



# SERVICE PLAN 2020/21 – 2022/23

March 2020



# CONTENTS

<b>Acting Auditor General’s message</b> .....	<b>3</b>
<b>Accountability statement</b> .....	<b>5</b>
<b>Purpose of the office</b> .....	<b>6</b>
Who we are .....	6
What we do .....	6
Who we serve .....	7
<b>Strategic context</b> .....	<b>8</b>
Our impact .....	8
Independence .....	9
Credibility .....	9
Our people .....	9
Attracting and retaining staff .....	9
Budget .....	10
<b>Goals, objectives and performance measures</b> .....	<b>11</b>
Overview .....	11
Goals .....	11
Objective 1 .....	12
Objective 2 .....	13
Objective 3 .....	14
Objective 4 .....	15
Objective 5 .....	16
<b>Measuring performance</b> .....	<b>17</b>
<b>Resource summary</b> .....	<b>19</b>
Capital spending .....	19
<b>Appendix A: How we operate</b> .....	<b>21</b>

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



## ACTING AUDITOR GENERAL'S MESSAGE

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

Our Auditor General, Carol Bellringer, retired at the end of 2019. We are deeply grateful for Carol's leadership over the past five years and the integrity, objectivity and excellence she brought to all of her work.

I am pleased to share our service plan for 2020/21, which is our roadmap for continuing our high-quality audit work as the office makes the transition to a new Auditor General.

The plan describes who we are, what we do and how we support B.C.'s legislative assembly, government and public service. It sets direction for the upcoming year, including our key priorities and the ways in which we will measure our success.

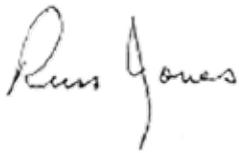
This is our story of how we proudly provide value to the legislative assembly and the public service, and thus serve the broader public interest and make a significant impact on the province.

In March 2020, we published our *Performance Audit Coverage Plan* and *Financial Statement Audit Coverage Plan* for 2020/21 to 2022/23, which describe the main outputs of our work. We update these coverage plans every year.

We choose the audits in our *Performance Audit Coverage Plan* to make the best use of our resources and provide the greatest value to the legislative assembly and the people of B.C. The list of audits in that plan is not definitive. It may shift if new priorities emerge or as the environment in which we operate changes.

Our *Financial Statement Audit Coverage Plan* supports our audit of the government's Summary Financial Statements and was presented to the Select Standing Committee on Public Accounts (as required by the *Auditor General Act*) and approved on December 16, 2019.

This service plan describes the actions we will focus on to get that work done. However, this plan does not reflect any changes that may occur due to the current COVID-19 situation (including timing and/or service delivery commitments). Also, due to the appointment of a new Auditor General, this report may not reflect our current priorities. We will provide updates as they occur.

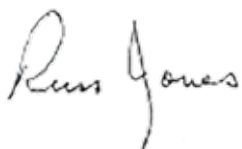
A handwritten signature in black ink that reads "Russ Jones". The signature is written in a cursive style with a large initial "R" and a long, sweeping underline.

Russ Jones, FCPA, FCA  
Acting Auditor General

# ACCOUNTABILITY STATEMENT

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

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

A handwritten signature in black ink that reads "Russ Jones". The signature is written in a cursive style with a large initial "R" and "J".

Russ Jones, FCPA, FCA  
Acting Auditor General

# PURPOSE OF THE OFFICE

## Who we are

Non-partisan, independent of the executive branch of government, and reporting directly to the Legislative Assembly of B.C., we provide assurance and advice about the overall operation of the B.C. public service.

### OUR VISION

---

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

### OUR MISSION

---

To provide independent assurance and advice to the legislative assembly about the performance of government and the public service.

## What we do

We primarily conduct financial and performance audits.

**Financial audits** provide independent opinions on the financial statements of government organizations. These audits allow us to see if those statements are presented fairly and free of material errors, misstatements and omissions. Our largest financial audit is of the Summary Financial Statements of the Government of the Province of British Columbia, which encompasses over 160 public-sector entities and ministries.

**Performance audits** are value-for-money audits that assess the efficiency, economy and effectiveness of provincial programs and services. We conclude on how a program or service is operating and make recommendations for improvement. Topics include health care, education, transportation, information technology, the environment and more. In addition

to the audits listed in the *Performance Audit Coverage Plan*, we deliver performance audits focused on risks related to legislative compliance and financial management controls that are identified through our larger audits. We also respond to citizen inquiries.

We also produce information for government, including management letters, better practice guides and brochures.

