requirement as described in section 22 of the *Auditor General Act*.



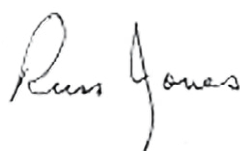
Russ Jones, FCPA, FCA, ICD.D
Acting Auditor General
Victoria, British Columbia
June 2020

ACCOUNTABILITY STATEMENT

This report reflects on the performance of my office for the 12 months ending March 31, 2020, and was prepared in accordance with the *Auditor General Act* and the *B.C. Reporting Principles*. Fiscal assumptions and policy decisions up to June 1, 2020, have been considered in the development of this report.

I am accountable for our results and our selection of performance indicators, and for ensuring that the information is measured accurately and in a timely manner. We have identified and explained any significant limitations in the reliability of the data.

Our annual report includes estimates and interpretive statements of management's best judgment. The measures we use are consistent with our mission, goals and objectives, and we focus on aspects critical to a general audience for understanding our performance. If you require more detailed information, please [contact us](#).



Russ Jones, FCPA, FCA, ICD.D
Acting Auditor General
June 2020



A MESSAGE FROM THE AUDITOR GENERAL

RUSS JONES, FCPA, FCA, ICD.D
Acting Auditor General

I'm pleased to present our 2019/20 annual report. This is the story of how we have proudly provided value to British Columbia's legislative assembly and the public service, and in doing so have served the broader public interest and made a significant impact on the province. This report also reflects a year of transition for our office.

Carol Bellringer ended her work as auditor general on December 31, 2019, after five years of dedicated service to the province. I was honoured to assume leadership of the office in an acting role while a special committee of the legislature conducted its search for the new auditor general. On March 23, 2020, the legislature announced it had chosen Michael Pickup, who is currently wrapping up his work as auditor general of Nova Scotia. He will begin his term here in July 2020.



In November 2019, the Select Standing Committee on Public Accounts thanked retiring Auditor General Carol Bellringer for her public service and congratulated Russ Jones on his appointment as acting auditor general.
Photo credit: Legislative Assembly of British Columbia

Amidst this internal transition, the COVID-19 crisis rattled British Columbia's economic and social structures. By mid-March most of our staff were working from home at kitchen tables and sewing desks, with adjusted hours to allow for child care and other personal needs. Our IT systems team supported us throughout, ensuring that we stayed connected and working with ministries and each other. I am proud of the resilience demonstrated by all of our employees.



Every government ministry and agency is experiencing the impact of this crisis to varying degrees. Our staff are monitoring the repercussions of the COVID-19 pandemic for government programs, policies and spending.

As we do every year, our office conducted the largest financial audit in the province, auditing central government plus 143 other government organizations, including Crown corporations, universities, colleges, school districts, health authorities and other public sector entities that are controlled by the provincial government. This work took our staff about 40,000 hours to complete, in addition to assistance from private-sector auditors with whom we work because of the magnitude of the audit and our limited capacity.

Our performance audits assess the efficiency, economy and effectiveness of provincial programs, services and resources. This year, topics we looked at included:

- [expense policies and practices](#) at the B.C. legislature for the offices of the Speaker, clerk and sergeant-at-arms

- whether the Ministry of Health and provincial health officer took adequate action to [protect B.C.'s drinking water](#)
- the Ministry of Children and Family Development's [oversight of contracted residential services](#) to deliver housing, food and other supports for the most vulnerable children and youth in care
- whether a sample of ministries had designed and implemented key IT controls for [protecting government information and information assets](#) from unauthorized access
- [procurement practices at the BC Liquor Distribution Branch](#)

You can see in [Appendix B](#) the full list of financial audit opinions, as well as performance audits, information reports and plans, that we released in 2019/20.

To do this substantial work, we need trained, professional staff. We've been a training office with the Chartered Professional Accountants of Canada (CPA Canada) for over 30 years. Last year we supported three students through CPA Canada's Common Final Exam. Some of the auditors who train at our office remain with us, while others go on to work elsewhere in government and the private sector. We're especially proud of our office's contribution to the larger profession.

We also continued to encourage professional development among our employees, with more than 70 on-site learning sessions, many led by our own staff. We have paid special attention to developing our current and future leaders, through options such as the in-house Managers' Essentials program (with a total of 21 additional graduates last year), as well as training and coaching for executives.



The 2019/20 graduates of Managers' Essentials.

We also supported professional learning beyond our jurisdiction. Our office is a member of the Canadian Audit and Accountability Foundation (CAAF), a non-profit organization dedicated to promoting and strengthening public sector performance audit, oversight and accountability in Canada and abroad. The CAAF international program, funded by the Government of Canada, provides training to auditors from countries developing their performance audit practice through fellowship placements in Canada and workshops in their home offices. In June 2019 we signed a seven-year memorandum of understanding, committing to support an agreement between CAAF and the Audit Office of Guyana by hosting fellows from Guyana and participating in performance audit training in Guyana.



Signing the memorandum of understanding.

Beyond our audit work, we held events that raised more than \$23,000 for charity through the Provincial Employees Community Services Fund, which supports local causes across the province. We also raised over \$2,000 for charity through our Christmas silent auction.

I am proud of our staff's dedication to the important work described in this report, and the difference that our office makes to the province.

A handwritten signature in cursive script that reads "Russ Jones".

Russ Jones, FCPA, FCA, ICD.D
Acting Auditor General
June 2020

EXTERNAL AUDITOR'S OPINION ON THE ANNUAL REPORT



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BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Practitioner's Reasonable Assurance Report

To the Speaker of the Legislative Assembly, Province of British Columbia

We have undertaken a reasonable assurance engagement with respect to the preparation of the accompanying Annual Report (the "Annual Report") of the Office of the Auditor General of British Columbia (the "Office") for the year ended March 31, 2020 in accordance with the Performance Reporting Principles For the British Columbia Public Sector ("BC Reporting Principles"). Our observations in relation to this engagement are presented in the attached Appendix.

Management's Responsibility

Management is responsible for the preparation of the Annual Report in accordance with the BC Reporting Principles.

Management is also responsible for such internal control as management determines necessary to enable the preparation of the Annual Report to conform with the BC Reporting Principles.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on the Annual Report based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3001, *Direct Engagements*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Annual Report conforms with the BC Reporting Principles in all significant respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant deviation when it exists. Deviations can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the preparation of the Annual Report in accordance with the BC Reporting Principles.

Our Independence and Quality Control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Our Independence and Quality Control (continued)

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Significant Inherent Limitations

As called for by the BC Reporting Principles, the Annual Report contains a number of representations from management concerning the appropriateness of the goals, objectives, and targets established by the Office, explanations of the adequacy of planned and actual performance, and expectations for the future. Management also represents to the extent and nature of information and key performance measures that they believe are critical and meaningful. Such representations are the opinions of management and inherently cannot be subject to independent verification. Therefore, our examination was limited to ensuring the Annual Report contains those representations called for by the BC Reporting Principles and that they are consistent, where applicable with the audited financial statements.

