

The Auditor General of B.C.: A Day in the Life



Presentation to the PNIAF
March 8, 2013



OFFICE OF THE
Auditor General
of British Columbia

Overview

- Background
 - The B.C. context
 - Independence – the theory
 - Mandate
- Independence – recent experience
 - Comparison with other legislative auditors
 - Selection process – a work in progress
- Recent work: Independence in action

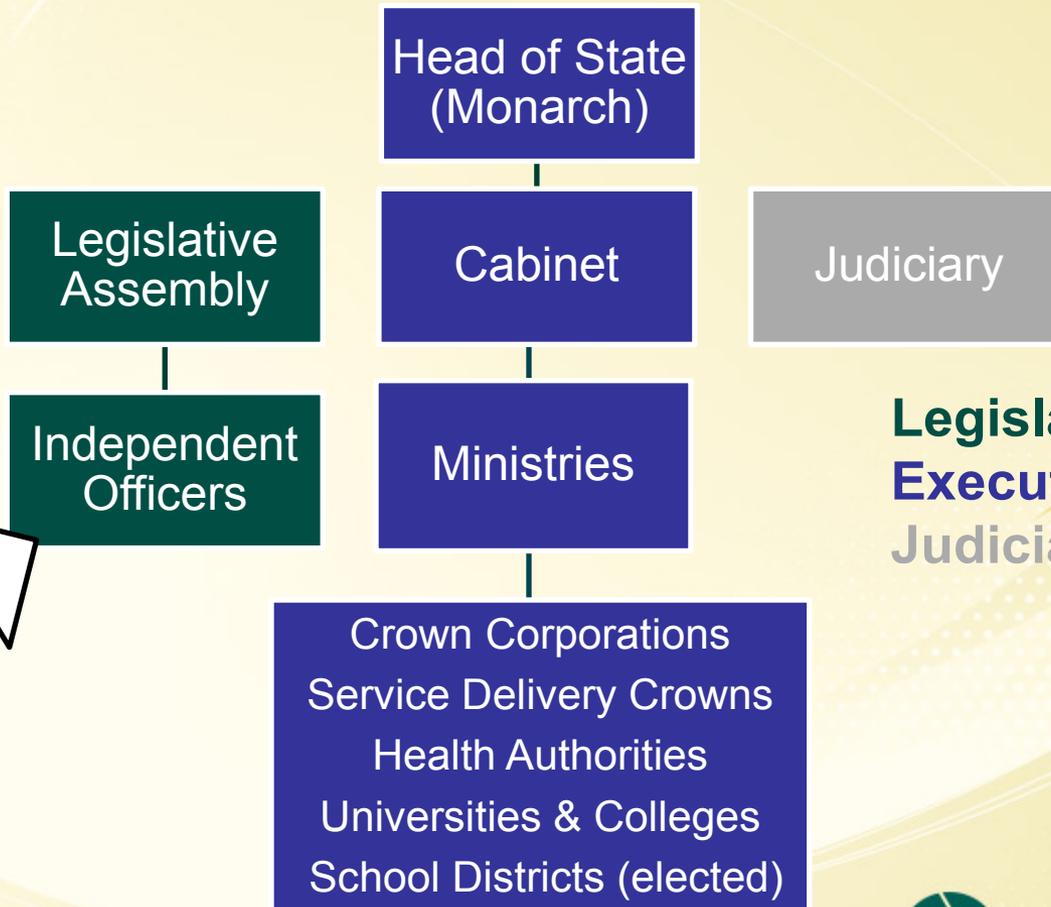


The B.C. Context

- Population: 4.5 million (3rd largest province)
- GDP: \$190B (4th largest in Canada)
- Legislative Assembly made up of:
 - 45 members of governing Liberal Party
 - 36 members of opposition New Democratic Party
 - 4 independent members with no party affiliation
- Fixed election dates – next is May 14, 2013



Independence: the structure



Legislative Branch
Executive Branch
Judicial Branch



The Auditor General of B.C.

- Established in 1977 through the [Auditor General Act](#)
- Auditor General must provide an opinion on the B.C. government's Summary Financial Statements
- Act also enables the Auditor General to:
 - Conduct audits of any organization in the government reporting entity
 - Conduct audits of individuals or organizations in relation to transactions of government funds ('follow-the-dollar')
 - Access information and summon witnesses
 - Report on findings
- 115 full-time staff and \$15.75M budget



The Auditor General of B.C.

