



Office of the  
**Auditor General**  
of British Columbia

June 2022

# Annual Report 2021/22





Office of the  
**Auditor General**  
of British Columbia

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The Honourable Raj Chouhan  
Speaker of the Legislative Assembly  
Province of British Columbia  
Parliament Buildings  
Victoria, British Columbia  
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Dear Mr. Speaker:

I have the pleasure of submitting the Office of the Auditor General's *Annual Report 2021/22*, as required under section 22 of the *Auditor General Act*.

Michael A. Pickup, FCPA, FCA  
Auditor General of British Columbia  
Victoria, B.C.

June 2022



# Accountability statement

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This report reflects the performance of the Office of the Auditor General for the 12 months ending March 31, 2022, and was prepared in accordance with the *Auditor General Act* and the *Performance Reporting Principles for the British Columbia Public Sector*. Fiscal assumptions and policy decisions up to June 1, 2022, have been considered in the development of this report.

I am accountable for the results and the selection of performance indicators, and for ensuring that the information is measured accurately and in a timely manner. Performance data in this report is reliable and verifiable, and any significant limitations in the quality of the data have been identified and explained.

The annual report includes estimates and interpretive statements of management's best judgment. The measures used are consistent with our mission, goals and objectives of the office, and we focus on aspects essential to the understanding of our performance.

If you require more detailed information, please contact my office.

Michael A. Pickup, FCPA, FCA  
Auditor General of British Columbia



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# A message from the auditor general

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The Office of the Auditor General's *Annual Report 2021/22* highlights achievements and summarizes the independent assurance and trusted information we provided to the Legislative Assembly of British Columbia.

This is a report on the achievement of the goals, objectives, and performance measures set out in our annual service plan. It includes our annual financial statements prepared in accordance with generally accepted accounting principles. Our financial statements and annual report are audited by an independent auditor, and their two audit reports are included.

This past year we reviewed our organization's strategic plan and our approach to developing service plans. This led to a new framework of objectives and performance measures, tabled in our 2022/23 service plan, which sets an improved standard for our reporting. This year's annual report is somewhat unusual as it takes steps towards this new approach to reporting on our work, but also reports directly on the commitments we made in our 2021/22 service plan.

The pandemic continued to take its toll on physical, emotional, and mental well-being and I am proud of our staff's resilience, compassion, open-mindedness, and commitment to our work. It is with pride and enthusiasm that I present this report.

A handwritten signature in black ink, reading "Michael A. Pickup". The signature is written in a cursive, flowing style.

Michael A. Pickup, FCPA, FCA  
Auditor General of British Columbia  
Victoria, British Columbia

June 2022



# External auditor's opinion on the Annual Report



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## Independent Practitioner's Reasonable Assurance Report

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### To the Auditor General 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, 2022 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.





**Our Independence and Quality Control (continued)**

We apply Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintain 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, 2022 conforms in all significant respects with the BC Reporting Principles.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia

June 27, 2022





**Appendix to Independent Practitioner's Reasonable Assurance Report of BDO Canada LLP on the 2021/22 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. The Annual Report addresses capacity in terms of human resources and information technology infrastructure 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.



# Our mandate

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Non-partisan and independent of government, the auditor general reports to the Legislative Assembly and provides assurance about government's overall operations. The auditor general is appointed to an eight-year term, as mandated by the *Auditor General Act*.

The work of the office includes auditing more than 160 organizations that make up the government reporting entity, including ministries, Crown corporations, universities, colleges, school districts and health authorities. These are organizations that are controlled by, or accountable to, the provincial government. The office's work contributes to improved financial reporting, programs, and services for the benefit of the people of B.C.

The auditor general's financial audits, performance audits, and reports provide accurate, objective, and trusted information that supports confidence and improvements in public sector reporting, programs, and services.

In addition to prioritizing areas of risk and significance when selecting audits, the auditor general considers issues and concerns identified by members of the Legislative Assembly and the people of British Columbia in planning audit work.

The auditor general communicates the work of the office through public reports issued to the Legislative Assembly. Audit reports are referred to the Select Standing Committee on Public Accounts for review and follow-up.



# 2021/22 in review

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## Our strategic planning

The Office of the Auditor General completed a strategic planning process with our leadership group in 2021/22, fully revising the language of our vision and mission statements, as well as our values and guiding principles, goals, objectives and strategies.

This work informed our [2021/22–2023/24 Service Plan](#) (issued in September 2021) and its focus on a number of immediate challenges. It introduced ambitious strategies to support staff engagement and internal operations, while following through on our audit commitments.

One of our strategies involved further examination of our corporate planning processes to ensure that our objectives and performance measures were properly aligned with our mandate and the *Performance Reporting Principles for the British Columbia Public Sector*. The result was a restructuring of our objectives and performance measures for a more balanced, long-term view of our priorities and performance.

This led to quite a few changes, as the objectives and measures identified in September 2021 had a shorter-term focus on specific challenges that, on reflection, will be better addressed through targeted strategies in support of higher level objectives.

The new set of objectives and measures is in our [2022/23–2024/25 Service Plan](#), issued in April 2022. We are proud to also include them in this report. They are the product of our efforts in 2021/22 and reflect the current direction of our organization. In addition, although the nine objectives identified in our [2021/22–2023/24 Service Plan](#) have since been distilled into five, we have reported against each of the original objectives in this report.



## Vision, mission, values and guiding principles

### Our vision

Engaged people making a difference for the people in B.C.

### Our mission

We provide independent assurance and trusted information to assist the Legislative Assembly in holding government accountable. Our work contributes to improved financial reporting, programs, and services for the benefit of the people in B.C.

### Our values and guiding principles

We believe in supporting each other to learn and develop. Therefore, we will:

- Give people a chance to try new things.
- Delegate responsibilities and support one another in achieving success.
- Be compassionate when things don't go as planned and coach for success.

We believe in supporting everyone to do their best work. Therefore, we will:

- Recognize everyone's contribution and celebrate each other's successes.
- Cultivate an energetic and positive work environment.

We believe in working together as a high performing team. Therefore, we will:

- Collaborate to achieve success.
- Respect people's position, knowledge, and experience.
- Recognize and value each other's strengths and interests.

We believe in acting with integrity. Therefore, we will:

- Do what we know is right even when it's difficult.
- Be kind, straightforward, transparent, and honest in our dealings with others.
- Uphold our high ethical standards.

We believe in being visionary. Therefore, we will:

- Question the status quo and embrace continuous improvement.
- Consult broadly to include diverse perspectives.
- Bravely support new and innovative approaches.

We are committed to creating and reinforcing diversity, inclusion, and safety. Therefore, we will:

- Build a safe environment where everyone feels they belong and is encouraged to bring their whole selves to work.
- Manage our biases and challenge our assumptions around differences.
- Address behavior that discriminates, excludes or makes someone feel unsafe.
- Make space for all voices.



## Goals, objectives, and key performance indicators

### Our goals

- Support each other to do our best work within an inclusive and engaged workplace culture.
- Live our values and work through difficult issues while treating people respectfully.
- Deliver audits and trusted information that demonstrate value from the resources that are entrusted to us.