Opinion

In our opinion, the Annual Report of the Office for the fiscal year ended March 31, 2020 conforms in all significant respects with the BC Reporting Principles.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 19, 2020



Appendix to Independent Practitioner's Reasonable Assurance Report of BDO Canada LLP on the 2019/20 Annual Report

Observations by the Independent Practitioner

Principle 1 - Explain the Public Purpose Served

The Annual Report explains the Office's mission and Public purpose, as outlined in enabling legislation. It reports on the organization's two core business areas and the services/products provided. The Annual Report includes a discussion of the involvement of private sector auditors and the quality assurance measures in place. The Annual Report details the Office's clients and stakeholders, including the accountability relationship with the Legislative Assembly. Other factors related to understanding performance are identified, including independence and objectivity.

Principle 2 - Link Goals and Results

The Annual Report identifies the organization's mission, mandate, goals, objectives, and successfully explains their interrelationships. Performance indicators are reported and reflect the core substance of the objectives and focus on short-term and long-term outcomes. The Annual Report explains the variances between planned and actual results, variances from prior years' results and discusses plans to achieve targeted results in the future. The Annual Report includes a revised set of measures for future years.

Principle 3 - Focus on the Few, Critical Aspects of Performance

The Annual Report provides information to readers by focusing on key performance indicators that management feels are critical to the understanding of the operational performance of the Office. The results of performance, both financial and nonfinancial, are clearly presented. The Annual Report manages its level of detail by referring appropriately to companion documents.

Principle 4 - Relate Results to Risk and Capacity

The Annual Report examines the key risks to the Office and explains the impact of risk and the resulting critical success factors on performance results, in both a short-term and long-term context. The Annual Report addresses capacity in terms of human resources and funding and how these affect the ability to deliver organizational goals and objectives.

Principle 5 - Link Resources, Strategies and Results

The Annual Report highlights key financial information at an organization-wide level. Explanations are provided for variances from prior year and budgeted amounts. The Annual Report conveys efficiency through its discussions and analyses of performance indicators. Links between resources and outputs are discussed and contribute to the reader's understanding of the efficiency of operations.



Principle 6 - Provide Comparative Information

Where available the Annual Report provides comparative data in its analyses of the performance indicators.

Principle 7 - Present Credible Information, Fairly Interpreted

The Annual Report covers all key aspects of performance using measures that management feels are relevant. The report clearly identifies the data sources used to assess the performance. The Annual Report is reasonably concise, effectively uses tables and graphs to present information and avoids excessive use of specialized terminology.

Principle 8 - Disclose the Basis for Key Reporting Judgments

The Annual Report identifies the sources of information for performance indicator data. Limitations to data sources, where present, are disclosed. The Annual Report discusses the Office's confidence in the reliability of the data and reports successes and shortcomings in a fair and balanced manner.

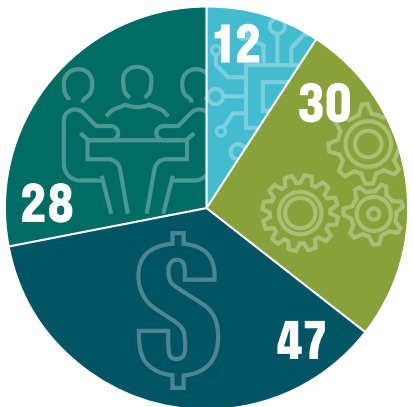
SERVING THE PUBLIC INTEREST



Office staff mark Pink Shirt Day to help raise awareness of bullying.

Who we are

Office of the Auditor General: 117 staff



■ Corporate services ■ Financial audit
■ Performance audit ■ IT audit

Certifications and designations held by office staff



64 accounting designations



120 undergraduate degrees



49 graduate degrees



69 other professional accreditations

Corporate services: 28 staff

- Includes professional practices and legal, strategic human resources, IT, communications, finance and administration, and operational support services
- Published three of 14 public reports in 2019/20

Financial audit: 47 staff

- Determines whether an organization's financial statements are fairly presented and free of significant errors in accordance with the Canadian generally accepted accounting principles
- Audits government's Summary Financial Statements, which is the largest financial audit in B.C., taking over 40,000 hours
- Published two of 14 public reports in 2019/20, as well as 45 audit opinions on government's financial statements

Performance audit: 30 staff

- Conducts value-for-money audits that advise on whether government programs achieve efficiency, economy and/or effectiveness
- Published eight of 14 public reports in 2019/20
- Eleven projects underway as of March 31, 2020

IT audit: 12 staff

- Conducts IT audits and data analytics and assesses IT controls to support financial statement and performance audits
- Published one of 14 public reports in 2019/20
- Four projects underway as of March 31, 2020

What we do

Most of our work involves financial and performance audits.

Financial audits are independent opinions on the financial statements of government organizations. Through these audits, we can determine if those statements are presented fairly and free of material errors, misstatements and omissions. Our largest financial audit is of the Summary Financial Statements of the Government of British Columbia, which encompasses 143 public sector entities and ministries.

Performance audits provide assurance to legislators that provincial programs, services and resources are operating with efficiency, economy and effectiveness. Through these audits, we also make recommendations for improvement. Topics include health care, education, transportation, information technology, the environment, financial management, and more. The performance audit team is dedicated to delivering the performance audit coverage plan.

We account for economic, social and demographic factors in our coverage plans as we determine which financial and performance audits to undertake. For example, we rotate our financial audits of school districts throughout the province to cover a variety of regions with varying economic, social and demographic influences. Similarly, we choose performance audits by considering the direct impact of programs on people in British Columbia, as well as the financial implications for taxpayers.

We also produce a variety of other valuable information pieces, including management letters, guides and brochures. As well, we may publicly report on work that is not an audit, such as a review or an examination.



Who we serve

- First and foremost, we serve the legislative assembly of B.C.
- Second, through the legislative assembly, we serve the people of B.C.
- Third, we serve senior government officials and governing boards of Crown corporations and organizations that are accountable to the provincial government, such as school districts, universities, colleges, health societies and health authorities.

302
messages from
concerned citizens

108
responses to
specific inquiries

29
audit requests received

CITIZEN CONCERNS

We encourage MLAs, public servants and the public to contact us with feedback, queries and audit suggestions. In 2019/20, we received 302 messages from the public. Some of these messages were intended to share information or suggest audits. In those cases, we followed up if warranted. In other cases, concerned citizens asked specific questions and we responded. This year we replied to 108 specific inquiries and concerns.

Planning and reporting cycle

Our annual planning and reporting cycle guides the development of our work plans and operations. This includes, among other accountability documents, our annual report, service plan, financial statement audit coverage plan (FSACP) and performance audit coverage plan (PACP).