- Appointed for a six-year term by the Legislative Assembly (potential for one renewal)
- 2003 update to Act (with stated intent to, among other things 'confirm independence of appointment') created
 - Special Committee is struck for selecting Auditor General
 - 3 members of government (including committee chair)
 - 2 members of opposition
 - *In camera* discussions
 - Notified 6 months in advance if office-holder wishes to be re-appointed
 - Must make unanimous recommendation in order to re-appoint



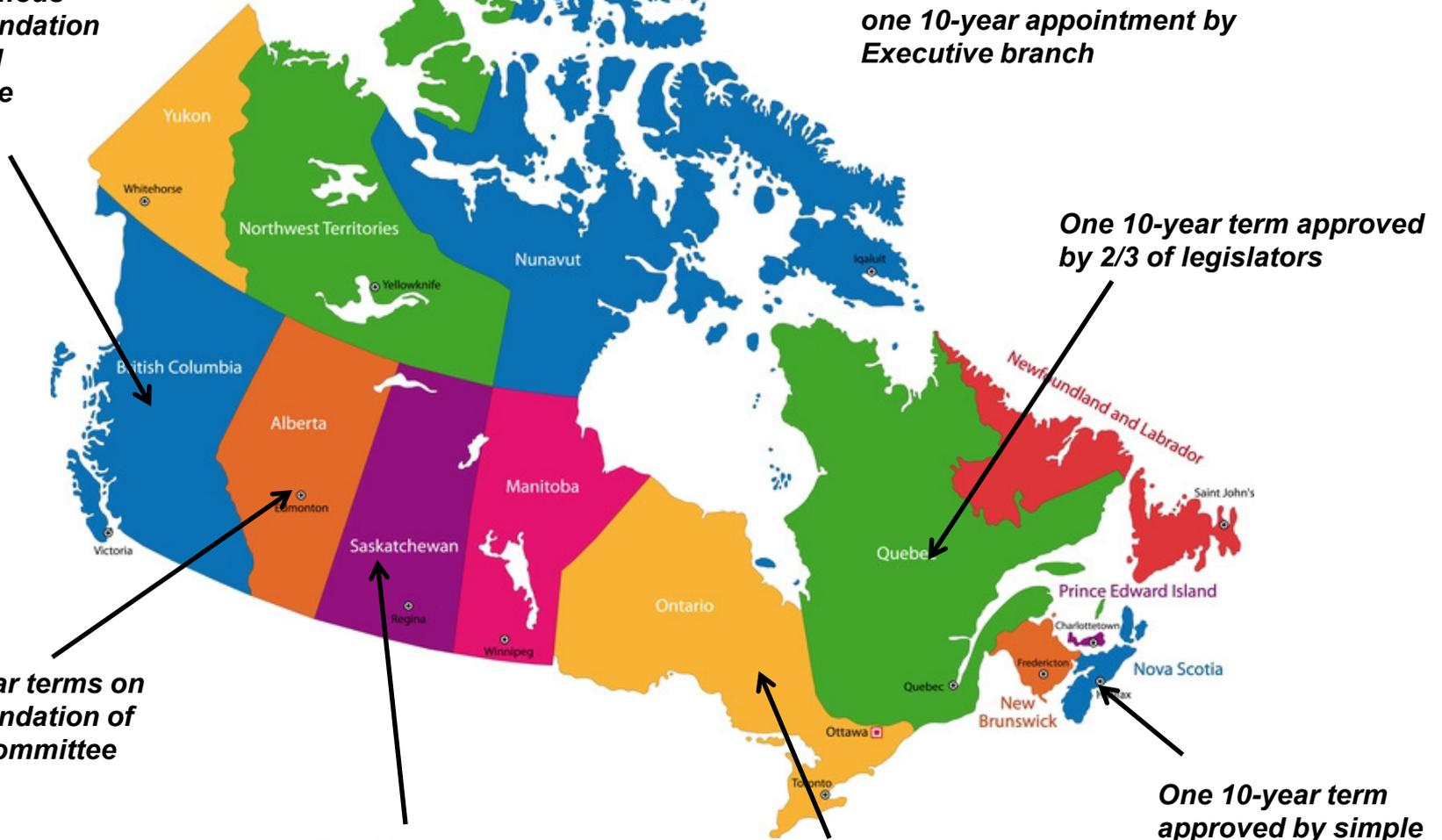
Initial Outcome

- First Auditor General to go through B.C.'s updated re-appointment process
 - Numerous difficulties
 - No unanimous decision by committee
- Became a major story in the media, and with the public
- As a result, Premier proposed further changes to the Act, and requested committee reconsider



Two 6-year terms on unanimous recommendation of special committee

Auditor General of Canada: one 10-year appointment by Executive branch



One 10-year term approved by 2/3 of legislators

Two 8-year terms on recommendation of special committee

Two 10-year terms; Executive branch discusses with chair of relevant standing committee

One 10-year term; Executive branch discusses with chair of relevant standing committee

One 10-year term approved by simple majority vote

Final Outcome

- In response, Executive branch proposes:
 - 8-year term
 - No possibility of reappointment
 - Request for committee to reconsider decision
- Committee's unanimous recommendation – second term ending October 2015
- What would anyone do in such a situation?



Health Funding Explained

This extract from Exhibit 1 shows Pharmacare within the context of the Ministry of Health's expenditures.

