



## ***NEWS RELEASE***

*For Immediate Release*

*July 25, 2012*

### ***AUDITOR GENERAL REPORTS GOVERNMENT HAS UNDERSTATED ITS DEFICIT BY \$520 MILLION***

VICTORIA—The Auditor General of B.C. has provided his audit opinion of the provincial government’s Summary Financial Statements, as required under the *Auditor General Act*, and found there is room for substantial improvement by government.

The Auditor General provided four qualifications on the provincial government’s Summary Financial Statements. A qualification indicates that parts of the Statements do not follow Canadian Generally Accepted Accounting Principles (GAAP). The impact on the bottom line is there is a larger deficit than has been stated by government.

“If the summary financial statements were prepared fully in accordance with GAAP, the recorded deficit for the year would have been \$520 million higher at \$2,360 million,” said Doyle.

The Auditor General said that the four qualifications were unfortunate, adding that government could have easily fixed the financial statements so that the qualifications would be unnecessary.

Doyle said that in 13 of the last 17 years, British Columbia’s Auditors General have had concerns about the financial statements and have issued qualified audit opinions, reflecting a long-standing trend of shortcomings in the transparency of government’s finances.

In August of this year, Doyle will release *Observations on Financial Reporting: Summary Financial Statements 2011/12*. This report will include:

- further details on the enclosed qualified audit opinion on the Summary Financial Statements;
- the ongoing implications of deviating from GAAP;
- other errors in the government’s application of GAAP on which he did not qualify his opinion;
- areas in which government could improve the quality of financial reporting in the Summary Financial Statements;



- a summary of control weaknesses noted from audits across the government reporting entity;
- comments regarding the future direction of accounting standards;
- the inefficient transfer of working capital for Colleges and School Districts; and
- qualifications on the financial statements of organizations in the Government Reporting Entity.

**About the Office of the Auditor General of B.C.**

The Auditor General is a non-partisan, independent Officer of the Legislature who reports directly to the Legislative Assembly. The Auditor General Act empowers the Auditor General and his staff (known as the Office of the Auditor General or the OAG) to conduct audits, report findings and make recommendations.

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