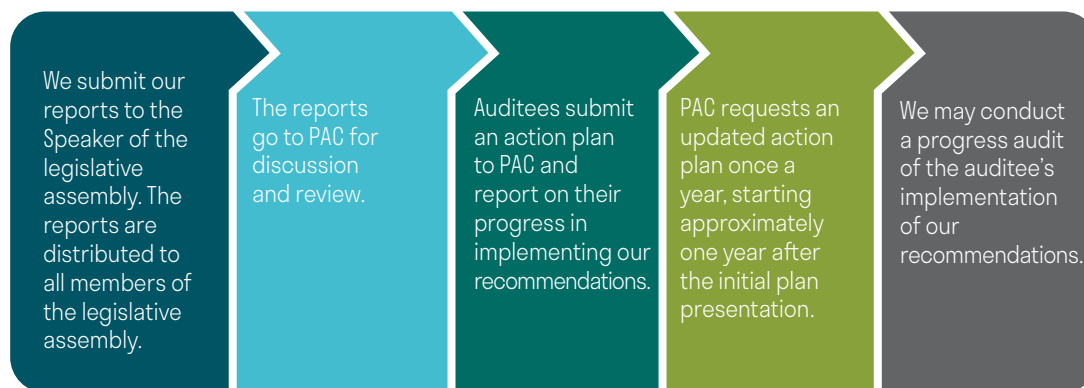
Our planning cycle accelerates when we submit our FSACP to the Select Standing Committee on Public Accounts (PAC), as required under section 10(6) of the *Auditor General Act*. This plan summarizes the financial audit work we aim to undertake over the next three years. Once the FSACP is approved by PAC, we estimate the cost of doing the work outlined in both our FSACP and PACP and then submit our budget request (estimate of resources) to the Select Standing Committee on Finance and Government Services for approval; it is then included in the main estimates for the Government of British Columbia.

It is important to note that in this annual report we report on our progress on commitments outlined in the *2019/20–2021/22 Service Plan*. This progress is outlined in the section *Our Goals, Objectives and Performance Measures*.

Select Standing Committee on Public Accounts

The *Select Standing Committee on Public Accounts* (PAC) is an all-party committee of the legislative assembly, chaired by a member of the official opposition. The committee reviews our coverage plans and non-financial audit reports.

EXHIBIT 1: What happens to our audit reports



When reviewing one of our reports, PAC:

- invites the auditor general to present the report
- contacts the Office of the Comptroller General to coordinate attendance by the audited organization
- submits its own report to the Speaker annually, including which of our recommendations it endorses





Risks to our capacity

In 2019/20 our leadership team met to formally identify and assess top risks to our capacity. Much like last year, the highest risks identified at the time were challenges with staff recruitment and engagement, and strong stakeholder relationships.

Why are staffing risks so significant? Our office relies on qualified, experienced staff to produce audits to assure legislators that government resources are being well used. One of our greatest challenges is that our employees' skills are in high demand elsewhere in the public and private sectors.

One step we took toward addressing our staffing risk was the hiring of a chief people officer (CPO) in September 2019. The CPO is accountable for developing a strategic human resources plan, which is intended to improve the effectiveness of recruitment, retention, succession planning and staff engagement, and to reflect our commitment to inclusion and diversity.

The other high-risk area identified by our leadership team at the time involves our relationship with external stakeholders. We rely on the support of senior leaders in ministries and other public sector organizations to facilitate the work of our auditors. We must foster strong relationships with these stakeholders while always ensuring our independence. To this end, we continued to meet with public sector leaders to support better understanding of our office's mandate and its role in ensuring good government.

New this year, our leadership team also formally identified an increased risk to our cybersecurity. The threat landscape has evolved dramatically and is increasingly sophisticated and persistent. Organizations must leverage all means available to protect themselves from information breaches. For our office, this kind of breach would adversely impact our reputation and impede our ability to carry out our work. We continue to monitor and mitigate this risk to the greatest extent possible. Initiatives in 2019/20 included the creation of a classification scheme to ensure that our office appropriately identifies and applies the level of security needed for various types of information collected. We are also considering undertaking an extensive audit of our information security using the ITSG-33 security assessment process.

Near the end of the fiscal period covered by this report, we rapidly turned our attention to identifying and addressing the risks posed by the COVID-19 pandemic. There are risks to staff health and safety working both in the office and remotely, but also to our ability to carry out our mandate as the public sector entities that we audit are responding and recovering. With support from a staff advisory committee, a team is now working on a reintegration plan to guide us as we adjust to the new normal—in both our work and the broader public service.



A sheriff vehicle that is used to transport prisoners to and from courthouses, correctional facilities, police detachments and hospitals. We reported in 2019/20 on how the B.C. Sheriff Service manages human resources. *Photo credit: Office staff*

PUBLIC INTEREST DISCLOSURE ACT

The *Public Interest Disclosure Act* (PIDA) is new legislation that creates a way for B.C. government employees to report specific kinds of serious wrongdoing without fear of reprisal. The act applies to B.C. government ministry employees, as well as employees of independent offices and the legislative assembly and former public servants. PIDA came into force on December 1, 2019.

Under PIDA, we must annually report the number of disclosures of wrongdoing made by our staff or disclosures referred to our office by the Office of the Ombudsperson. We must also report on whether those disclosures were investigated, as well as the results of those investigations.

In the six months since the legislation came into force, our office has not received any disclosures under PIDA.

OUR GOALS, OBJECTIVES AND PERFORMANCE MEASURES

This section tells the story of our achievements against commitments made in the *2019/20–2021/22 Service Plan*. Our goals are what we want to achieve, our objectives are how we do it, our performance measures describe in more detail what we'd like to do, and our [key performance indicators \(KPIs\)](#) are how we measure our success against our performance measures.

The following goals, objectives and measures are intended to move us toward our vision of supporting the legislative assembly, government and public service in working effectively for the people of British Columbia.

Our goals

We want to be recognized as a high-performing leader in providing independent assurance and advice. Our aim, therefore, is to influence, through our actions, advice and professionalism:

- sound financial administration and financial reporting across government
- effectively governed and well-managed provincial programs, services and resources
- comprehensive public sector accountability reporting

To achieve our goals, we focus on the five key objectives described in the following pages.

Our objectives

Objective 1: Valuable assurance and advice

We will provide assurance and advice that adds tangible value and helps government improve programs and services.

We want elected officials and public service employees to value our assurance, advice and recommendations as they look for ways to improve government programs and services.

Therefore, we must audit topics that add the greatest value and ensure that our work paints a complete and accurate picture. Our findings and recommendations must speak to government in a way that is understandable, meaningful and practical. The reports we produce must be clear and useful. And, where possible, we must monitor and measure the impact of our work.

Objective 2: Stakeholder focus

We will engage and involve our stakeholders in our work.

We want our work to be meaningful to our stakeholders and partners. Therefore, it's important to engage with them as we do our work. We define a stakeholder as any person, group or organization that may be affected or impacted by our work.