### Our objectives

**Objective 1:** *Improve clarity and consistency of processes and information used for corporate governance, planning and reporting*

Key performance indicator:

- Work Environment Survey – executive-level management driver

**Objective 2:** *Foster an engaged workplace where all employees are safe, supported and respected*

Key performance indicator:

- Work Environment Survey – engagement score

**Objective 3:** *Implement a sustainable workforce plan to build organizational capacity and limit operational risk*

Key performance indicator:

- Employee turnover rate

**Objective 4:** *Maintain and demonstrate the quality of our audits*

Key performance indicator:

- Select Standing Committee on Public Accounts members' confidence in audit work based on reports referred to the committee for consideration

**Objective 5:** *Deliver our audit commitments on time and on budget*

Key performance indicators:

- Delivery of report on annual audit of the summary financial statements of the government reporting entity
- Number of audit/information reports delivered to the Legislative Assembly



## Our people

Our community of employees is our essential resource. Each person should be supported to work to their potential, understand how their role and performance fits the collective vision, and be respected and valued for their unique contribution toward shared goals.

The second year of the pandemic brought challenges that required us to adapt and support each other in different ways in order to accomplish our work objectives.

Turnover was a major challenge. Exits included a number of long-term employees in critical positions, resulting in a loss of expertise and corporate knowledge, and more pressure on our leadership group. The challenges this presented demonstrated the value of retaining long-term employees along with the importance of succession planning. We have made both of these a priority moving forward so we can build and maintain our organizational capacity, and limit our risk when experienced leaders move on.

We also lost significant employee time to illness and leave, a reflection of the physical and mental health impacts of the pandemic and a changing world. This impacted stress and workload for our entire workforce, and strained our ability to meet our work commitments.

Supporting each other during a time of organizational change and external challenges brought us together to focus on our office culture as well, as we reflected on challenges in recruitment, retention and engagement. This led to a renewed focus in our new strategic plan on being a supportive workplace that models values of diversity, inclusion, equity, and safety. We're proud to see that this work has already been reflected in the data presented below. Looking ahead we remain committed to being an inclusive, transparent, and supportive place to work and apply our values to everything we do.

### Staffing summary (as of March 31, 2022)

#### Staffing at start of 2021/22

117 regular and 5 auxiliary staff:

- 66% had more than one year of experience in their positions
- 34% had less than one year of experience

#### Staffing at end of 2021/22

125 regular and 7 auxiliary staff:

- 54.4% had more than one year of experience in their positions
- 45.6% had less than one year of experience

#### Staffing breakdown

Critical Audit Support Services	24
Performance Audit and Related Assurance	40
Financial Audit and Related Services	55
Strategic Human Resources	7
Executive	6
<b>Total</b>	<b>132</b>



## Staffing activities 2021/22

### New hires

- 31 competitions
- 28 permanent hires
- 11 auxiliary hires

### Departures

- 25 permanent departures
  - 4 retirements
  - 5 moved to positions within the public sector
  - 16 other

## Performance indicators

### Employee turnover rate

	2021/22 benchmark	2022/23 target	2023/24 target (projected)	2024/25 target (projected)
Turnover rate	21%	16%	12%	9%
<b>How we measure</b> <i>Methodology: permanent employee departures as a percentage of permanent full-time equivalent usage.</i>				

In 2021/22, many permanent positions were filled on a temporary basis, affecting the staff turnover percentage rate. Our targets for reducing this key performance indicator in future years will support efficient long-term resource usage.

### Work Environment Survey

The Work Environment Survey (WES) is developed and conducted by BC Stats and is used across the B.C. public service. We have used the overall WES engagement score as a key performance indicator for many years, including our 2021/22-2023/24 Service Plan. In our 2022/23-2024/25 Service Plan we committed to reporting on some of the more specific drivers assessed in the WES that have relevance to our revised objectives. As we have committed to including these in future years, we present those scores here along with previous years' scores for comparison.

	2015/16	2016/17	2017/18	2019/20	2021/22
<b>Overall engagement score</b>	<b>66</b>	<b>70</b>	<b>68</b>	<b>61</b>	<b>66</b>
<b>Drivers:</b>					
Executive-level management	49	57	57	46	59
Vision, mission, goals	66	68	65	56	72
Organization satisfaction	64	69	67	57	65
Respectful environment	73	78	72	70	76
<b>How we measure</b> <i>We moved to a biannual WES after 2017/18. We intend to return to conducting the WES annually beginning in 2022/23.</i>					



Our March 2022 results are encouraging and demonstrate early progress in engaging our staff that we hope to build on. We are committed to increasing our staff's confidence in their leadership group and will continue to focus on executive-level management, as well as our overall engagement score, as key performance indicators under our *2022/23-2024/25 Service Plan*.

## Recruitment and retention

Our organization faces distinct challenges in building and maintaining our workforce. Financial audit work has seasonal variations and our staff – primarily certified professionals with unique skills and experience – can be difficult to recruit and, due to market challenges, a struggle to retain. We compete with the private sector and government for talented people to support financial audits, performance audits, and critical audit support services.

When staff trained by our office move to other public sector organizations they can support good financial management practices. Departures to private firms are a greater concern. During 2021/22, we became aware of situations where qualified candidates would not apply for our postings or turned down our offers because we could not match their salary expectations.





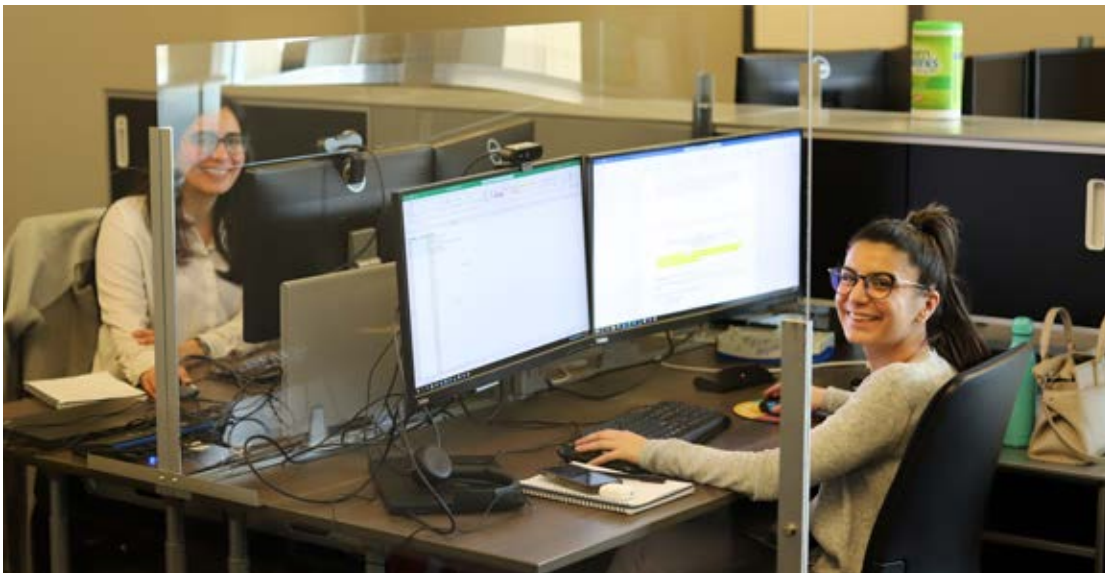
Our March 2022 WES survey provided evidence of the pressure on staff retention when our people are not satisfied with their salary. The Pay and Benefits driver score was 51 in our most recent WES survey, down from 55 in 2020, and 60 in 2018.

