



FINANCIAL STATEMENT
AUDIT COVERAGE PLAN

2017/18 - 2019/20

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OFFICE OF THE
Auditor General
of British Columbia

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AUDITOR GENERAL'S MESSAGE

MY OFFICE'S ANNUAL audit of government's Summary Financial Statements is the largest audit in British Columbia. It encompasses central government and 141 other government entities, such as universities, colleges, school districts, health authorities and similar entities that are controlled by, or accountable to, the provincial government. Annual revenue and expenditures each total approximately \$60 billion and assets and liabilities each total just over \$100 billion. Given the magnitude of this audit and our limited capacity, we work with private-sector auditors to complete this audit.

This Financial Statement Audit Coverage Plan for fiscal years 2017/18 through 2019/20 outlines our three-year plan, as required by the *Auditor General Act* (Act), for determining which government entities our office will audit directly and which will be audited by a private-sector firm.

As required by the Act, our plan covers the next three fiscal years and is prepared for the Select Standing Committee on Public Accounts.

With the committee's approval, the plan informs our presentation to the Select Standing Committee on Finance and Government Services, which is where we submit our annual budget request.

One of the goals of this plan is to ensure our office has the right depth and breadth of knowledge of government's business so we can focus our efforts on risk areas and best fulfill our role as the independent audit office of the provincial government.

Increasing the number of entities that our office could audit directly would be the most effective way to decrease risk and increase our knowledge of government's operations. However, audit coverage has to be balanced with our office's capacity to complete a large quantity of work that is seasonal in nature.



CAROL BELLRINGER, FCPA, FCA
Auditor General

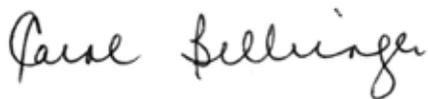
AUDITOR GENERAL'S MESSAGE

Our audit of the Summary Financial Statements will be conducted in accordance with Canadian generally accepted auditing standards (GAAS) as prescribed by the Chartered Professional Accountants of Canada. GAAS require that we have an appropriate understanding of the business processes of the government reporting entity to ensure that the information contained within the Summary Financial Statements is complete and has been fairly presented.

This plan meets the professional requirements of GAAS, and will allow me to sign the audit opinion on government's Summary Financial Statements.

We expect the work can be done within a budget envelope very similar to that which was recommended last year by the Select Standing Committee on Finance and Government Services.

This plan presents all of the information required by the Act, and is presented to the Select Standing Committee on Public Accounts for its review and approval.



Carol Bellringer, FCPA, FCA
Auditor General
Victoria, B.C.
October 2016

APPROVALS REQUESTED

WE REQUEST THAT THE SELECT STANDING COMMITTEE ON PUBLIC ACCOUNTS APPROVE THE:

- 1** Financial Statement Audit Coverage Plan for the fiscal years 2017/18 through 2019/20, as shown in [Appendix A](#)
- 2** Auditor General continuing as the appointed auditor for 10 government entities where the engagement term exceeds five consecutive fiscal years (see [exhibit 5](#))
- 3** Auditor General being appointed auditor for one entity outside the government reporting entity: The Provincial Employees Community Services Fund (see [page 18](#))

BACKGROUND

ACCORDING TO THE [Auditor General Act](#) (Act), section 10(1), the Auditor General is the auditor of the government reporting entity (GRE), which includes central government (e.g., ministries) and 145 other government entities, such as Crown corporations, universities, colleges, school districts, health authorities and similar entities that are controlled by or accountable to the provincial government.

The Auditor General must report annually, in accordance with Canadian generally accepted auditing standards (GAAS), to the Legislative Assembly on the financial statements of the GRE.

This annual audit of government's Summary Financial Statements is the largest audit performed in the province and provides assurance to legislators, credit rating agencies and the people of British Columbia as to whether the financial statements present fairly the financial position and operating results of government.

The opinion on the Summary Financial Statements is the Auditor General's alone, but in British Columbia, the audit of the GRE is accomplished through the combined work of our office and private-sector auditors. The Auditor General audits directly the ministries of government, but most of the other entities and trust funds that make up the GRE are audited by the private sector. The Auditor General is responsible for overseeing this process and determining what level of involvement our office will have with each entity.