Engaging with stakeholders means reaching out to members of the legislative assembly (MLAs) and members of PAC to explain our role and understand their needs. We may also invite input before we plan our work or we may consult with individuals and groups during our work. And our audit reports are public and available to all stakeholders. By properly engaging with stakeholders, we can enhance the relevance and effectiveness of what we do.

Objective 3: Trusted advisor

We will be a credible and trusted advisor to the legislature, its committees and government.

We want our stakeholders to seek out our work and support it. We must therefore demonstrate our credibility through the skills and experience we use to carry out our work. We must also be trusted to adhere to rigorous, recognized standards for auditing and to provide an objective, unbiased view of government's performance. We do not want to surprise anyone, sensationalize anything we report, or speculate.

When others use our work, we take that as an acknowledgment of our credibility and the trust put in our audit procedures, findings, conclusions and recommendations. For example, the legislative assembly, or a committee of the legislature, can require us to undertake an examination. We see this kind of formal request as a strong indication that we are a credible and trusted advisor.

We also receive less formal, but more regular, requests for audits from individual MLAs, government and the public. This volume of requests is, we believe, an indication that we are trusted to provide advice.

Objective 4: Thriving culture

We will maintain a collaborative and supportive work environment.

We want to both attract and retain the best talent possible to continue meeting our commitments and to provide the valued and relevant advice that our stakeholders have come to expect from us.

We must therefore foster a collaborative and supportive work environment. About 75% of our office staff are auditors or accountants by training. The remaining 25% make our work possible through their contributions as communicators, business analysts, administrators, human resources professionals or other professionals.

We recognize that we can always do more to improve our work culture. Staff should feel included, highly engaged and supported by senior management. By focusing on our human resources practices, particularly in the areas of leadership and staff support and recognition, we strive to be an employer of choice.



Office staff collected purses to donate to the Wear2Start Society. *Photo credit: Angela Mangiacasale*

- We raised/pledged over \$23,000 for the BC Public Services Agency's Provincial Employees Community Services Fund, through payroll deductions and fundraisers during the 2019 campaign for the 2020 calendar year.
- We raised \$2,165 at our annual holiday auction.
- Our hardworking Wellness Committee hosted the annual family picnic and beach cleanup.

Objective 5: Productive and forward thinking

We will be an innovative, effective and efficient organization.

We want to excel at our mission by operating in an environment of continuous improvement, serving our stakeholders as best we can and setting an example for others to follow.

We must therefore be prepared to adapt to changes and to create a workplace culture where staff feel welcome to propose new ideas.

Our policies, practices and processes should always be current and meet our needs, and staff should be willing to comply with them.

Our aim is to meet or exceed our targets for the number of audits completed. This means finding better ways to create more value and striving to accomplish as much as possible with the resources at our disposal.



Assistant Auditor General Sheila Dodds (far left) attends a celebration with the four CAAF fellows from Guyana who have trained in our office (Antany Mohabir, Karel Canterbury, Renita Lall, Marlon Leitch), and Lilian Chatterjee, Canada's High Commissioner to Guyana (centre right).

Measuring performance

Performance measures help us to understand whether we're achieving our objectives and, therefore, our goals. While this data doesn't tell the whole story, it is an important indicator of success and can point the way to necessary improvements. This year's report has 12 key performance measures, or KPIs, that show how our office is progressing on commitments to increase our relevance, deliver on planned reports and ensure that staff are motivated.

It's important to note that we adjust our KPIs from year to year. That is because they are specific and therefore somewhat transient in nature. A KPI may be a useful measurement at a point in time and then be replaced by a more relevant metric. For example, we decided this year to stop reporting on the KPI showing the percentage of vacant staff positions. We found that this figure did not provide meaningful insight into how efficiently we were using our financial and human resources.

While the KPIs shift the details of what we track, our larger objectives don't change. We keep the objectives stable because they're broader in scope, longer-term and generally more important from an overall organizational perspective.

As for our targets, our office sets high bars as an incentive to push for improvement. If our actual achievement doesn't meet that target, we look closely at the data. We consider whether the target should be revised, or a different approach is needed to achieve our target.

Reliable performance data

We collected the performance data for this report from our internal management information systems, our publicly available audit reports, and third-party data. We describe data sources and quality for each key performance indicator.

Our staff compiles internally generated data. Professional, third-party survey providers supply externally generated data and produce statistics on our behalf. We disclose any significant limitations in the quality of the information presented.

Performance data in this annual report is reliable, verifiable and independently assessed by [external auditors](#).

EXHIBIT 2: Performance measures and KPIs

Performance measure	KPI	2017/18 Actual	2018/19 Actual	2019/20 Target	2019/20 Actual
We will increase our relevance and our influence to support effectively governed and well-managed provincial programs, services and resources.	Percentage of auditees (including deputy ministers) reporting by survey that our reports and recommendations will add value to their organization (%)	80	63	90	66
<p>What these results mean: 66% of respondents strongly agreed or agreed with this statement, 20% were neutral and 2% strongly disagreed. The remaining 12% of participants chose not to respond to this statement.</p> <p>This is the third year we've measured this KPI, and once again we set an ambitious target. We will analyze the results to determine if there are opportunities to improve our performance even further, or consider whether the target and the KPI should be refined. We're pleased with our response rate this year of almost 45%.</p>					
	Percentage of audit report recommendations that auditees have self-reported as accepted and fully implemented within three years of publication (%)	72	63	80	54
<p>What these results mean: After a report is published, auditees must annually rank their progress against each recommendation as fully implemented, partially implemented, or minimal work completed on each recommendation. We calculate the KPI using the auditees' self-ranking of progress against our recommendations in all reports released within the three years prior to March 31, 2020.</p> <p>For the period covered in this report, 48 recommendations were made as part of six audits. We found that 54% of the recommendations were self-ranked as fully implemented.</p> <p>It is important to note that while two of these reports account for almost 60% of the 48 recommendations, most of their recommendations are as yet only partially implemented. For the remaining four reports, 90% of the recommendations have been implemented. Also, one of the six reports was published just two years before the auditee self-reported and contained 17 recommendations (35% of the total recommendations for this KPI). The limited time to implement and the high share of the total number of recommendations help to account for the overall lower-than-predicted KPI percentage.</p>					

Performance measure	KPI	2017/18 Actual	2018/19 Actual	2019/20 Target	2019/20 Actual
We will sustain our current strong contribution to the broader public interest.	Percentage of PAC MLAs satisfied that our office is effectively delivering on our legislated mandate and is making a real difference for the people of B.C. (%)	90	93	95	100
What these results mean: This is the third year we've measured this KPI and we're pleased with both the response rate (75%) and the outcome. 100% of respondents were satisfied that our office is effectively delivering on our legislated mandate and making a real difference for the people of B.C.					
We will meet planned levels of public reporting of our advice and assurance.	Total number of reports and opinions completed (#)	54	59	58	59
	Opinions on financial statements (#)	40	40	42	45
	Performance audits (#)	7	11	12	8
	Other publications (#)	7	8	4	6
What these results mean: We surpassed our reporting target by one publication last year. There are some differences between targets and actuals when different types of publications are considered.					
We produced three more financial audit opinions than originally planned. This was because additional audits were required by entities in our coverage plan that were unknown when our planning process took place.					
At the same time, we published four fewer performance audits than anticipated. Contributing factors included staff turnover, shifting priorities, and the complexity of the audit topics that we examine. The office is exploring potential efficiencies in its approach to audits, in an effort to reduce the amount of time it takes to complete our work.					
We will sustain our contribution to sound financial administration and financial reporting across the B.C. government.	Percentage of recommendations from management letters that auditees have fully implemented within three years (%)	73	76	75	87.2
What these results mean: Our auditees are listening to our recommendations. As standard auditing practice, we provide management letters as a part of our financial audits. The letter informs management of any issues that we've found during our audit, and identifies any issues from previous years that haven't yet been resolved.					

