

April 2019

SERVICE PLAN 2019/20 – 2021/22

[www.bcauditor.com](http://www.bcauditor.com)



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

## CONTENTS

A message from the Auditor General	3
Purpose of the office	5
Who we are	5
What we do	5
Who we serve	5
Strategic context	6
Our influence	6
Independence	6
Credibility	7
Our people	7
Attracting and retaining staff	7
Budget	7
Goals, objectives and performance measures	8
Overview	8
Goals	8
Objective 1	9
Objective 2	10
Objective 3	11
Objective 4	12
Objective 5	13
Measuring performance	14
Resource summary	16
Capital spending	17
Appendix A: How we operate	18

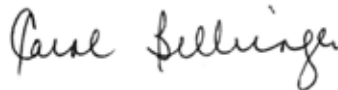
The Office of the Auditor General of British Columbia would like to acknowledge with respect that we conduct our work on Coast Salish territories. Primarily, this is on the Lkwungen-speaking people's (Esquimalt and Songhees) traditional lands, now known as Victoria, and the W̱SÁNEĆ people's (Pauquachin,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

623 Fort Street  
Victoria, British Columbia  
Canada V8W 1G1  
P: 250.419.6100  
F: 250.387.1230  
www.bcauditor.com

## ACCOUNTABILITY STATEMENT

**THIS REPORT WAS** prepared in accordance with the *Auditor General Act* and the *Performance Reporting Principles for the British Columbia Public Sector*. I am accountable for the results achieved and for the selection and tracking of the performance measures.

This service plan focuses on aspects critical for a general audience's understanding of the performance of the office. The measures reported are consistent with the mission, goals and objectives of our office, and the forecasts and interpretive statements represent the best judgment of our executive team.



Carol Bellringer, FCPA, FCA  
Auditor General  
April 2019

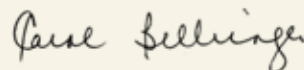


OFFICE OF THE  
**Auditor General**  
of British Columbia

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 *Service Plan 2018/19-2020/21* in fulfillment of the requirement as described in the *Auditor General Act*.



Carol Bellringer, FCPA, FCA  
Auditor General  
Victoria, British Columbia  
April 2019

# A MESSAGE FROM THE AUDITOR GENERAL

I AM PLEASED to share our service plan for 2019/20. It describes who we are, what we do and how we support B.C.'s legislative assembly, government and public service. It also highlights our influence and relevance, and gives us an opportunity to define and present the performance measures that we seek to remain accountable for.

This is our story of how we proudly provide value to the legislature and the public service, and thus serve the broader public interest and make a significant impact on the province.

In January 2019, we published our latest annual *Performance Audit Coverage Plan* and *Financial Statement Audit Coverage Plan*, which describe the main outputs of our work. We have updated these coverage plans every year and will continue to do so.

We choose the audits in our *Performance Audit Coverage Plan* to make the best use of our resources and provide the greatest value to the legislative assembly and the people of B.C. The list of audits in that plan is not definitive. It may shift if new priorities emerge or as the environment in which we operate changes. Of note, while we were finalizing that plan, allegations surfaced about administrative practices in the legislative assembly. We have commenced an audit in that area.

Our *Financial Statement Audit Coverage Plan* supports our audit of the government's Summary Financial Statements and was presented to the Select Standing Committee on Public Accounts at the B.C. legislature (as required by the *Auditor General Act*).

As an independent office of the legislature, our budget is approved by the Select Standing Committee on Finance and Government Services rather than by government. For 2019/20, the committee approved our budget request for \$18.216 million.



CAROL BELLRINGER, FCPA, FCA  
*Auditor General*

## A MESSAGE FROM THE AUDITOR GENERAL

This service plan describes the actions we will focus on to achieve our objectives.

My eight-year term as Auditor General of British Columbia began on September 15, 2014. It has been an honour to work with the talented people in my office and with my colleagues across Canada. We were saddened by the recent death of Michael Ferguson, Auditor General of Canada, in February 2019, in the eighth year of his 10-year term. We are reminded of our own aims by the words written by his office: “He cared deeply about conducting audits that brought value to the public service, always for the greater good of Canadians.”



Carol Bellringer, FCPA, FCA  
Auditor General  
April 2019

# PURPOSE OF THE OFFICE

## WHO WE ARE

**NON-PARTISAN, INDEPENDENT OF** the executive branch of government, and reporting directly to the legislative assembly of B.C., we provide assurance and advice about the overall operation of the B.C. government.