While our budget is fixed and salaries are governed by the broader public service classification framework, we were able to make a targeted investment in long-term retention by making modest salary improvements for our CPA students, within our existing budget, based on specific comparative information about equivalent salaries where we are competing directly for talent. These salary improvements took effect April 1, 2022.

We've been a CPA student training office for over 30 years. Last year we supported three students through the 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.

Limited in our ability to improve salary, we focused on where we can be more competitive: flexibility. A key retention and recruitment strategy in 2021/22 was the development and implementation of flexible policies on work scheduling and locations and we sought funding to invest in a modern, hybrid office.

We have made significant investments in technology during the pandemic to support and connect our employees, wherever they work. These efforts, and adaptations to our shared office space coming in 2022/23, brought a 12-point increase in our March 2022 WES survey results (compared to 2020). Our 2022 Tools and Workspace driver score was 80, up from 68 in our 2020 WES, and in the 98 percentile for the public service.



## Our product

Our audits are conducted in accordance with Canadian audit and assurance standards as set out by the Chartered Professional Accountants of Canada. This year, we reported on nine completed audits in addition to three information reports and our annual work on the government financial statements.

This year the office also began a series of reports on fraud risk management within the public sector, including a sector-wide survey and an audit of the oversight of fraud risk within core government by the Office of the Comptroller General.

The high output is a credit to the dedication and hard work of everyone in the office: from people who work directly on audits to everyone who provides valuable support services. It took diligent, adaptable, dedicated teams to meet our output targets under challenging circumstances.

## By the numbers

- 32 audit opinions<sup>1</sup>
- 9 audit reports
- 3 information reports

## Financial audits and related assurance work

Audits of an organization's financial statements result in an audit opinion on whether the financial statements are fairly presented and free of material errors. Every year, auditors in our Financial Audit and Related Services (FARS) portfolio conduct an audit of the government's summary financial statements before they are published in the Public Accounts along with our audit opinion.

The work involves directly auditing the financial results of government ministries and the financial statements for a number of organizations in the broader public sector. In addition to audits of financial statements, we also undertake audits of other financial information, such as compliance with federal agreements.

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<sup>1</sup> A full list of our audit opinions is in Appendix A



## Information reports

- [Auditor General's Report on the Audit of the Public Accounts – Fiscal 2020/21](#)

At the end of every fiscal year, the B.C. government combines the financial information of more than 160 entities within its control and produces a consolidated set of summary financial statements. The information in these statements, importantly, indicates the financial well-being of the province. Our office audits these statements and provides our audit opinion.

In this report we take readers behind the scenes of the audit to share some interesting matters we worked on.

- [Fraud Risk Management Survey Report](#)

We surveyed 140 organizations - including ministries, Crown corporations, post-secondary institutions, school districts, and health authorities – to learn more about their fraud risk management practices. This is the most extensive fraud risk management survey of the B.C. public sector to date.



## Performance audits and related assurance work

Performance audits look at organizations or programs in the government reporting entity to see if they are meeting objectives effectively, economically and efficiently.

Our Performance Audit and Related Assurance (PARA) portfolio staff undertake extensive planning to cover different subjects and sectors, including:

- transportation
- finance
- environment
- information technology
- health care
- education
- governance

Our PARA group also supports the Select Standing Committee on Public Accounts in their follow-up work on the recommendations in our reports. In 2021/22, we worked with the committee to develop a new methodology to better support their work by providing enhanced follow-up information that includes review-level assurance on each recommendation that organizations report as complete. This new approach to follow-up work will begin in 2022/23.

### Audit reports

- [Avalanche Safety on Provincial Highways](#)

This audit examined whether the Ministry of Transportation and Infrastructure is effectively managing its avalanche safety program to ensure the safety of highway users and to minimize the frequency and duration of avalanche-related road closures.

- [Management of the Conservation Lands Program](#)

This audit examined whether the Ministry of Forests, Lands, Natural Resource Operations and Rural Development effectively managed the Conservation Lands Program to conserve important habitats for significant fish and wildlife species such as species at risk and migratory birds.

- [Community Living BC's Framework for Monitoring Home Sharing Providers](#)

This audit examined whether Community Living BC had implemented a monitoring framework to ensure home sharing providers met the following contract requirements in 2018/19:

- Aligning service delivery to further quality-of-life outcomes for people in care
- Complying with contracted standards and service requirements



- Oversight of Dam Safety in British Columbia

This audit examined whether the Ministry of Forests, Lands, Natural Resource Operations and Rural Development effectively oversaw the safety of dams in B.C. The ministry's oversight involves promoting, verifying, and enforcing dam owners' compliance with regulatory requirements. The report covers the ministry's oversight of the safety of 1,900 regulated dams. Dams that are being built, such as Site C, were not included in the audit.

- Ensuring Long-distance Ground Transportation in Northern B.C.

This audit examined whether the Ministry of Transportation and Infrastructure ensured the delivery of interim bus services between communities in northern B.C. and whether the ministry had a plan to develop long-term ground transportation services in the region.

- BC Housing's COVID-19 Response: Property Purchases

BC Housing purchased nine properties in Vancouver and Victoria in 2020 and 2021 to provide temporary housing to people experiencing homelessness during the COVID-19 pandemic. The properties represented a significant public investment – totalling \$221 million – that had to be secured quickly during the emergency. This audit examined whether BC Housing's property purchases followed relevant approvals, policies and procedures.

- Fraud Risk Management: Office of the Comptroller General

The Office of the Comptroller General (OCG) provides oversight and support, while ministries have their own processes and controls to manage fraud risk. Our audit looked to see if the OCG had established an effective framework to manage the risk of fraud.

- BC Housing's COVID-19 Response: Additional Safe Spaces for Women and Children Leaving Violence

Transition housing provides safety and support, but during the COVID-19 pandemic, many providers had to reduce their capacity to enable physical distancing and help keep residents safe from COVID-19. In response, BC Housing leased additional safe spaces in hotels and motels across the province.

Our audit examined BC Housing's effectiveness when it provided additional safe spaces for women and children leaving violence during COVID-19.



- [Managing Cybersecurity in the Telework Environment](#)

The number of B.C. government teleworkers grew 20-fold after the COVID-19 pandemic started. Teleworking has many benefits but it can also pose increased risk to sensitive government data. Our audit focused on the Office of the Chief Information Officer's (OCIO) responsibility for cybersecurity risk management in the government telework environment. It looked at the OCIO's strategic activities, such as risk assessment, telework-related policies, data protection measures, and cybersecurity training and guidance.