This *Financial Statement Audit Coverage Plan 2017/18 – 2019/20* (plan) is provided to the [Select Standing Committee on Public Accounts](#) in accordance with section 10(6) of the Act. According to section 10(7), this plan must include:

- a) a list of the government entities and trust funds for which the Auditor General proposes that the Auditor General be appointed
- b) a list of the government entities and trust funds for which the Auditor General proposes that other auditors be appointed
- c) the implications of the plan on the budget of the Auditor General
- d) a request for exemption from the prohibition against being appointed the auditor of a government entity or a trust fund for a period of more than five consecutive fiscal years
- e) the criteria and selection process for the appointment of the auditors of government entities and trust funds
- f) the involvement of the Auditor General in the audit process for government entities and trust funds, for which auditors other than the Auditor General are the auditors
- g) a summary of consultations with respect to the plan, with officials of those government entities and trust funds referred to in paragraph (b)

BACKGROUND

The selection process for determining the Auditor General's level of involvement with each entity is risk-based and aligns with GAAS specific to the audit of group financial statements. GAAS require us to be involved in the audit of all significant components of the Summary Financial Statements. This plan details the levels of involvement we use to gain knowledge of entities and sectors during the overall audit of the Summary Financial Statements.

This plan has been prepared in accordance with the requirements of the Act, to inform the Select Standing Committee on Public Accounts as it fulfills its responsibility under section 10(9) to review and approve it.

PLAN FOUNDATION AND PREPARATION

THIS PLAN IS devoted primarily to identifying our level of involvement with each entity in the GRE so that the Auditor General will have the necessary knowledge to sign the audit opinion on government's Summary Financial Statements. It also shows the underlying process of how we determine which entities we will audit directly, and which will require the work of private-sector auditors.

The B.C. government's Summary Financial Statements are a consolidation of two distinct components of the GRE:

1. **Core government operations, which form the consolidated revenue fund.** Under section 10(2) of the Act, the Auditor General is the auditor of all ministries of government, officers of the legislature, and other funds or appropriations that form part of the consolidated revenue fund (CRF).
2. **Government entities that are included in the GRE.** Canadian public sector accounting standards establish criteria for determining whether entities should be included in the GRE. Currently, as presented in [Appendix A](#), there are 141 entities in the GRE, not including the trusts, ministries and a few other entities that form the CRF; these entities have over 80 subsidiaries. Sections 10(3), 10(4), 10(5) and 10(11) of the Act establish the auditor appointment process for these government entities, each of which prepares its own annual financial statements. The audited financial statements of these government entities are consolidated into government's Summary Financial Statements.

Assurance standards require that we develop an appropriate understanding of the GRE to assess potential risks related to our audit of the Summary Financial Statements. This understanding is acquired through the:

1. audit of the consolidation of the GRE
2. audit of the accounts of central government (the ministries in the CRF)
3. audit of the financial statements of government entities and trust funds
4. oversight of audits performed by private-sector auditors for the financial statements of government entities and trust funds
5. audits of economy, efficiency, effectiveness, accountability, and statutory, regulatory and contractual compliance, undertaken under sections 11(8), 12 and 13 of the Act

PLAN FOUNDATION AND PREPARATION

AUDIT OF THE CONSOLIDATION OF THE GRE

Section 10(1) of the Act appoints the Auditor General as the auditor of the GRE. However, because there are too many entities in the GRE for us to audit directly, private-sector auditors audit most of the entities. We then audit government's compilation of these entities' financial statements, along with the CRF. Together, this is known as our audit of government's Summary Financial Statements.

We contact each entity's auditor to communicate expectations, the information required and deadlines. In addition to obtaining information about audit planning and completion, and the audited financial statements, we also review the management letters that the private-sector auditors issue to each entity to assess if there are any systemic weaknesses or breakdowns in controls that government should address.

AUDIT OF THE ACCOUNTS OF CENTRAL GOVERNMENT

Section 10(2) of the Act requires the Auditor General to audit government ministries, officers of the legislature, and other funds or appropriations that form part of the CRF. Ministries and most of the officers do not currently produce their own financial statements, although they share a common financial

reporting system. This audit work is conducted directly by our office.

To support our audit of the accounts of central government, we invest significantly in gaining knowledge of government's business – the operating and financial processes, systems and controls that form the basis for assessments of risk that are required under GAAS.

Our financial accounts are part of central government, and the associated financial statements are audited by an independent auditor appointed by the Select Standing Committee on Public Accounts.