## Who we serve

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

# STRATEGIC CONTEXT

The responsibilities of the legislative assembly, government and public service are vast. In Budget 2020, the government has laid out an extensive agenda of programs and services, with expenditures forecast at \$60.1 billion for 2020/21.

As stated in the February 11, 2020 Speech from the Throne, this agenda includes a focus on housing, child care, medical services, reconciliation with Indigenous peoples, emissions reductions, and technology and innovation.

Budget 2020 forecasts taxpayer-supported capital spending of \$22.9 billion on provincial infrastructure, including schools, post-secondary facilities, housing, transit, roads, bridges and hospitals, over the three-year fiscal plan period.

We continually monitor all sectors of government to ensure that we understand the environment in which we operate. We also regularly adjust our plans in response to how we can best add value, all while being financially responsible and remaining independent.

## Our impact

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

Any changes implemented in response to our work result from the independent decisions and actions of the B.C. government or of the audited organizations. Operations are the responsibility of their management teams and are subject to the policy direction of government.

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



## Independence

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

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

## Credibility

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

## Our people

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

## Attracting and retaining staff

Our office has a wealth of talent, including professional accountants, highly educated and experienced specialists and generalists from diverse backgrounds, and qualified administrative staff. From time to time, we have had challenges attracting and retaining staff. Given the global trends of a reduction in the overall workforce and increased workforce movement, we anticipate continued recruitment and retention challenges. This will require that we continue to shift our practices, including more flexible work options, increased diversity and inclusion, enhanced recruitment and hiring practices, and a strategic approach to onboarding.

## Budget

As an independent office of the legislature, our budget is approved by the legislative assembly based on the recommendation of the Select Standing Committee on Finance and Government Services. Our annual budget supports the work outlined in both the *Performance Audit Coverage Plan and the Financial Statement Audit Coverage Plan*.

For 2020/21, the committee recommended that the legislative assembly approve a budget of \$18,575,000—a \$359,000 or 2.0% increase from last year's budget to cover inflationary increases. The committee also recommended approving capital expenditures of \$393,000.

# GOALS, OBJECTIVES AND PERFORMANCE MEASURES

## Overview

This service plan outlines our high-level goals, as well as the objectives and actions that will move us toward our vision.

Our goals, objectives and performance measures remain unchanged from last year. This service plan updates our intended actions for the 2020/21 fiscal year. Our progress is reported in our annual report.

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

1. **Financial Statement Audit Coverage Plan**—publicly outlines a three-year financial audit plan detailing the government organizations our office will either audit directly, perform oversight procedures on or have limited involvement with as part of our annual audit of government's Summary Financial Statements.
2. **Performance Audit Coverage Plan**—publicly summarizes all of our in-progress audits as well as those that our office anticipates starting over the next three years.

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

## Goals

Motivated by a deep appreciation of our mandate, we want to be recognized for our integrity and high performance. We want to influence:

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

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

## Objective 1

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

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

Therefore, we strive to audit areas of importance to members of the legislative assembly (MLAs) and the people of B.C. and ensure that our work is of high quality and completed in a timely manner. Our findings and recommendations must speak to government in a way that is understandable, meaningful and practical. This includes providing the legislative assembly with the credible information it needs to understand the effectiveness of financial administration and reporting across government and the effectiveness, efficiency and economy of programs and services.

The reports we produce must be clear, relevant and useful. And we must monitor and measure the impact of our work.

### Actions

To achieve this objective, we will:

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

## Objective 2

### Focus on interested parties: We will engage and involve interested parties in our work.

We want our work to be meaningful to those who are interested in our work. Therefore, it's important to engage with interested parties as we do our work. We define an interested party as any person, group or organization that may be affected or impacted by our work.

Engaging with interested parties means reaching out to MLAs and members of legislative committees to explain our role and understand their needs. We will also invite input before we plan our work or we may consult with individuals and groups during our work. And our audit reports are public and available to all interested parties.

The B.C. government has promised to achieve its reconciliation commitments with Indigenous peoples in a manner that is both transformative and collaborative. We need to understand these commitments and how they impact program delivery and program goals. We also need to understand Indigenous perspectives on performance audit topics.

By respectfully engaging with interested parties, we can enhance the relevance and effectiveness of what we do.