### Information reports

- [Update on the Connecting British Columbia Program](#)

This information report provides an update on Phases 3 and 4 of Connecting British Columbia, a multi-year program that funds internet infrastructure in rural and remote areas of B.C. Some of the areas covered in the report include funding, connectivity progress, the response to COVID-19, and program challenges.

## Performance audits in progress

Reports issued at the end of an audit are only one aspect of our ongoing audit work. Our reports in 2021/22 included audits that started in prior years, and our audit teams worked on audits in 2021/22 that will be reported in 2022/23 and beyond. We announce current audits at the appropriate time and update the [Work in Progress](#) section of our website with information on the purpose and scope of the audit.



## Performance indicators

### Public perception

	2021/22 target	2021/22 results
<b>Increase positive public perception of our office</b>	Baseline measurement	Positive: 43% Neutral: 48%
	<b>How we measure</b> <i>Positive: Percentage of respondents identifying as "somewhat familiar" or "very familiar" indicating "positive" or "very positive" opinion.</i> <i>Neutral: Percentage of respondents identifying as "somewhat familiar" or "very familiar" indicating "neutral/no opinion".</i> <i>Source: Angus Reid, March 2022</i>	

### MLA perception

	2021/22 target	2021/22 results
<b>Increase MLA confidence in our work</b>	Baseline measurement	71%
	<b>How we measure/additional insight</b> <i>23 respondents out of 87 MLAs.</i> <i>Percentage of respondent MLAs identifying as "somewhat familiar" or "very familiar" indicating that they found our reports "somewhat useful" or "very useful" to the work of the Legislative Assembly.</i>	

### Audit recommendation implementation

	2021/22 results
<b>Percentage of recommendations self-assessed as implemented</b>	53% (40 out of 76)
	<b>How we measure</b> <i>Implementation status of recommendations as reported by organizations that submitted an Action Plan Progress Assessment in 2022 (this includes recommendations from audits published in calendar years 2019-2021).</i> <i>The status of recommendations reported by organizations has not been audited and accordingly we provide no assurance on the information.</i>



## Our strategies

We focused on the following strategies in 2021/22 to work towards our objectives:

### Re-engineer our office planning processes to match the allocation of resources to achieve and prioritize strategic goals.

This year, we reviewed how and when our different planning cycles occur. We now have a more cohesive framework for resourcing key objectives. This ensures work is planned at the appropriate time to build into our budget requests, and that the reporting outputs of these cycles provide the right information at the right time to ensure that our plans and our budgets are based on the most reliable evidence.

The major shift in 2021/22 was a change in the timing of our service plans. Prior years' plans were "year-in-progress" documents presented with our annual budget submissions for the upcoming years. The result was that our service plans were developed months after our budget request was submitted. Priorities and performance measures were formed after budgets were finalized instead of being the basis for budget requests.

This fall, we will present our complete 2023/24-2025/26 service plan along with our budget submission for the corresponding years which will provide a better assessment of resources needed. The timing will be more consistent with our mandate and with the requirement placed upon government ministries and organizations under the *Budget Transparency and Accountability Act*. We are also realigning internal processes, including how we plan the allocation of resources to audits and other work. This will ensure our plans and resourcing decisions can be adapted during the year to fulfill our plans efficiently and effectively.

### Rework our audit portfolio management processes to effectively support people in doing their best work and meeting our mandate.

Our track record of delivering quality audits and reports demonstrates an ability to plan and manage projects effectively. We also know we can do better. This requires accurate internal tracking and reporting on staff allocation and usage, updating and sharing plans on resourcing at the right time for budget planning and recruitment, and securing the best tools for our work.

This year we made significant progress in identifying the key components of this work and their different priorities, and began making changes incrementally. It's critical that we continue to maintain our work outputs as we do this, so we know this will be a multi-year initiative, starting with a focus on audit portfolio planning, capacity analysis and scheduling. In the coming years we will give priority to improving project management practices and analyzing and closing the gaps between our revised processes and the software and other tools we use to support them.





### **Develop and implement principles of diversity and inclusion and embed them in how we work to make the office a safe, attractive and effective organization.**

In August 2021, our office named its first equity, diversity, and inclusion lead, Deputy Auditor General Sheila Dodds, who is responsible for guiding our office in an inclusive way to reflect B.C.'s diversity.

In addition, leadership team members have completed, or are in the process of completing, Cornell University's online certificate program in diversity and inclusion. The entire leadership group will be required to complete this training by the end of 2022/23.

We also began engaging staff in the gradual, iterative process of learning together and building a strong foundation for a safe, inclusive culture that values diverse people and perspectives. Ultimately, we hope to introduce policies and internal structures that foster and support these principles.

### **Establish processes to continually develop knowledge, skills, and abilities for each role at each level across the organization, that leads to a culture of engaged staff.**

During 2021/22, our Strategic Human Resources staff continued their collaboration with audit staff and our Professional Practices team to identify learning needs. Although there were some early efforts to develop a comprehensive learning plan for the office, this work did not progress as hoped due to some internal pressures, including the departure of key staff and resource strains on our audit portfolios described elsewhere in this report.

Efforts that did progress included the introduction of a new learning management system (LMS), and the development of a number of learning modules to meet urgent training needs for new staff. Although we still have work to do to develop a comprehensive learning plan tailored to different roles across the organization, these new learning modules will continue to provide value. They live on our LMS, which can be easily accessed through Microsoft Teams, allowing for flexible and as-needed learning opportunities and providing a resource staff can return to for information.



### **Update and document our processes and policies for external engagement and communications to ensure all staff use consistent messaging about our role.**

In 2021/22 we brought our engagement, multimedia production and writing services in-house to provide responsive, enhanced communications support for audit publications and the overall mandate of the office. We have designed and launched a modern visual identity that captures the diversity of the province. We issued an editorial style guide to support all staff for more consistent language usage and expanded our social media outreach, media relations, and engagement with people in B.C.

### **Develop and implement modern policies for the nature of work.**

We introduced new human resources policies that support our transition from the temporary arrangements adopted during the pandemic to a modern, permanent approach to working. Initially targeted for January 2022, implementation was delayed to April 1, 2022, to ensure that we had consulted adequately and were fully prepared to support our staff under the new framework.

We designed a framework flexible enough to accommodate diverse needs while still fostering unity and connection among our teams. The result is a more engaged and effective group. As a key principle, "flexibility requires all of us to stretch." We are proud of the work we've done to strike a balance, with clearly positive benefits for the organization, its work, and the people within it.



## 2021/22 service plan objectives and measures – results

The preceding sections reflect work outputs and accomplishments during 2021/22 and integrate a range of information and data to provide a full and balanced picture of our performance.

For clarity and full accountability, the objectives and measures included in our 2021/22-2023/24 *Service Plan* are fully addressed here.

The table below (2021/22 objectives and measures), splits some of these statements in order to distinguish between each objective and its associated measure.

