

WHAT TO EXPECT FROM A PERFORMANCE AUDIT

When people think of an audit, they often think of financial records, receipts and reporting. The Office of the Auditor General conducts *financial audits* – but it's not the only type we do. We'd like to introduce you to *performance audits* - what they are, why we do them and what you can expect during one. Performance audits, like financial audits, are an important part of open and accountable government. You can visit our [website](#) for the detailed guide. We look forward to working with you.



OFFICE OF THE
Auditor General
of British Columbia

WHO IS THE AUDITOR GENERAL?

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 staff (known as the Office of the Auditor General, or OAG) to conduct audits, access documents and information, report the findings and make recommendations.

WHAT DOES THE OAG AUDIT?

The OAG audits the government reporting entity, which is comprised of ministries, Crown corporations, and other public sector organizations such as universities, colleges, school districts, health authorities, and similar organizations that are controlled by, or accountable to, the provincial government.

WHY DOES THE OAG AUDIT?

The OAG provides a valuable contribution to good governance in our province, which is reflected in our mission statement:

“... to serve the people of British Columbia and their elected representatives by conducting independent audits and advising on how well government is managing its responsibilities and resources.”

WHAT IS A PERFORMANCE AUDIT?

A performance audit reviews the wider management issues of an organization or program and whether it is achieving its objectives effectively, economically and efficiently. They are sometimes called “value for money” audits because they can advise whether there is value received for the money being spent.

Our performance audits are conducted in accordance with the assurance standards of the Canadian Institute of Chartered Accountants.

HOW DOES THE OAG DECIDE WHAT TO AUDIT?

We choose audit topics based on a number of factors, such as:

- ◆ financial, social and environmental impact;
- ◆ relevance to British Columbians;
- ◆ our capacity to do the work; and
- ◆ our goal to cover a wide range of government programs and organizations.

Potential topics come from a variety of sources. We regularly assess the government environment and also encourage suggestions from Members of the Legislative Assembly and the general public.

WHAT TO EXPECT FROM A FINANCIAL AUDIT

THE AUDIT PROCESS

IDENTIFICATION

Your organization is informed that it may be audited, and is asked to provide preliminary information. The audit team researches and prepares a project proposal for the Auditor General's approval. Only approved projects continue to the next stage.

PLANNING

Your organization provides a key contact, who will assist the audit team in making arrangements for access to staff, documents and workspace. To develop the formal audit plan, the audit team discusses the audit's purpose, timeline, scope and criteria with your organization.

CONDUCTING

The audit team spends this phase interviewing, obtaining documents and holding progress meetings with your organization. At the end of this phase, the audit team discusses their findings and conclusions with the organization.

REPORTING

While the Auditor General may report findings in different ways, the most common is to produce a formal report. Your organization will have the opportunity to review and discuss drafts and prepare a response for inclusion in the final version. The Minister receives the final report seven days before the Speaker tables it with the Legislative Assembly. Once tabled, it is posted on our website as a public document.

FOLLOW-UP

Your organization creates an action plan for implementing the report's recommendations, and will be asked for a progress update within one year, likely published in our bi-annual follow-up reports.

WHAT YOU CAN EXPECT FROM US

PROFESSIONALISM

Our staff will exhibit professional behaviour throughout the audit process.

EXPERTISE

Audit teams will be well informed on their topics. If necessary, we will hire subject matter experts to ensure that we have the necessary knowledge to conduct the audit.

INDEPENDENCE

The OAG reports directly to the Legislative Assembly, not to the government of the day, and our work is reviewed by the Select Standing Committee on Public Accounts.

CONFIDENTIALITY

As per the *Auditor General Act*, all the records generated during our work are permanently exempt from disclosure under the terms of the *Freedom of Information and Protection of Privacy Act*.

NO SURPRISES

We will keep you informed and involved every step of the way, from discussions about the audit criteria to reviewing the draft report. This includes early and clear communication about the audit topic and the resources (time, space, staff) we will require.

VALUABLE FEEDBACK

Audits are an opportunity to gain insight into your organization, and aid in continuous improvement.