Our vision is to support B.C.'s legislative assembly, government and public service in working effectively for the people of the province.

Our mission is to provide independent assurance and advice to the legislative assembly, government and public service, all for the well-being of the people of B.C.

## WHAT WE DO

We primarily conduct financial and performance audits.

**Financial audits** provide independent opinions on the financial statements of government organizations. This allows us to see 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 over 160 public-sector entities and ministries.

**Performance audits** are value-for-money audits that assess the efficiency, economy and effectiveness of provincial programs, services and resources. We also make recommendations for improvement. Topics include health care, education, transportation, information technology, the environment and more. In addition to the Performance Audit team dedicated

to delivering on the *Performance Audit Coverage Plan*, we have a Compliance, Controls and Research (CCR) team delivering narrow-scoped performance audits that focus on risks related to legislative compliance and financial management controls. The CCR team also responds to citizen inquiries.

We also produce a variety of other valuable information, 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 support senior government officials and governing boards of Crown corporations and organizations accountable to the provincial government, such as universities, colleges, school districts and health authorities.

# STRATEGIC CONTEXT

**THE RESPONSIBILITIES OF** the legislative assembly, government and public service are vast. The government has laid out an ambitious agenda of programs and services.

As stated in the February 12, 2019, Speech from the Throne, this agenda includes a focus on child care, housing, the natural resource sector, reviewing BC Hydro and ICBC, and implementing the United Nations Declaration on the Rights of Indigenous Peoples. Budget 2019 forecasts capital spending of \$31.1 billion on schools, hospitals, housing, roads, bridges, hydroelectric and other projects over the three-year fiscal plan period.

We continually monitor all sectors of government to ensure that we understand the environment in which we operate. We also regularly adjust our plans in response to how we can best influence positive outcomes, all while being financially responsible and remaining independent. For example, our audit plans reflect the significance of two large Crown corporations, ICBC and BC Hydro.

## OUR INFLUENCE

It is commonly assumed that the Auditor General's powers of audit, examination and inquiry also carry authority to invoke change. In fact, the Auditor General is independent of audited organizations and therefore has no such authority.

Any changes implemented in response to our work result from the independent decisions and actions of the B.C. government or of the audited organizations.

Operations are the responsibility of their management teams and are subject to the policy direction of government.

Our audits provide independent assessments of how well government's policies and programs are working. When we identify deficiencies, we provide findings and recommendations to promote positive change.

## INDEPENDENCE

We maintain our independence by being free of influence, conflict of interest and bias. This means that we remain independent of government and the government organizations we audit. We are required to maintain our independence in accordance with office and professional standards.

We also remain free of associations that could potentially impair this independence, and we are not influenced by political or other external pressures that may deter us from conducting certain audits. We are accountable, and report directly, to the legislative assembly, not to the government of the day.

This means that we must understand how to be "cordial but not cozy" with those we audit.

## STRATEGIC CONTEXT

### CREDIBILITY

We remain credible through the work we complete and the standards we meet. Without credibility, the value of our work would be diminished and we would struggle to realize our mission and vision.

### OUR PEOPLE

The environment we work in is constantly changing and we must ensure that we are equipped to understand and account for these changes. Because our people are central to our ability to complete our work, we must maintain a high level of skills and abilities in the office and foster a culture of continuous improvement. We must promote a learning culture that is supportive, empowering and well coordinated.

### ATTRACTING AND RETAINING STAFF

Our office has a wealth of talent, including professional accountants, highly educated and experienced specialists and generalists from diverse backgrounds, and qualified administrative staff. From time to time, we have had challenges attracting and retaining staff. Although the reasons behind the challenges have varied over the years, the situation is expected to continue for us because of external competitive forces and the movement of our staff to government ministries and agencies.

### BUDGET

Our office presents an annual budget to the Select Standing Committee on Finance and Government Services for approval. Our annual submission supports the work outlined in both the *Performance Audit Coverage Plan* and the *Financial Statement Audit Coverage Plan*. This is an important process for us to demonstrate to the public that we are accountable to those we serve.

This year, the Select Standing Committee on Finance and Government Services approved a budget increase of \$550,000—a 3.1% increase from last year's budget—to cover increases for information technology (IT), professional services, travel and other minor inflationary increases.