### 2021/22 objectives and measures

Objective	Measure	2021/22 target	2021/22 actual
<b>Increase employee engagement as measured through an engagement survey</b>	Work Environment Survey engagement score	61	66
	<b>How we measure</b> <i>Source: BC Stats, Work Environment Survey, March 2022.</i>		
<b>Increase alignment of consistent behaviour and language to our values through explicit feedback provided within annual performance reviews</b>	Number of annual performance reviews with quality feedback linked to office values	Baseline measurement	100%
	<b>Additional insight</b> <i>Beginning in 2022, our employee performance management system specifically requires that performance feedback be linked explicitly to organizational values.</i>		
<b>Increase capacity to sustainably deliver our service plan by developing succession plans for critical positions</b>	Succession plan development	Critical positions identified	Ongoing; Identified as a strategy in our 2022/23-2024/25 <i>Service Plan</i>
	<b>Additional insight</b> <i>Succession planning was identified as a key deliverable of our internal planning and governance work this year. It will be part of a new corporate strategy focused on workforce planning. Identification of critical positions was not completed in 2021/22 but will be a part of that ongoing succession planning work.</i>		



Objective	Measure	2021/22 target	2021/22 actual
<b>Increase the quality and reliability of project work plans</b>	% explainable budget to actual variances	Processes to establish quality and reliable work plans and targets created	Project created
<p><b>Additional insight</b></p> <p><i>We initiated a strategy in 2021/22 to re-work our audit portfolio management processes to include how we develop work plans, how we plan and manage resources, and how we track and report on resource utilization. This work will span multiple years and will continue to be an organizational priority. We will track our progress on these strategies in support of the higher-level objectives set out in our 2022/23-2024/25 Service Plan.</i></p>			
<b>Increase organizational ability to allocate resources to innovation projects</b>	Establishment of innovation program	Definition of the value of, and approach to, innovation to support informed investment decisions is established with leadership team	See below
<p><b>Additional insight</b></p> <p><i>Our values highlight that we believe in being visionary, and we bravely support new and innovative approaches. It is an important part of our work towards our goals and objectives. During 2021/22, we recognized that innovation itself is not an objective, but rather an approach we take to address areas where we identify a need, or an opportunity, to improve.</i></p>			
<b>Fully deliver the commitments in coverage plans</b>	Financial Statement Audit Coverage Plan	100%	100%
<p><b>How we measure/additional insight</b></p> <p><i>Our Financial Statement Audit Coverage Plan is approved by the Select Standing Committee on Public Accounts and establishes which public sector entities, outside of central government, we will audit directly during our annual audit of the government's summary financial statements, and which will be audited by private firms. We completed the direct audits listed in this plan. However, this plan is not a workplan for all of the work undertaken by our Financial Audit and Related Services portfolio.</i></p>			



Objective	Measure	2021/22 target	2021/22 actual
<b>Fully deliver the commitments in coverage plans</b>	Performance Audit Coverage Plan	100%	100%
<p><b>How we measure/additional insight</b></p> <p>We issued a two-year Performance Audit Coverage Plan in March 2021 setting out the performance audits in progress at the start of the 2021/22 fiscal year, along with a tentative list of 20 audits we anticipated beginning work on between April 1, 2021, and March 21, 2023. It also noted our intention of fulfilling a key performance indicator of 12 reports, a target that was originally set for the 2021/22 fiscal year in our 2020/21-2022/23 Service Plan. In keeping with this commitment, we issued 12 reports from our audit portfolios in 2021/22.</p>			
<b>Increase MLA confidence in our work</b>	Annual MLA survey	Baseline measurement	71%
<p><b>How we measure/additional insight</b></p> <p>23 respondents out of 87 MLAs.</p> <p>Percentage of respondent MLAs identifying as "somewhat familiar" or "very familiar" indicating that they found our reports "somewhat useful" or "very useful" to the work of the Legislative Assembly.</p>			
<b>Increase deputy ministers' confidence in our work</b>	Annual survey of deputy ministers (and equivalent) of auditees	Baseline measurement	66%
<p>Two out of three respondents agreed that recommendations added value.</p> <p><b>How we measure</b></p> <p>Percentage of respondent deputy ministers (or equivalent organizational head) that were subject to an audit in 2021/22 indicating that they found our reports and recommendations add value to their organization.</p>			
<b>Increase positive public perception of our office</b>	Annual third-party public poll	Baseline measurement	Positive: 43% Neutral: 48%
<p><b>How we measure</b></p> <p>Positive: Percentage of respondents identifying as "somewhat familiar" or "very familiar" indicating "positive" or "very positive" opinion. Neutral: Percentage of respondents identifying as "somewhat familiar" or "very familiar" indicating "neutral/no opinion". Source: Angus Reid, March 2022</p>			



## Our finances

### Management discussion and analysis

In this section, we discuss and analyze our business operations for the year ended March 31, 2022, compared to our budget and prior year results. The analysis of our financial performance should be read in conjunction with our audited financial statements and the accompanying notes. Our financial statements have been prepared in accordance with Canadian public sector accounting standards.

### Financial and business highlights

The Office of the Auditor General is funded by the Legislative Assembly through a voted appropriation. The vote provides separately for operating expenses and capital purchases. Our 2021/22 budget, based on an estimate of the full cost of operations, was \$20.1 million for operating expenses and \$200,000 for capital acquisitions.

In 2020/21, the actual cost of our operations was \$19.1 million and our capital expenditures were \$197,000. The unused appropriation (\$1.0 million for operating expenses and \$3,000 for capital acquisitions) cannot be used in subsequent fiscal years. We used 95 per cent of our operating budget in 2021/22.

2021/22 financial summary and comparison to plan and prior year

Expense type	2021/22 Planned	2021/22 Actual	Variance from plan 2021/22 (over)/under	2020/21 Actual	Variance from 2020/21 increase/ (decrease)
Salaries and Benefits	14,242	13,886	356	14,007	(121)
Public Servant Travel	380	3	377	3	-
Professional Services	1,910	1,647	263	1,537	110
Information Systems – Operating	1,000	1,156	(156)	700	456
Office and Business	490	475	15	385	90
Vehicle	20	11	9	10	1
Depreciation	300	317	(17)	263	54
Building Occupancy	1,670	1,551	119	1,503	48
Transfers – Grants	70	70	-	70	-
<b>Total</b>	<b>20,082</b>	<b>19,116</b>	<b>966</b>	<b>18,478</b>	<b>638</b>



The office remains committed to providing the Legislative Assembly and those we audit with timely, independent and high-value reports. We are making changes to support the delivery of more audit reports annually and greater coverage of government programs. Despite a five per cent underspend, we were still able to deliver on all our financial statement audit commitments and deliver the promised 12 reports to the legislature.