### Actions

To achieve this objective, we will:

- continue to meet with the legislative assembly, government and the public service to understand issues of interest to them, understand how well our audit reports meet their needs, and build their trust in our work
- assess whether our external engagement strategies have resulted in:
  - the appropriate representation of our office at legislative committees, government committees and board governance meetings
  - interested parties understanding the roles and limitations of our office
- continue our efforts to strengthen the cultural agility of our staff and leaders as we strive for respectful, knowledgeable and effective communication with Indigenous organizations, communities and individuals to inform our audit practice

## Objective 3

### **Be a trusted advisor: We will be considered a credible and trusted advisor to the legislative assembly, its committees, and government.**

Being a trusted advisor means that those we serve (MLAs) seek out and support our work. We are trusted to provide an objective, unbiased view and to adhere to rigorous, recognized Canadian assurance standards for auditing.

Credibility means that we have the skills and experience needed to do our work. Those relying on our work acknowledge our credibility. We do not want to surprise anyone, sensationalize anything we report, or speculate.

The legislative assembly, or a committee of the legislative assembly, can request that we complete work for them. We see such formal requests as a strong indication that we are a credible and trusted advisor.

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

### Actions

To achieve this objective, we will:

- participate in the Canadian Council of Legislative Auditors and its committees
- contribute to Canadian accounting and auditing/assurance standard-setting
- continue to conduct internal quality assurance monitoring and audit file inspections
- support the Canadian Audit and Accountability Foundation in its mission to strengthen public-sector performance auditing, oversight and accountability in Canada and abroad through research, education and knowledge-sharing

## Objective 4

### Thriving culture: We will maintain a collaborative and supportive work environment.

We have a collaborative and supportive work environment, but we recognize that we can always do more to improve.

Our senior management is committed to creating an environment where employees feel included, highly engaged and supported to grow and develop. Achieving this will help us to attract and retain the best talent possible so that we can continue to deliver high-quality business results.

### Actions

To achieve this objective, we will:

- develop and implement a strategic human resource plan to improve the effectiveness of recruitment, retention, succession planning and staff engagement
- update all strategic human resources guidance to reflect our commitment to inclusion, diversity and safety
- continue to offer learning and development opportunities to build skills in self-management, self-awareness, social awareness and relationship management
- continue to focus on purposeful, robust, effective two-way internal communication that is multi-channel and allows for both formal and informal approaches
- support staff learning and development through experiential learning opportunities, coaching and mentoring, and training

## Objective 5

### **Productive and forward-thinking: We will remain an innovative, effective and efficient organization.**

Being innovative and forward-thinking means that staff understand how we can adapt to changes and feel safe trying new ideas. We operate in an environment of continuous improvement. Our policies, practices and processes are current and meet our needs, and our staff comply with them.

Being effective means that we measure the positive outcomes of our work and we meet or exceed our targets. We reach those outcomes using only as many resources as needed.

### Actions

To achieve this objective, we will:

- create an IT strategy to address the strategic business challenges, opportunities and risks facing our office
- use the power of data analytics and emerging technology to enhance the value of our audits
- improve our project management practices and audit methodologies to enhance the efficiency and effectiveness of performance audits
- develop a learning and leadership development strategy, inclusive of technical training, to equip employees with skills that enhance innovation and collaboration while ensuring effective and efficient practices
- use our technology to support workforce flexibility and operational efficiencies



# MEASURING PERFORMANCE

This service plan continues to show our performance against the same robust range of performance measures and key performance indicators (KPIs) as last year's plan, with one exception. We have discontinued reporting on the percentage of staff positions that are vacant, as we found that it does not provide meaningful insight on how efficiently we are using our financial and human resources.

All performance measures presented this year align, in aggregate, with our goals and objectives.

Performance Measures	Key Performance Indicators (KPIs)	2018/19 Actual <sup>1</sup>	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
<b>We will increase our relevance and our influence to support effectively governed and well-managed provincial programs, services and resources</b>	Percentage of auditees (including deputy ministers) reporting by survey that our reports and recommendations will add value to their organization (%)	63	72	90	90	90
	Percentage of OAG audit report recommendations that auditees have self-reported as accepted and fully implemented within three years of publication (%) <sup>2</sup>	63	60	85	90	90
<b>We will sustain our current strong contribution to the broader public interest</b>	Percentage of PAC <sup>3</sup> MLAs satisfied that our office is effectively delivering on our legislated mandate and is making a real difference for the people of B.C. (%)	93	90	95	95	95

1 Performance results for 2018/19 are described in more detail in *Annual Report 2018/19*, Exhibit 2 ([https://www.bcauditor.com/sites/default/files/publications/reports/OAGBC\\_AR-2018-19\\_RPT.pdf](https://www.bcauditor.com/sites/default/files/publications/reports/OAGBC_AR-2018-19_RPT.pdf)).

