



**NEWS RELEASE**

**For Immediate Release**

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**Auditor General's Report Highlights Government's Inaccurate Financial Reporting,  
Rising Disaster Costs and COVID-19 Benefit Recoveries**

VICTORIA – A new report to the legislature from Auditor General Michael Pickup flags key areas of interest and concerns after his office's audit of the Province's financial statements for the 2021/22 fiscal year.

The *Summary Financial Statements* consolidating the financial results of over 160 public entities (government ministries, Crown organizations, health authorities, universities, colleges, and school districts) were released by the finance minister in August.

It included a qualified independent auditor's report based on three material misstatements that fall outside of public sector accounting standards. Except for these misstatements, the summary financial statements are fairly presented in all material respects. The audit found misleading errors or omissions, including:

- The Province's accounting of funds from other governments, and for externally restricted funds received from non-government sources.
- Incomplete disclosures of future contractual obligations.
- Its accounting of a revenue-sharing agreement between the BC Lotteries Corporation and B.C. First Nations.

"As an independent officer of the legislature, it's my role to provide accurate, objective information, and independent assurance to assist the legislative assembly in holding government accountable," Pickup said. "I'm the fourth successive auditor general to issue a qualified opinion on B.C.'s financial statements based on how the province reports revenue received from other governments.

"Public sector accounting standards are designed to enable the government to faithfully report their finances, including any volatility that occurs. The B.C. government is obscuring its financial position by applying an accounting policy designed to smooth earnings out over long periods of time," Pickup said "Our concern is that this opens government accounting up to possible future financial statement manipulation. It also hinders financial statement users, such as MLAs, from engaging in healthy, informed debate about government's finances."

Today's report provides additional information on financial matters of interest, including:

- Rising wildfire, flood and landslide costs of \$5 billion in 2021 – more than the previous 19 years combined.
- Government's ongoing review of payments made under the COVID-19 benefits programs had, as of June 30, identified over \$10 million in overpayments that are now out for recovery from ineligible recipients.



- Significant control weaknesses and risks (“management letter points”) were identified for government entities to improve financial policies and processes.

After reading the report, MLAs and the public may wish to ask how the government plans to resolve material misstatements, address management letter items, and if it has financial processes and resources to effectively manage future weather-related disasters.

### **Related links**

[Report on Financial Audit Work: Fiscal Year 2021/22](#)

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[Summary Financial Statements for 2021-2022 Fiscal Year](#)

### **Contact us**

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