## Operating expenses

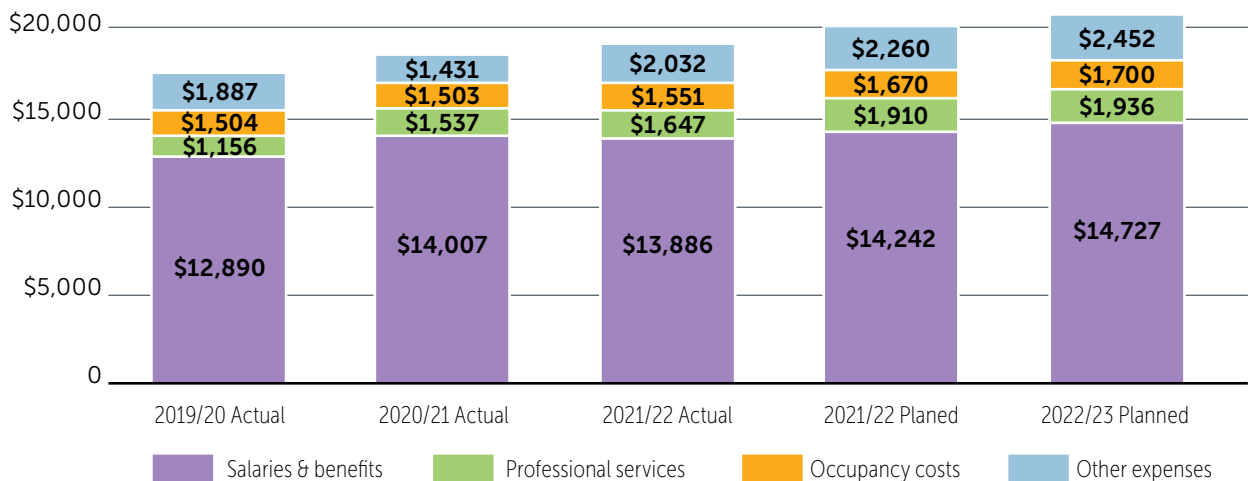
Salaries and benefits are 73 per cent of our total operating expenses. This means that changes or fluctuations in staffing can shift our financial performance significantly from what was planned.

Actual spending on salaries and benefits in 2021/22 was \$13.9 million – \$350,000 less than planned and \$100,000 less than the prior year. Our average staffing throughout the fiscal year was 120 full-time equivalents. Our turnover rate during the year was 21 per cent and the main driver behind our salary underspend.

Spending on professional services contracts was \$1.6 million. Some teams entered into more professional services contracts due to a higher than expected need for short-term resources to fill vacancies. Other teams were challenged by the availability of professional services or reduced capacity to use those services. Overall, our professional services spending was 14 per cent less than planned.

Our travel spending continued to be significantly reduced in 2021/22 due to the pandemic and public health orders. However, our audit teams were able to accomplish their audit work remotely, and staff pivoted to virtual training programs. We spent \$160,000 more than planned on IT expenses to ensure our people had the technology to do their work, despite challenges of the pandemic.

*(See: Operating expenses, actual versus planned for a summary of expenditures and appropriations.)*



## Capital purchases

In 2021/22, we spent \$197,000 on capital purchases: \$192,000 on IT hardware and software and \$5,000 on furniture and equipment. IT purchases were primarily related to annual laptop refreshes and some high-quality monitors.

## Looking ahead

Our main resource will always be our staff, and we continue to focus on recruitment and succession planning to ensure continuity through staff departures and retirements. Delays in hiring can have a significant impact on our budget, audits, and corporate support services.

The pandemic continued to affect how we work and our reliance on technology, but we've learned a lot and are continually improving. Audits were completed remotely, training was done virtually, and most meetings were held using modern, collaborative tools. In 2022/23, we will continue our transition to a modern, secure and affordable cloud-based IT system. A major disruption to our IT system could cause serious issues with the delivery of our work, though the current transition to a cloud-based system is reducing this risk.

In December 2021, the Select Standing Committee on Finance and Government Services recommended to the Legislative Assembly an increase of 3.7 per cent to our operating appropriation. We also have a supplementary budget approved by the committee to enable us to reduce long-term occupancy costs and create a work environment that is more suitable for a hybrid, project-based workforce.





# Financial statements 2021/22

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## Statement of management responsibility

The accompanying financial statements of the Office of the Auditor General are the responsibility of management.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it considers most appropriate in the circumstances to ensure that the financial statements are presented fairly in all material respects.

We have developed and maintain systems of internal control that give reasonable assurance that the office has:

- operated within its authorized limits
- safeguarded assets
- kept complete and accurate financial records.

The Select Standing Committee on Finance and Government Services of the Legislative Assembly appointed BDO Canada LLP, Chartered Professional Accountants, to audit the accounts of the office for the year ended March 31, 2022.



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Michael A. Pickup FCPA, FCA  
Auditor General



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John McNeill, CPA, CA  
Chief Financial Officer



# External auditor's opinion on the financial statements



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## Independent Auditor's Report

**To the Auditor General of British Columbia**

### Opinion

We have audited the accompanying financial statements of The Office of the Auditor General of British Columbia (the "Office"), which comprise the Statement of Financial Position as at March 31, 2022, the Statements of Operations, Changes in Net Debt and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2022, and the results of its operations, changes in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally-accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.





### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
June 27, 2022



## Statement of financial position

As at March 31, 2022 (in \$000s)	Note	2022	2021
<b>Financial assets</b>			
Petty cash		2	2
Due from the consolidated revenue fund	3	507	59
<b>Total financial assets</b>		<b>509</b>	<b>61</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		947	749
<b>Net debt</b>		<b>(438)</b>	<b>(688)</b>
<b>Non-financial assets</b>			
Tangible capital assets	4	821	941
Prepaid expenses	5	438	688
<b>Total non-financial assets</b>		<b>1,259</b>	<b>1,629</b>
<b>Accumulated surplus</b>	6	<b>821</b>	<b>941</b>

Approved by:



Michael A. Pickup FCPA, FCA  
Auditor General



John McNeill, CPA, CA  
Chief Financial Officer

*Contractual obligations (note 9)*

*The accompanying notes are an integral part of these financial statements*



## Statement of operations

For the fiscal year ended March 31, 2022 (in \$000s)	Note	2022 Budget (Note 7)	2022 Actual	2021 Actual
<b>Expenses</b>				
Salaries and benefits		14,242	<b>13,886</b>	14,007
Professional fees		1,910	<b>1,647</b>	1,537
Occupancy costs		1,670	<b>1,551</b>	1,503
Travel		380	<b>3</b>	3
Information technology		1,000	<b>1,156</b>	700
Office		490	<b>475</b>	385
Depreciation		300	<b>317</b>	263
Research grants		70	<b>70</b>	70
Vehicle		20	<b>11</b>	10
<b>Total cost of operations</b>		20,082	<b>19,116</b>	18,478
<b>Funding appropriations</b>				
Operating		19,782	<b>18,799</b>	18,215
Capital		200	<b>197</b>	376
<b>Annual surplus (deficit)</b>		(100)	<b>(120)</b>	113
Accumulated surplus beginning of year	6	941	<b>941</b>	828
Accumulated surplus end of year		841	<b>821</b>	941