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

3 Select Standing Committee for Public Accounts

Performance Measures	Key Performance Indicators (KPIs)	2018/19 Actual	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
<b>We will meet planned levels of public reporting of our advice and assurance</b>	Total number of reports and opinions completed (#)	59	53	58	58	58
	Opinions on financial statements (#)	40	40	42	42	42
	Performance audits (#)	11	8	12	12	12
	Other publications (#)	8	5	4	4	4
<b>We will sustain our contribution to sound financial administration and financial reporting across the B.C. government</b>	Percentage of recommendations from management letters that auditees have fully implemented within three years (%)	76	75	75	75	75
<b>We will increase our contribution to comprehensive public-sector accountability reporting</b>	Percentage of recommendations made to improve accountability reporting that auditees have accepted and self-reported as fully implemented within three years <sup>4</sup> (%)	40	75	100	100	100
	Number of reports downloaded annually from our website (#)	22,917	21,000	21,000	21,000	21,000
<b>We will increase the degree to which staff are motivated and inspired by their work</b>	Work Environment Survey score	NA <sup>5</sup>	61	NA	75	NA
<b>We will increase the efficient use of our internal financial and human resources</b>	Percentage of our annual budget that is unspent each year (%)	2.5	1.9	1	1	1

4 The KPI captures recommendations that were published between 24 and 36 months prior to the end of the fiscal year.

5 The Work Environment Survey is conducted every second year.

## RESOURCE SUMMARY

To deliver on our *Financial Statement Audit Coverage Plan*, *Performance Audit Coverage Plan* and related work for the 2020/21 fiscal year, the office received a budget of \$18.58 million.

Salaries and benefits for the office's employees—our largest resource—account for 71% of the budget (see Exhibit 1). We supplement our audit staff with contracted expert professional services, which account for a further 9% of the budget. The mix between staff and contracted resources can often fluctuate and a decrease in actual staffing costs is often offset with an increase in professional services.

**EXHIBIT 1:** Office expenditures planned for fiscal years 2020/21–2022/23 (\$ thousands)

Description	2020 Forecast		2021 Budget		2022 Planned		2023 Planned	
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Salaries and benefits	12,871	72%	13,242	71%	13,242	71%	13,242	71%
Professional services	1,314	7%	1,759	9%	1,759	9%	1,759	9%
Audit travel	520	3%	689	4%	689	4%	689	4%
Support	1,294	7%	1,175	6%	1,175	6%	1,175	6%
Occupancy costs	1,564	9%	1,490	8%	1,490	8%	1,490	8%
Amortization	309	2%	220	1%	220	1%	220	1%
	<b>17,872</b>		<b>18,575</b>		<b>18,575</b>		<b>18,575</b>	

**Source:** Office of the Auditor General of British Columbia and *Estimates, Fiscal Year Ending March 31, 2021*

### Capital spending

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

For the 2020/21 fiscal year, we will continue to replace as required our IT systems, furniture and equipment. In 2019/20, we began sharing space with the Office of the Human Rights

Commissioner. As a result, we need to create an appropriate space for our strategic human resources team. To do this, we were granted a one-time disbursement of \$70,000 for tenant improvements.

The office capital expenses for ongoing operations and new technology initiatives are shown in Exhibit 2.

**EXHIBIT 2:** Office capital expenses planned for ongoing operations and new technology for fiscal years 2020/21–2022/23 (\$ thousands)

	2020 Forecast	2021 Budget	2022 Planned	2023 Planned
Description	(\$)	(\$)	(\$)	(\$)
Ongoing operations	25	30	5	5
New technology	160	293	110	286
Tenant improvements	0	70	0	0
	<b>185</b>	<b>393</b>	<b>115</b>	<b>291</b>

**Source:** Office of the Auditor General of British Columbia and *Estimates, Fiscal Year Ending March 31, 2021*

# APPENDIX A: HOW WE OPERATE

## INPUTS

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

## ACTIVITIES

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

## OUTPUTS

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

## OUTCOMES (GOALS)

- We want to be recognized for our integrity and high performance.  
We want to influence:
  - sound financial administration and reporting across government
  - effectively governed and well-managed provincial programs, services and resources
  - comprehensive public-sector accountability reporting

## OUTCOMES (VISION)

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



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

## LOCATION

623 Fort Street  
Victoria, British Columbia  
Canada V8W 1G1

## OFFICE HOURS

Monday to Friday  
8:30 am – 4:30 pm

Telephone: 250-419-6100

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

In Vancouver dial: 604-660-2421

**FAX:** 250-387-1230

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

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

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

## REPRODUCING

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