# GOALS, OBJECTIVES AND PERFORMANCE MEASURES

## OVERVIEW

**THIS SERVICE PLAN** outlines our high-level goals, as well as the objectives and actions that will move us toward our vision.

Our goals, objectives and performance measures remain unchanged from last year. This service plan updates our intended actions for the 2019/20 fiscal year. Our progress is reported in our annual report.

The main outputs of our work are our performance audit reports and our audit opinions on financial statements. Our coverage plans have more information about the work we will undertake over the next three years:

1. **Financial Statement Audit Coverage Plan** – outlines a three-year audit plan detailing the government organizations our office will audit directly and our involvement with the remaining organizations as part of our annual audit of government's Summary Financial Statements.
2. **Performance Audit Coverage Plan** – sets out all performance audit topics, CCR work and other projects we expect to report on or begin in the next three years.

This service plan is a guide to how we will get that work done.

## GOALS

Motivated by a deep appreciation of our mandate, we want to be widely recognized as a high-performing leader in providing value through independent assurance and advice.

Through our actions, advice and professionalism, our aim is therefore to influence three corporate goals:

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

To do this, we will focus on five key objectives described on the following pages.



# GOALS, OBJECTIVES AND PERFORMANCE MEASURES

## 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 the right topics and entities and ensure that our work paints a complete and reliable 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, relevant and useful. And we must monitor and measure the impact of our work.

### Actions

To achieve this objective, we will:

- ◆ develop and publish the *Financial Statement Audit Coverage Plan*, outlining our three-year plan for determining which government entities we will audit and which will be audited by private-sector firms
- ◆ develop and publish the *Performance Audit Coverage Plan*, following a rigorous process in selecting and planning our performance audits and allocating the resources we have to the most significant and relevant topics where we believe we can add the most value
- ◆ undertake audits of ICBC and BC Hydro
- ◆ monitor and audit the self-reporting of auditees on the implementation of our report recommendations so that we can assess the influence of our work and ensure that issues and recommendations have been addressed
- ◆ respond to citizen inquiries on a timely basis and conduct related audit work, where appropriate

# GOALS, OBJECTIVES AND PERFORMANCE MEASURES

## OBJECTIVE 2

### **Focus on our stakeholders: We will engage and involve stakeholders in our work.**

We want our work to be meaningful to our stakeholders. Therefore, it's important to engage with stakeholders 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 the Select Standing Committee on Public Accounts 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.

### Actions

To achieve this objective, we will:

- ◆ continue to meet with the legislative assembly, government and the public service to understand issues of interest to them, understand how well our audit reports meet their needs, and build their trust in our work
- ◆ continue to implement our external engagement strategy and plan, which includes these activities:
  - ◆ represent the office at appropriate legislative and government committees
  - ◆ attend board governance meetings across the government reporting entity
  - ◆ consult with key stakeholders to understand their perspectives on audit topics
- ◆ continue work on our Indigenous Relations Strategy to improve our office's cultural agility and to support respectful engagement with Indigenous organizations, communities and individuals

# GOALS, OBJECTIVES AND PERFORMANCE MEASURES

## OBJECTIVE 3

### **Be a trusted advisor: We will be considered 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 legislature, or a committee of the legislature, can ask us to complete a particular task. 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.

### Actions

To achieve this objective, we will:

- ◆ keep our performance audit methodology aligned with that of the Office of the Auditor General of Canada to leverage expertise, training material, resources and efficiencies
- ◆ participate in the Canadian Council of Legislative Auditors and its committees
- ◆ contribute to Canadian accounting and auditing/assurance standard-setting
- ◆ continue to conduct internal quality assurance monitoring and audit file inspections
- ◆ support the Canadian Audit and Accountability Foundation in its mission to strengthen public-sector performance auditing, oversight and accountability in Canada and abroad through research, education and knowledge-sharing

# GOALS, OBJECTIVES AND PERFORMANCE MEASURES

## 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 80% of our office staff are auditors or accountants by training. The remaining 20% make our work possible through their contribution as communicators, business analysts, administrators, human resources professionals or other professionals.

We recognize that we can always do more to improve. 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 will strive to be an employer of choice.