The accompanying notes are an integral part of these financial statements



## Statement of changes in net debt

For the fiscal year ended March 31, 2022 (in \$000s)	Note	2022 Budget	2022 Actual	2021 Actual
<b>Net debt at beginning of year</b>		(688)	<b>(688)</b>	(454)
<b>Annual operating surplus (deficit)</b>		(100)	<b>(120)</b>	113
<b>Changes in tangible capital assets</b>				
Acquisition of tangible capital assets		(200)	<b>(197)</b>	(376)
Amortization of tangible capital assets		300	<b>317</b>	263
		100	<b>120</b>	(113)
<b>Changes in working capital assets</b>				
Acquisition of prepaid expenses		-	<b>(438)</b>	(688)
Use of prepaid expenses		-	<b>688</b>	454
		-	<b>250</b>	(234)
Decrease (increase) in net debt		-	<b>250</b>	(234)
<b>Net debt at end of year</b>		(688)	<b>(438)</b>	(688)

The accompanying notes are an integral part of these financial statements



## Statement of cash flows

For the fiscal year ended March 31, 2022 (in \$000s)	Note	2022 Actual	2021 Actual
<b>Due from (to) Consolidated Revenue Fund, beginning of year</b>	3	<b>59</b>	<b>(82)</b>
<b>Operating transactions</b>			
<i>Cash used to:</i>			
Pay employees or benefits plans		(13,916)	(13,739)
Pay suppliers		(4,435)	(4,336)
		<u>(18,351)</u>	<u>(18,075)</u>
<i>Cash received from:</i>			
Operating appropriation		18,799	18,216
<b>Capital transactions</b>			
<i>Cash used to:</i>			
Acquire tangible capital assets	4	(197)	(376)
<b>Financing transactions</b>			
<i>Cash received from:</i>			
Capital appropriation		197	376
Increase in due from consolidated revenue fund		<u>448</u>	<u>141</u>
<b>Due from Consolidated Revenue Fund, end of</b>	3	<b><u>507</u></b>	<b><u>59</u></b>

*The accompanying notes are an integral part of these financial statements*



## Notes to our financial statements

**Year ended March 31, 2022** (tabular amounts in \$000s)

### 1. Nature of operations

The Auditor General is an Officer of the Legislature of British Columbia appointed under the *Auditor General Act*. The act, as amended March 13, 2013, allows for the appointment of an auditor general for a single eight-year term by the Legislative Assembly. Non-partisan, objective and independent of the government of the day, the auditor general reports impartial assessments of government accountability and performance to the assembly.

The auditor general's mandate is established by the act. The act requires the auditor general to audit the government's annual Summary Financial Statements and allows the auditor general to be appointed as the financial statement auditor of any government organization or trust fund. The act also allows the auditor general to carry out examinations focusing, among other things, on whether government or a government organization is operating economically, efficiently and effectively; and whether the accountability information provided to the Legislative Assembly by the government or a government organization with respect to the results of its programs is adequate.

Funding for the Office of the Auditor General comes from a voted appropriation of the legislative assembly.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

#### a. Voted appropriation

The office receives approval from the legislative assembly to spend funds through an appropriation vote. The vote provides for operating expenses and capital acquisitions. Non-cash transactions, such as amortization, are covered by the Vote but not recognized as revenue from the appropriation of funds. An annual excess or deficiency of revenues over expenses arises from the difference between revenue recognition of capital appropriations and expense recognized for the amortization of tangible capital assets.

Any unused vote amounts cannot be carried forward for use in subsequent years.





## b. Financial instruments

It is management's opinion that the office is not exposed to significant interest, currency or credit risk arising from these instruments.

A statement of remeasurement gains and losses has not been prepared as there are no such gains or losses.

## c. Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Amortization begins when the assets are put into use and is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Computer hardware and software	3 years
System hardware and software	5 years
Furniture and equipment	5 years
Tenant improvements	Term of lease (20 years)

## d. Presentation of expenses

The office provides audit services for the legislative assembly. Audit services include both financial statement audits and performance audits. Since audit services are the office's sole service line, expenses are presented by object in the statement of operations.

## e. Employee future benefits

### i) Pension benefits

All eligible employees participate in a multi-employer defined benefit pension plan. Defined contribution plan accounting has been applied to the plan as the office has insufficient information to apply defined benefit plan accounting. Accordingly, the office's contributions are expensed in the year in which the employees' services are rendered and are included as a component of salaries and benefits on the statement of operations. These contributions represent the office's total obligation for pension benefits.

### ii) Other future benefits

Eligible employees are entitled to post-employment health care and other benefits as provided under terms of employment agreements. The cost of these benefits is recorded as employees render the services necessary to earn them. The liability for the other future benefits is managed and recorded by the BC Public Service Agency.



iii) Leave liability

Eligible employees are entitled to accumulate earned, unused vacation and other eligible leave entitlements as provided under terms of employment or collective agreements. The liability for the leave is managed and recorded by the BC Public Service Agency.

f. Measurement uncertainty

These financial statements are prepared in accordance with public sector accounting standards, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimated useful lives of tangible capital assets are the most significant item for which estimates are used. Actual results could differ from those estimates. These estimates are reviewed annually, and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

### 3. Due from the Consolidated Revenue Fund

The office does not have its own bank account or hold cash or cash equivalents. All monetary transactions of the office are processed through the consolidated revenue fund of the Province of British Columbia. This balance is reflective of differences in the timing of events that obligate the office, and therefore the consolidated revenue fund to distribute funds, and the receipt of the benefit from disbursing those funds. The statement of cash flows presents the continuity of this balance and all component flows.



#### 4. Tangible capital assets

	Computer hardware and software	Mainframe hardware and software	Furniture and equipment	Tenant improvements	Total
<b>Year ended March 31, 2021</b>					
Opening net book value	193	312	47	276	<b>828</b>
Additions	231	44	16	85	<b>376</b>
Disposals	-	-	-	-	-
Amortization	(112)	(110)	(20)	(21)	<b>(263)</b>
<b>Closing net book value</b>	<b>312</b>	<b>246</b>	<b>43</b>	<b>340</b>	<b>941</b>
<b>At March 31, 2021</b>					
Cost	1,064	921	618	455	<b>3,058</b>
Accumulated amortization	(752)	(675)	(575)	(115)	<b>(2,117)</b>
<b>Net book value</b>	<b>312</b>	<b>246</b>	<b>43</b>	<b>340</b>	<b>941</b>
<b>Year ended March 31, 2022</b>					
Opening net book value	312	246	43	340	<b>941</b>
Additions	187	5	5	-	<b>197</b>
Disposals	-	-	-	-	-
Amortization	(174)	(89)	(30)	(24)	<b>(317)</b>
<b>Closing net book value</b>	<b>325</b>	<b>162</b>	<b>18</b>	<b>316</b>	<b>821</b>
<b>At March 31, 2022</b>					
Cost	1,266	910	614	455	<b>3,245</b>
Accumulated amortization	(941)	(748)	(596)	(139)	<b>(2,424)</b>
<b>Net book value</b>	<b>325</b>	<b>162</b>	<b>18</b>	<b>316</b>	<b>821</b>

#### 5. Prepaid expenses

	March 31, 2022	March 31, 2021
Software and hardware maintenance	260	420
Rent	152	197
Other	26	71
	<b>438</b>	<b>688</b>



## 6. Accumulated surplus

The accumulated surplus balance represents the net book value of tangible capital assets that have been funded through appropriations.