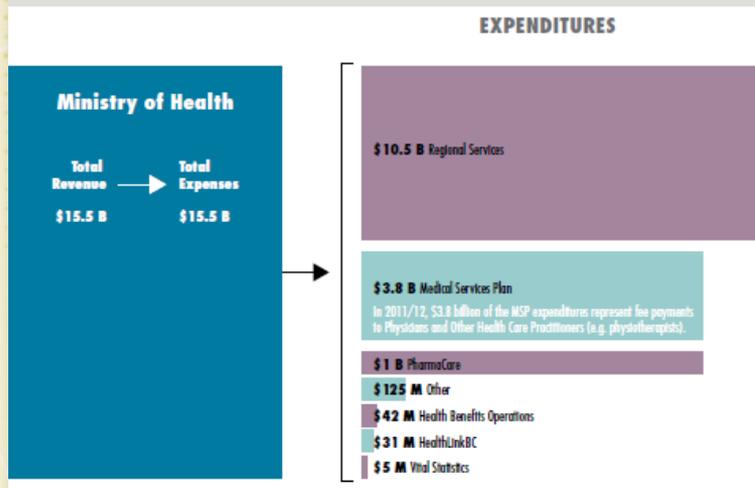
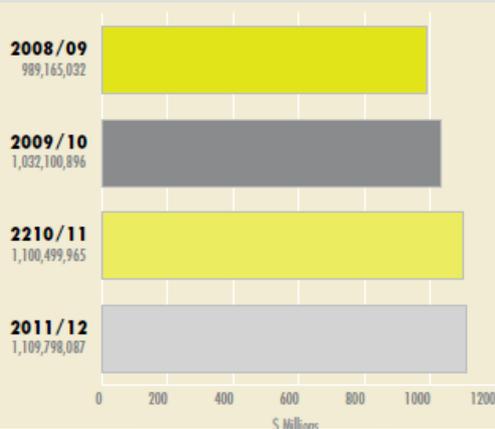


Exhibit 9: 2008/09 – 2011/12 Pharmacare Expenditures



- Information piece (not an audit)
- Provided overview of \$15.5B in spending
- Fills a gap in public knowledge:
 - Where do health dollars go?
 - Does health spending align with government's stated priorities?
- Some overall findings:
 - Nearly half of all spending is on acute care
 - Disease prevention and health promotion a major theme; only 5% of spending



JUSTIN

- Computerized criminal justice system in use since 2001
- Audit revealed serious security flaws
- High-level report only – no sensitive information published
 - 100 recommendations made to management – 5 in public report
 - Still delayed the report to give government time to address major concerns
 - Part of collegial approach – but used mandate when needed



SPECIES PROFILE

BOREAL CARIBOU

B.C.'s boreal caribou are declining primarily because of unnaturally high predation rates resulting from the rapid development of petroleum exploration across their range and the associated effects of roads, seismic lines and pipelines impacting their habitat ([view video](#)).

To help provide habitat for boreal caribou, government has established ungulate winter ranges where certain activities are restricted for specific industries during the winter months.

In 2011, government published a new implementation plan with a number of measurable targets, including protecting habitat and monitoring the effectiveness of management actions. This plan predicts that the boreal caribou have a high probability of disappearing from at least two ranges in B.C.



BOREAL CARIBOU
PHOTO: CONRAD THIESSEN

Biodiversity

- Government's management practices pivotal in conserving biodiversity
 - 94% of B.C. is Crown land
- Audit found that government doesn't know whether its actions are conserving biodiversity
 - Lack of data on species and habitat
 - Gaps in legislation, no clear responsibilities
- Government measuring and reporting on conserving biodiversity is inadequate
- Six recommendations in report



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Audit of the Legislative Assembly

Background

- Represents citizens, passes laws, approves budgets and scrutinizes the executive branch of government.
- Annual budget \$60-70 million - can expend additional funds without further approval
- 2007 report – none of the recommendations implemented
- Began auditing financial records; key findings published 2012
 - significant deficiencies in financial control and governance
 - unable to conclude if the trial balance was fairly stated for any of the three years audited



Audit of the Legislative Assembly

Update

- Shortly after report was released:
 - Governance committee now holding public meetings
 - Wider disclosure of elected representatives' expenses
 - Senior staff member seconded to assist
 - Transparency, accountability and good governance reinforced
- Recent report reaffirms the importance of financial management and governance
 - Acknowledges initial positive steps by senior management and management committee
 - Commits to following these issues until resolves



Reports released in fall 2012

- *Follow-up report: Updates on the status of recommendations from recent reports*
- *Observations on Financial Reporting*
- *Summary Report*
 - *The OAG Investigations Unit*
 - *Audit of the Police Complaints Commission*
 - *Update on Government's Implementation of the BC Reporting Principles*
 - *BC Transit Audit*
 - *School District 40's Business Company Examination*



Upcoming Work

- In the next month, we are planning to release reports on:
 - B.C.'s air ambulance service
 - Carbon neutrality in the B.C. government
 - Evergreen Line P3
 - Governance examinations II
 - Board use of information II
 - Follow-ups on implementation of recommendations



Summary

- Auditor General is a multi-faceted role
- Unique aspects of mandate and context recently gave rise to unique circumstances in B.C.
- Revealed challenges in the appointment and re-appointment processes
- Made the position and the Office a topic of discussion
- Best possible outcome would be changes that strengthen independence



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