### Actions

To achieve this objective, we will:

- ◆ implement a strategic human resources plan to improve the effectiveness of recruitment, retention, succession and engagement activities
- ◆ communicate our commitment to inclusion and diversity and assess our achievements

# GOALS, OBJECTIVES AND PERFORMANCE MEASURES

## OBJECTIVE 5

### **Productive and forward-thinking: We will remain 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.

### Actions

To achieve this objective, we will:

- ◆ develop and implement an IT operational plan to address strategic business challenges facing our office
- ◆ use the power of data analytics and emerging technology to enhance the value of our audits
- ◆ continue to provide training to improve the efficiency and effectiveness of audits
- ◆ refine our audit practices to ensure clear messaging, greater efficiencies and greater value to our readers

# MEASURING PERFORMANCE

**THIS SERVICE PLAN** continues to show our performance against the same robust range of performance measures and key performance indicators (KPIs) as last year's plan. All performance measures presented this year align, in aggregate, with our goals and objectives.

Performance Measures	Key Performance Indicators (KPIs)	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
<b>We will increase our relevance and our influence to support effectively governed and well-managed provincial programs, services and resources</b>	Percentage of auditees (including deputy ministers) reporting by survey that our reports and recommendations will add value to their organization (%)	80	85	90	90	90
	Percentage of OAG audit report recommendations that auditees have self-reported as accepted and fully implemented within three years of publication (%) <sup>1</sup>	72	74	80	85	90
<b>We will sustain our current strong contribution to the broader public interest</b>	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	90	95	95	95
<b>We will meet planned levels of public reporting of our advice and assurance</b>	Total number of reports and opinions completed (#)	54	58	58	58	58
	Opinions on financial statements (#)	40	40	42	42	42
	Performance audits (#)	7	11	12	12	12
	Other publications (#)	7	7	4	4	4

<sup>1</sup> The KPI captures recommendations that were published between 24 and 36 months prior to the end of the fiscal year.

## MEASURING PERFORMANCE

Performance Measures	Key Performance Indicators (KPIs)	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
<b>We will sustain our contribution to sound financial administration and financial reporting across the B.C. government</b>	Percentage of recommendations from management letters that auditees have fully implemented within three years (%)	73	75	75	75	75
<b>We will increase our contribution to comprehensive public-sector accountability reporting</b>	Percentage of recommendations made to improve accountability reporting that auditees have accepted and self-reported as fully implemented within three years <sup>2</sup> (%)	100	40	100	100	100
	Number of reports downloaded annually from our website (#)	22,447	21,500	21,000	21,000	21,000
<b>We will increase the degree to which staff are motivated and inspired by their work</b>	Work Environment Survey score	68	NA <sup>3</sup>	75	NA	75
<b>We will increase the efficient use of our internal financial and human resources</b>	Percentage of vacant staff positions (%)	6.7	<5	<5	<5	<5
	Percentage of our annual budget that is unspent each year (%)	4.5	2	1	1	1

\*Select Standing Committee on Public Accounts

<sup>2</sup> The KPI captures recommendations that were published between 24 and 36 months prior to the end of the fiscal year.

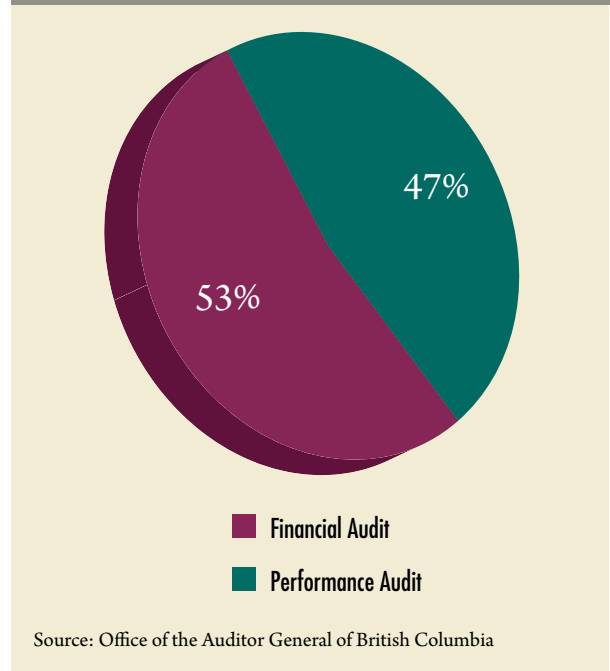
<sup>3</sup> The office has moved to conducting the Work Environment Survey every second year.