Performance measure	KPI	2017/18 Actual	2018/19 Actual	2019/20 Target	2019/20 Actual
We will increase our contribution to comprehensive public sector accountability reporting.	Percentage of recommendations made to improve accountability reporting that auditees have accepted and self-reported as fully implemented within three years (%)	100	40	100	50
	Number of reports downloaded annually from our website (#)	22,447	22,917	21,000	20,886

What these results mean: We tallied all recommendations to improve accountability reporting made in reports released within the three years prior to March 31, 2020. Out of 48 recommendations, four were about accountability reporting. Of those, two recommendations (50%) were ranked as fully implemented.

As for the number of reports downloaded annually from our website in 2019/20, we are pleased to see that the actual number was close to our target.

We will increase the degree to which staff are motivated and inspired by their work.	Work Environment Survey (WES) score	68	N/A	75	61
We will increase the efficient use of our internal financial and human resources.	Percentage of vacant staff positions (%) ¹	6.7	3.1	<5	N/A
	Percentage of our annual budget that is unspent each year (%)	4.5	2.5	1	4.3

What these results mean: The drop in the WES 2020 results is disappointing. Change saturation is likely a contributing factor—staff experienced significant changes in leadership, IT systems, policy direction and audit methodology. Our senior leadership is committed to thoughtful consultation with employees, an increased focus on respectful behaviour in the workplace, and clear and timely communication of decisions.

The unspent percentage of our budget was higher than budgeted. The reasons for the variance are outlined in the [Management's Discussion and Analysis](#) section of this report. This section includes a discussion of our operational spending, which shows we used more than 99% of our salaries and benefits budget for 2019/20.

¹ This KPI was removed from the [2020/21–2022/23 Service Plan](#) and will not be reported going forward. In part, the change was made because the KPI was redundant. We already track the percentage of our budget allocation spent, and this—coupled with our discussion on operating expenses below—shows we are spending almost the full amount allocated for salaries. In other words, we are not underspending on staffing. But the KPI was also removed because tracking vacancies is not an accurate measure of the effectiveness of our human resource allocation. The reality is that each new vacancy is reviewed against emerging priorities and we allocate positions to meet those priorities. For example, a single senior vacancy may be filled with two junior positions. Our strategic human resources team will be developing measures and thresholds that we can use to track the effectiveness of our human resource allocation.

OUR FINANCES



\$18.2 million in the office's 2019/20 budget

Management's discussion and analysis

In this section, we discuss and analyze our business operations, as compared with our budget and prior year results. This includes events that have affected our results and financial position for the year ended March 31, 2020. The discussion and analysis of our financial performance should be read in conjunction with our financial statements and related notes. Our financial statements have been prepared in accordance with Canadian public sector accounting standards.

We have made forward-looking statements, including statements regarding our business and anticipated financial performance. These statements are subject to several risks and uncertainties, and actual results may therefore differ from those expected in the forward-looking statements.

Financial and business highlights

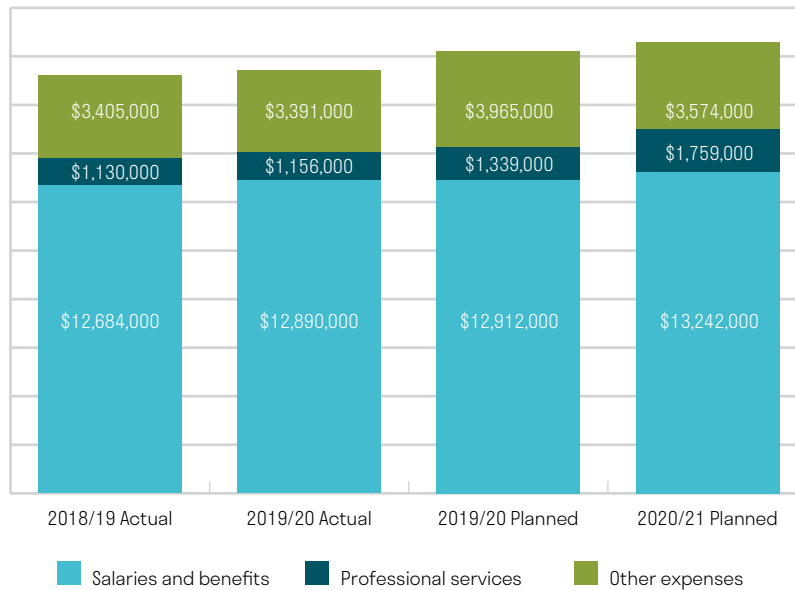
Our mandate is broad, covering audits not only of the province's financial statements but also of government's performance reports and the delivery of specific programs and services. The work of our office helps the public and the legislative assembly hold government to account for how it delivers programs and services.

For 2019/20, the voted appropriation (funding) we received from the legislative assembly was \$18.2 million. This is the estimated full cost of our operations. The legislative assembly also approved a separate appropriation for capital expenditures of \$185,000. Any unused appropriation cannot be used in subsequent fiscal years.

In 2019/20, the actual cost of our operations was \$17.4 million and our capital expenditures were \$156,000. Salaries and benefits, along with professional service contracts, made up 80% of our total operating expenses. This means that changes or fluctuations in staffing or professional services can shift our financial performance significantly from what was planned.

Exhibit 3 summarizes the variation between budgeted and actual operating expenses. We provide further details in the rest of this discussion and analysis.

EXHIBIT 3: Operational analysis



For the fiscal year 2020/21, the legislative assembly approved an increase of 2.0% to our operating appropriation, for a total budget of \$18.6 million. The increase in our budget is related to increased professional service fees for International Financial Reporting Standards (IFRS) and other accounting specialists for our new audits of BC Hydro and the University of British Columbia, as well as the continued audit of Columbia Power Corporation. These audits require technical expertise found in large, international accounting firms. There was also a modest increase in salaries and benefits to accommodate annual statutory and performance-based salary increases. This budget amount represents our estimate of the resources we need to complete our work, as outlined in both our [performance audit](#) and [financial statement audit](#) coverage plans.