## 7. Funding appropriations

The office receives approval from the Legislative Assembly to spend funds through an appropriation that includes two components - operating and capital. Any unused appropriations lapse at the fiscal year-end.

The budget for expenses shown on the statement of operations includes amortization of tangible capital assets and is based on the budgeted expenses that the Select Standing Committee on Finance and Government Services approved on Feb. 26, 2021.

The following table reconciles the operating appropriation and provides a comparison of current and prior year voted capital and operating appropriations. There are no reconciling items for the capital appropriation.

<b>Year ended March 31</b>	<b>2022</b>	<b>2021</b>
<b>Voted appropriation, operating</b>	<b>20,082</b>	18,575
Cost of operations	<b>19,116</b>	18,478
Amortization	<b>(317)</b>	(263)
Operating appropriation	<b>18,799</b>	18,215
<b>Unused operating appropriation</b>	<b>1,283</b>	360
<b>Voted appropriation, capital</b>	<b>200</b>	393
Capital purchases	<b>197</b>	376
<b>Unused capital appropriation</b>	<b>3</b>	17



## 8. Employee future benefits

The office and all eligible employees contribute to the Public Service Pension Plan, a multi-employer, defined benefit, and joint trusteeship plan, established for certain British Columbia public service employees. The British Columbia Pension Corporation administers the plan, including payments of pension benefits to eligible employees. A board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of assets and administration of benefits.

The plan is contributory, and its basic benefits are based on years of service and average earnings at retirement. Under joint trusteeship, the risks and rewards associated with the plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions.

Every three years an actuarial valuation is performed to assess the financial position of the pension plan and the adequacy of the funding. The latest actuarial valuation, performed as of March 31, 2021, reported the fund was 110% funded with assets of \$30,452 million and liabilities of \$27,785 million.

Expenses related to employee future benefits incurred during the year were \$974,937 (2021: \$979,818).

## 9. Contractual obligations

The office leases three multifunction devices and two photocopiers under agreements that terminate in June 2023.

The office occupies a single office building under a 20-year lease agreement which terminates October 31, 2034. The total future minimum lease payments for the duration of the lease are estimated to be \$23 million.

Future minimum payments for each of the next five years under the terms of the commitments, as of March 31, 2022, are estimated as follows:

Fiscal year	Commitment
2022/23	1,536
2023/24	1,536
2024/25	1,654
2025/26	1,831
2026/27	1,831
	8,388



## 10. Related party transactions

### a. Business transactions

The office is related, because of common control, to all Province of British Columbia ministries, agencies, Crown corporations and all other public sector entities that make up the government reporting entity of the Province of British Columbia. Transactions with such entities are in the normal course of business, are recorded on an accrual basis and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### b. Services provided and received without charge

The Province has centralized some of its administrative activities for efficiency and cost-effectiveness purpose. The purpose of this shared services model is that one area of government performs the service for other areas without charge.

**Services provided:** The office leases a portion of its office space to the Office of the Human Rights Commissioner at no charge. The estimated value of this space is \$53,000 annually.

**Services received:** The office receives external auditing services from the Legislative Assembly. The audit firm is appointed by a committee of the Legislative Assembly. The estimated value of these services is \$32,000 in the current year.

## 11. Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the previously reported results of operations.



# Appendix A

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## Summary of work issued in 2021/22

### 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

#### School districts

3. Board of Education School District No. 53 (Okanagan Similkameen)

#### Post-secondary institutions

4. University of British Columbia

#### Other post-secondary institution reports

5. University of British Columbia Foundation
6. University of British Columbia—FTE Enrolment Report
7. University of British Columbia—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
8. University of British Columbia—Independent Auditor's Report on Compliance with Specified Requirements
9. University of British Columbia—Independent Auditor's Report on Internal Control Over Compliance
10. University of British Columbia—Independent Auditor's Report on Compliance for the Research and Development Cluster of Expenditures; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

#### Health authorities

11. Interior Health Authority



### Crown corporations

12. BC Oil and Gas Commission
13. BC Transportation Financing Authority
14. BC Assessment Authority
15. BC Hydro and Power Authority
16. BC Liquor Distribution Branch
17. BC Enterprise Corporation
18. Columbia Basin Trust
19. Columbia Power Corporation
20. Royal BC Museum Corporation
21. Transportation Investment Corporation

### Other Crown corporation reports

22. Arrow Lakes Power Corporation
23. Brilliant Expansion Power Corporation
24. Brilliant Power Corporation
25. Waneta Expansion Power Corporation

### Other organizations

26. Legislative Assembly (Fiscal Year 2020)
27. Legislative Assembly (Fiscal Year 2021)
28. Provincial Employees Community Services Fund

### Federal government funding agreements

29. Canada–British Columbia Building Canada Fund Contribution Agreement
30. Canada–British Columbia Early Learning and Child Care Agreement
31. Canada–British Columbia New Building Canada Fund Contribution Agreement
32. Canada–British Columbia Workforce Development Agreement





## Audit/information reports

1. [Avalanche Safety on Provincial Highways](#)
2. [Management of the Conservation Lands Program](#)
3. [Community Living BC's Framework for Monitoring Home Sharing Providers](#)
4. [Update on the Connecting British Columbia Program](#)
5. [Oversight of Dam Safety in British Columbia](#)
6. [Auditor General's Report on the Audit of the Public Accounts – Fiscal 2020/21](#)
7. [Fraud Risk Management Survey Report](#)
8. [Ensuring Long-distance Ground Transportation in Northern B.C.](#)
9. [BC Housing's COVID-19 Response: Property Purchases](#)
10. [Fraud Risk Management: Office of the Comptroller General](#)
11. [BC Housing's COVID-19 Response: Additional Safe Spaces for Women and Children Leaving Violence](#)
12. [Managing Cybersecurity in the Telework Environment](#)

## Other publications

1. [Annual Report and Financial Statements 2020/21](#)
2. [Service Plan 2021/22 – 2023/24](#)
3. [Financial Statement Audit Coverage Plan for fiscal years ending in 2023, 2024 and 2025](#)



# Appendix B

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## Public Interest Disclosure Act

The *Public Interest Disclosure Act* is 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, employees of independent offices and the legislative assembly, and former public servants. PIDA came into force on Dec. 1, 2019.

- Staff, current and former, of the Office of the Auditor General can make a disclosure to the office's designated officer or to the Office of the Ombudsperson.
- Staff, current and former, of the Office of the Ombudsperson can make a disclosure about the Office of the Ombudsperson to the Office of the Auditor General.
- The Office of the Ombudsperson can refer a matter to the Office of the Auditor General if the latter is in a better position to investigate it.

Under the act, 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.

As reported in our previous annual report, the office's designated officer received a disclosure about the Office of the Ombudsperson in the 2020/21 fiscal year. The investigation into that disclosure was commenced during 2021/22.

The Office of the Auditor General also received one request for consultation in 2021/22 to discuss a potential referral from the Office of the Ombudsperson under subsection 24(2) of the act. The referral is currently being considered.





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

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