# RESOURCE SUMMARY

**TO DELIVER ON** our *Financial Statement Audit Coverage Plan, Performance Audit Coverage Plan* and related work for the 2019/20 fiscal year, the office received a budget of \$18.216 million. We have allocated \$9.642 million for financial audit work and \$8.574 million for performance audit work (see Exhibit 1).

Salaries and benefits for the office’s employees—our largest resource—account for 71% of the budget (see Exhibit 2). We supplement our audit staff with contracted expert professional services, which account for a further 7% of the budget. The mix between staff and contracted resources can often fluctuate and a decrease in actual staffing costs is often offset with an increase in professional services.

**Exhibit 1:** Budget for 2019/20 by portfolio



**Exhibit 2:** Office expenditures planned for fiscal years 2019/20–2021/22 (\$ thousands)

Description	2019 Forecast		2020 Budget		2021 Planned		2022 Planned	
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Salaries and benefits	12,625	72%	12,911	71%	12,911	71%	12,911	71%
Professional services	1,023	7%	1,340	7%	1,340	7%	1,340	7%
Audit travel	541	3%	725	4%	725	4%	725	4%
Support	1,296	8%	1,505	8%	1,505	8%	1,505	8%
Occupancy costs	1,452	8%	1,455	8%	1,450	8%	1,450	8%
Amortization	342	2%	280	2%	280	2%	280	2%
	<b>17,279</b>		<b>18,216</b>		<b>18,211</b>		<b>18,211</b>	

Source: Office of the Auditor General of British Columbia and *Estimates, Fiscal Year Ending March 31, 2020*



## RESOURCE SUMMARY

### CAPITAL SPENDING

The office is responsible for maintaining our own IT systems, furniture and equipment. As part of the normal life cycle, replacement is required and the office plans for this as part of our ongoing operations.

For the 2019/20 fiscal year, we will continue to replace as required our IT systems, furniture and equipment. The office does not have any significant capital projects planned and we have therefore reduced our capital budget.

The office capital expenses for ongoing operations and new technology initiatives are shown in Exhibit 3.

**Exhibit 3:** Office capital expenses planned for ongoing operations and new technology for fiscal years 2019/20–2021/22 (\$ thousands)

Description	2019 Forecast (\$)	2020 Budget (\$)	2021 Planned (\$)	2022 Planned (\$)
Ongoing operations	10	25	25	25
New technology	235	160	160	160
	<b>245</b>	<b>185</b>	<b>185</b>	<b>185</b>

Source: Office of the Auditor General of British Columbia and *Estimates, Fiscal Year Ending March 31, 2020*

# APPENDIX A: HOW WE OPERATE

## Inputs

- ◆ Skilled staff
- ◆ Professional standards
- ◆ IT and other workplace tools
- ◆ The work environment
- ◆ Executive team

## Activities

- ◆ Financial statement audits
- ◆ Performance, IT and CCR audits
- ◆ Professional practices
- ◆ Training programs
- ◆ Corporate Services support (Communications, Human Resources, Finance, IT Support, Operations Support Services)
- ◆ Follow-up of citizen concerns
- ◆ Sharing with other legislative auditors
- ◆ Presentation of audit results to the Select Standing Committee on Public Accounts and other interested stakeholders

## Outputs

- ◆ Assurance (opinions on financial statements and performance audit reports)
- ◆ Advice (recommendations)
- ◆ Guidance
- ◆ Audit coverage plans

## Outcomes (Goals)

- ◆ We want to be recognized as a high-performing leader in providing independent assurance and advice, and we want to influence:
  - ◆ sound financial administration and reporting across government
  - ◆ effectively governed and well-managed provincial programs, services and resources
  - ◆ comprehensive public sector accountability reporting

## Outcomes (Vision)

- ◆ A legislative assembly, government and public service that work effectively for the people of B.C.



### **Location**

623 Fort Street  
Victoria, British Columbia  
Canada V8W 1G1

### **Office Hours**

Monday to Friday  
8:30 am – 4:30 pm

**Telephone:** 250-419-6100

Toll free through Enquiry BC at: 1-800-663-7867

In Vancouver dial: 604-660-2421

**Fax:** 250-387-1230

**Email:** [bcauditor@bcauditor.com](mailto:bcauditor@bcauditor.com)

**Website:** [www.bcauditor.com](http://www.bcauditor.com)

This report and others are available at our website, which also contains further information about the office.

### **Reproducing**

Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our office with authorship when any information, results or recommendations are used.





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