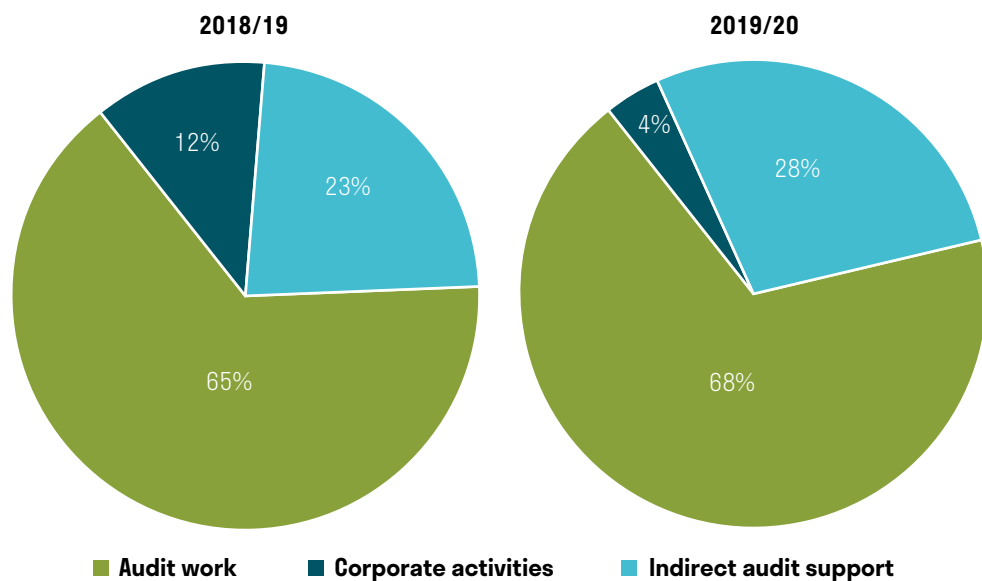
Use of operational resources

In 2019/20, we planned to maintain a targeted staffing level of 120 employees. With attrition (the gradual reduction in the size of a workforce when people retire or resign and are not replaced), the average full-time equivalent rate for 2019/20 was 117, down two from the prior year and three fewer than planned.

We used more than 99% of our salaries and benefits budget for 2019/20. However, office turnover and challenges related to contracting with specialist professionals resulted in underspending in other areas. For example, in 2018/19, we spent \$183,000 less than we had planned on professional services and \$26,000 more than in the prior year. We had two large new financial audits that required technical specialists. Since this was our first year doing these audits, and since the need for these specialists is not the same year over year, it was difficult to budget and forecast for the costs. As a result, we budgeted and forecasted conservatively and ended up with a larger surplus than planned in 2019/20.

Exhibit 4 shows our professional services expenditures during 2019/20 and the previous year.

EXHIBIT 4: Professional services expenditures, 2018/19 and 2019/20

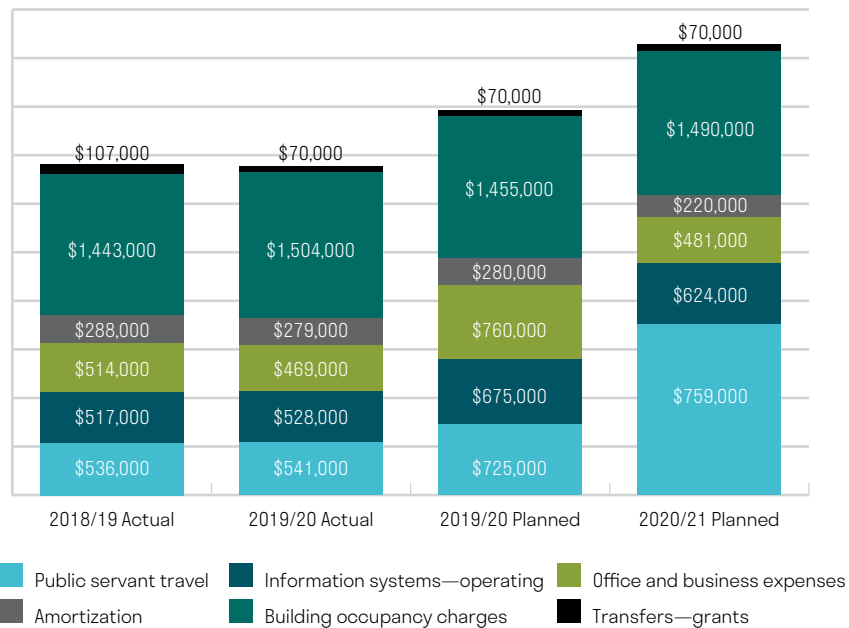


In 2019/20, there was no significant change in the total amount spent on professional services contracts year over year, but there was a change in the mix. Slightly more money was spent on indirect audit support services. This was primarily due to professional services required to update IT systems at the office that had reached the end of their life. Slightly less money was spent on professional services related to audit work, due in part to uncertainty about the amount that might be required and in small part to project delays resulting from staff turnover.

Resources used to support our staff

In 2019/20, we spent \$3.4 million on office and support infrastructure, which includes both indirect audit support and overhead. In total, we spent \$535,000 less than planned, with a \$30,000 decrease over the prior year's spending. Exhibit 5 provides a comparison of actual, planned and prior year expenses.

EXHIBIT 5: *Other expenses*



Variance from the planned amount is primarily a result of underspent office and business, travel, and IT operating expenses.

Office and business expenses were lower than planned because of lower spending in training expenses, largely a result of staff turnover; when new staff start, they need to complete in-house orientation and training before they can use additional training resources. We also left a large part of our CPA student budget intentionally unspent, since we did not need the full amount for the number of CPA students we have. We also spent less on staff recognition events and general office services and supplies.

Our office has made a concerted effort to reduce travel costs in two ways: first, by hiring staff who live in the Greater Vancouver area so they can visit our auditees in Vancouver without

incurring additional travel costs and work remotely with their teammates in Victoria, and second, where appropriate and feasible, by looking for opportunities to reduce travel generally.

Finally, the lower spending on our IT operating expenses is related to our focus on updating our fundamental IT systems, which didn't leave enough capacity to use resources in other areas.

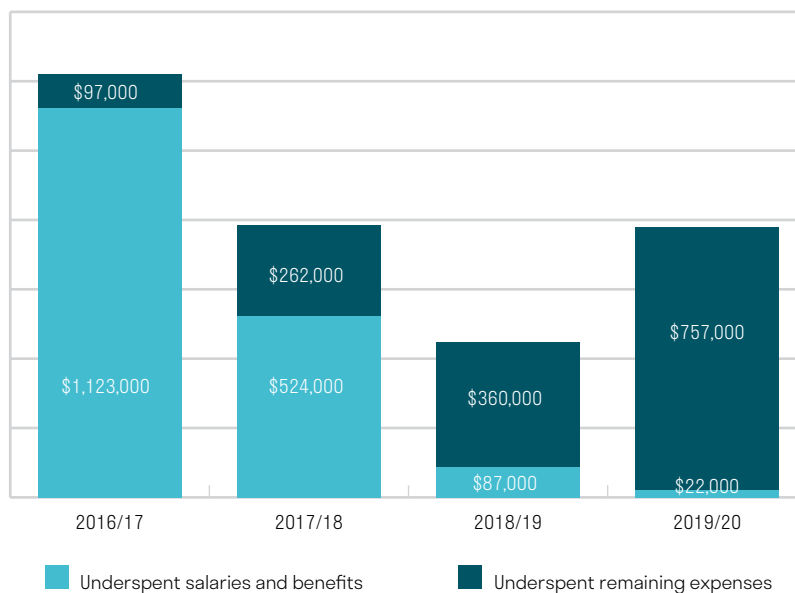
A glance at our past and a look into our future

One of our key performance indicators is to have at most 1% of our budget unspent, or to use at least 99% of our appropriation. Over the last three years we have made steady progress toward achieving that target.

We have adopted a more detailed approach to budgeting for staffing. As a result, over the last three years we have gone from 9% underspent (\$1.1 million underspent in 2016/17) to less than 1% of our appropriation for salaries unspent (\$23,000 underspent in 2019/20).

Now we need to turn our attention to other budget items, such as professional services and travel. In September 2019, we transitioned to a new project management system. Now that the new system has been implemented, we are planning to optimize our business processes and improve project management in order to use more of our appropriation. Exhibit 6 shows salary and non-salary surpluses since 2016.

EXHIBIT 6: Budget surplus



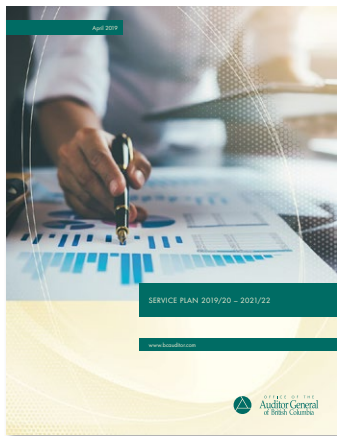
APPENDIX A: YEAR IN REPORTS

We have limited resources, so we choose topics for performance audits based on specific factors such as:

- financial, social and environmental impact
- relevance to the people of British Columbia
- our capacity to do the work
- our goal to cover a wide range of government programs and organizations

We constantly watch for emerging risks and update our audit coverage plans and priorities to add maximum value to government operations.

April 2019



Service Plan 2019/20–2021/22

We outlined our office's goals and strategies for the coming fiscal year, and how we would measure our progress. The service plan covered the 2019/20 fiscal year and included targets through to 2021/22.

Total report downloads: 109

YouTube presentation views: N/A

June 2019



Progress Audit: The Education of Aboriginal Children in the B.C. Public School System

We looked at changes government has made since our 2015 audit of the education of Indigenous students in the B.C. public school system.

Total report downloads: 509

YouTube presentation views: 114

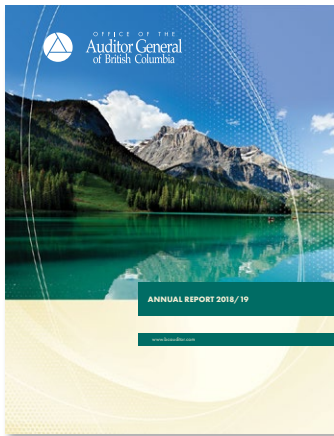


Oversight of Contracted Residential Services for Children and Youth in Care

We looked at the Ministry of Children and Family Development’s oversight of contracted residential services. The ministry has contracts with approximately 100 service providers to deliver housing, food and other supports for some of the most vulnerable children and youth in care.

Total report downloads: 1,391

YouTube presentation views: 314



Annual Report and Financial Statements 2018/19

Our annual report provides an overview of our performance and financial position over the last year, as well as a look at our current goals and priorities.

Total report downloads: 540

YouTube presentation views: N/A

July 2019



BC Liquor Distribution Branch Directly Awarded Contracts

We looked at the supporting files for 74 contracts that the BC Liquor Distribution Branch directly awarded to suppliers to support its business operations. We were looking to see if the branch complied with procurement policies set out in government’s core policies when it issued the contracts.

Total report downloads: 671

YouTube presentation views: 240



Understanding Our Audit Opinion on B.C.'s 2018/19 Summary Financial Statements

We explained our audit opinion on government's 2018/19 Summary Financial Statements.

Total report downloads: 397

YouTube presentation views: N/A



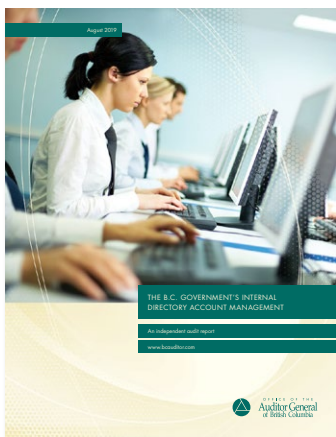
The Protection of Drinking Water

We looked at whether the Ministry of Health and the provincial health officer were taking adequate action to protect drinking water for all British Columbians.

Total report downloads: 1,158

YouTube presentation views: 348

August 2019

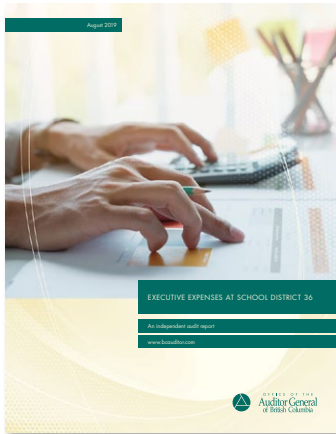


The B.C. Government's Internal Directory Account Management

We looked at whether five selected ministries, and their related branches and agencies, had designed and implemented key controls for protecting government information and information assets from unauthorized access.

Total report downloads: 324

YouTube presentation views: 173



Executive Expenses at School District 36

We looked at the employer-paid executive expenses for School District 36 (Surrey).

Total report downloads: 791

YouTube presentation views: 141

September 2019



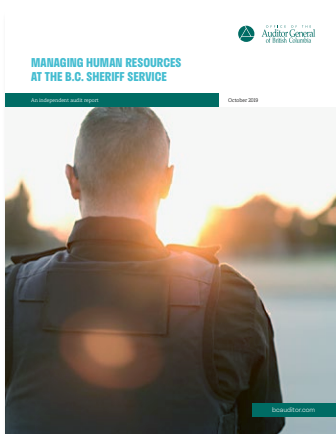
Expense Policies and Practices in the Offices of the Speaker, Clerk and Sergeant-at-Arms

We looked at expense policies and practices at the legislative assembly for the offices of the Speaker, clerk and sergeant-at-arms from April 1, 2016, to December 31, 2018, and whether the expenses of those three offices were governed by policy.

Total report downloads: 835

YouTube presentation views: 207

October 2019



Managing Human Resources at the B.C. Sheriff Service

We looked at how well the B.C. Sheriff Service is recruiting, retaining and training its staff.

Total report downloads: 786

YouTube presentation views: 273

March 2020

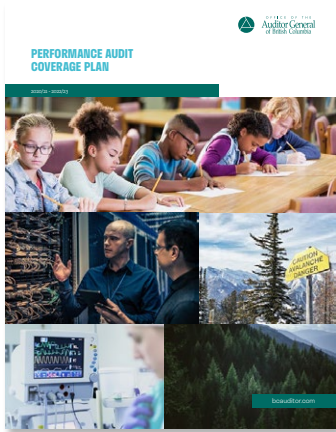


**Financial Statement Audit Coverage Plan:
For Fiscal Years Ending in 2021, 2022 and 2023**

We outlined how we determine which government entities' financial statements we will audit directly, and which will be audited by private-sector firms.

Total report downloads: 60

YouTube presentation views: N/A



**Performance Audit Coverage Plan
2020/21-2022/23**

We detailed performance audits underway at the time of the plan's publication, as well as the audits we intend to start by March 31, 2023.

Total report downloads: 47

YouTube presentation views: N/A



Service Plan 2020/21-2022/23

We set the direction for the upcoming year, including our key priorities and the ways in which we will measure our success.

Total report downloads: 18

YouTube presentation views: N/A

APPENDIX B: SUMMARY OF WORK ISSUED IN 2019/20

Financial audits

Public accounts

1. Summary Financial Statements, Province of British Columbia
2. Summary of Public Debt, Key Indicators of Provincial Debt and Summary of Performance Measures

Post-secondary institutions

3. University of Victoria
4. Vancouver Community College

Other post-secondary institution reports

5. University of Victoria Foundation
6. University of Victoria—Annualized Full-Time Equivalents Enrolment Report Excluding Full-Cost Undergraduate Students
7. University of Victoria—Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on the Federal Program and on Internal Control over Compliance and the Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance
8. University of Victoria—Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

School districts

9. School District No. 39 (Vancouver)
10. School District No. 48 (Sea to Sky)
11. School District No. 53 (Okanagan Similkameen)
12. School District No. 71 (Comox Valley)
13. School District No. 93 (Conseil scolaire francophone)

Health authorities

14. Interior Health Authority
15. Vancouver Coastal Health Authority

Crown corporations

16. BC Immigrant Investment Fund Ltd.
17. BC Oil and Gas Commission
18. BC Transit Corporation
19. BC Transportation Financing Authority
20. British Columbia Infrastructure Benefits
21. British Columbia Liquor Distribution Branch
22. British Columbia Enterprise Corporation
23. British Columbia Railway Company
24. Columbia Basin Trust
25. Columbia Power Corporation
26. Destination BC Corporation
27. Royal BC Museum Corporation
28. Transportation Investment Corporation

Other Crown corporation reports

29. Arrow Lakes Power Corporation
30. Brilliant Expansion Power Corporation
31. Brilliant Power Corporation
32. Columbia Basin Broadband Corporation
33. Destination BC Corporation—Key Performance Indicators
34. Royal BC Museum Corporation—IMAX Review (first audit year)
35. Royal BC Museum Corporation—IMAX Review (second audit year)

Other organizations

36. Office of the Representative for Children and Youth
37. Provincial Employees Community Services Fund

Federal government funding agreements

38. British Columbia Benefits and Measures Statement of Operations
39. Canada–British Columbia Building Canada Fund Contribution Agreement
40. Canada–British Columbia Early Learning and Child Care Agreement
41. Canada–British Columbia Labour Market Development Agreement
42. Canada–British Columbia New Building Canada Fund Contribution Agreement
43. Canada–British Columbia Workforce Development Agreement
44. Disaster Financial Assistance Arrangements—2013 June Flood Claim
45. Disaster Financial Assistance Arrangements—2015 Fire Claim

Performance audits

1. *BC Liquor Distribution Branch Directly Awarded Contracts*
2. *Executive Expenses at School District 36*
3. *Expense Policies and Practices in the Offices of the Speaker, Clerk and Sergeant-at-Arms*
4. *Managing Human Resources at the B.C. Sheriff Service*
5. *Oversight of Contracted Residential Services for Children and Youth in Care*
6. *Progress Audit: The Education of Aboriginal Children in the B.C. Public School System*
7. *The B.C. Government's Internal Directory Account Management*
8. *The Protection of Drinking Water*

Other publications

1. *Annual Report and Financial Statements 2018/19*
2. *Financial Statement Audit Coverage Plan: For Fiscal Years Ending 2021, 2022 and 2023*
3. *Performance Audit Coverage Plan 2020/21–2022/23*
4. *Service Plan 2019/20–2021/22*
5. *Service Plan 2020/21–2022/23*
6. *Understanding Our Audit Opinion on B.C.'s 2018/19 Summary Financial Statements*

APPENDIX C: VISION, MISSION, GOALS, OBJECTIVES AND KPIS

Vision

A legislative assembly, government and public service that works effectively for the people of British Columbia.

Mission

To provide independent assurance and advice to the legislative assembly, government and the public service for the well-being of the people of British Columbia.

Objectives

- 1. VALUABLE ASSURANCE AND ADVICE**
Provide assurance and advice that adds tangible value and helps government improve programs and services
- 2. STAKEHOLDER FOCUS**
Engage and involve our stakeholders in our work
- 3. TRUSTED ADVISOR**
Be a credible and trusted advisor to the legislature, its committees and government
- 4. THRIVING CULTURE**
Maintain a collaborative and supportive work environment
- 5. PRODUCTIVE AND FORWARD THINKING**
Be an innovative, effective and efficient organization

Goals

We want to be recognized as a high-performing leader in providing independent assurance and advice. Our aim, therefore, is to influence, through our actions, advice and professionalism:

- sound financial administration and reporting across government
- effectively governed and well-managed provincial programs, services and resources
- comprehensive public sector accountability reporting

KPIs

- Percentage of auditees (including deputy ministers) reporting by survey that our reports and recommendations will add value to their organization (%)
- Percentage of audit report recommendations that auditees have self-reported as accepted and fully implemented within three years of publication (%)
- Percentage of PAC MLAs satisfied that our office is effectively delivering on our legislated mandate and is making a real difference for the people of B.C. (%)
- Total number of reports and opinions completed (#)
- Opinions on financial statements (#)
- Performance audits (#)
- Other publications (#)
- Percentage of recommendations from management letters that auditees have fully implemented within three years (%)
- Percentage of recommendations made to improve accountability reporting that auditees have accepted and self-reported as fully implemented within three years (%)
- Number of reports downloaded annually from our website (#)
- Work Environment Survey (WES) score
- Percentage of vacant staff positions (%)¹
- Percentage of our annual budget that is unspent each year (%)

¹ This KPI was removed from the *2020/21–2022/23 Service Plan* and will not be reported going forward.



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