AUDIT OF THE FINANCIAL STATEMENTS OF GOVERNMENT ENTITIES AND TRUST FUNDS

The opinion on the Summary Financial Statements is the Auditor General's alone; however, the audit of the GRE is accomplished through the combined work of our office and private-sector auditors.

There are three levels of involvement of the Auditor General in the financial statement audits of government entities:

1. **High (direct) involvement:** The audit is conducted directly either by our staff or by a private-sector firm under contract. In either case, the Office of the Auditor General is

PLAN FOUNDATION AND PREPARATION

responsible for the audit and signs the audit opinion. Direct audit involvement provides us with the greatest understanding of the auditee's business.

- 2. Moderate (oversight) involvement:** The audit is conducted by a private-sector firm. We conduct extended procedures to better understand the business of, the issues in, and the audit risk involved with these entities. These extended procedures include attending audit committee meetings and reviewing the appointed auditor's audit plans and year-end audit files. As well as providing us with information about the audited entity, these procedures also allow us to determine if the audit work is sufficient for the Auditor General to form an opinion on government's Summary Financial Statements.
- 3. Low (limited) involvement:** The audit is conducted by a private-sector firm. To meet professional requirements, the Auditor General informs the appointed auditor that we will be relying on their work, and may direct or review the audit work as required. We will also work with the auditor if there is a specific issue in the entity or sector that needs to be addressed, as we may be able to provide specific information around the issue, or request that additional audit work be performed if required. As well, a sample of the auditor's files may be reviewed.

THE FINANCIAL STATEMENT AUDIT PROCESS

Regardless of whether the Auditor General or a private-sector firm is the auditor, a financial statement audit encompasses five steps:

- 1. Pre-engagement procedures:** Before the audit begins, the auditor performs procedures such as an independence assessment and a pre-engagement audit risk assessment. The auditor confirms his/her independence from the client and also issues an engagement letter setting out the objectives, scope and limitations of the audit engagement, the responsibilities of management and the auditor and other matters.
- 2. Risk assessment:** While planning for the audit, the auditor gathers information about the client and its operating environment, including an understanding of the internal controls and business processes.
- 3. Risk response:** Having assessed the audit risks (i.e., the areas where errors are more likely to occur than others), the auditor performs audit procedures to verify the accuracy of the figures in the financial statements.
- 4. Reporting:** In addition to the opinion on the financial statements, the auditor issues a report on the findings to management and the audit committee.
- 5. Follow-up:** Issues that were identified during the audit will be followed up in the next year's audit to see if recommendations were implemented.

For more information, see "[What to Expect from a Financial Audit](#)" on our website.

PLAN FOUNDATION AND PREPARATION

AUDITS OF ECONOMY, EFFICIENCY, EFFECTIVENESS, ACCOUNTABILITY, AND STATUTORY, REGULATORY AND CONTRACTUAL COMPLIANCE

Each year we conduct a body of work known as *performance audit*, which also provides support for our opinion on the Summary Financial Statements.

The information we gain from these reports, in areas such as financial management, IT security and planning, governance, risk management, public-private partnerships and others, is integral to our understanding of the GRE and assessing financial risk. In turn, this assists us in meeting requirements under GAAS when we audit the Summary Financial Statements.

HOW WE PREPARE THE AUDIT COVERAGE PLAN

In designing this plan, we make audit coverage decisions in three stages.

First, for each entity, we perform a risk assessment to determine if it should be considered as a significant component of the Summary Financial Statements. This is determined based on the financial size of the

entity, as well as other relevant risks, such as whether the entity:

- ♦ delivers a core service
- ♦ has a high level of public interest
- ♦ has a high inherent risk to government (with respect to programs delivered or roles fulfilled)
- ♦ is a complex entity
- ♦ likely has future issues that could materially impact the Summary Financial Statements
- ♦ has other risk factors

For entities that are significant components of the Summary Financial Statements, assurance standards require that we have more than a low level of involvement. As well, in some cases, based on these assessments of risk, we have determined that our involvement must extend beyond five years.

Second, for each type of entity (e.g., health authorities, school districts, Crown corporations) we determine the sufficient level of direct audit or oversight involvement to understand issues that are common to the group. This may result in direct or oversight involvement with entities not assessed as significant. The plan rotates involvement through these entities on a two- to five-year cycle. This allows us to keep up with risks and issues in and across each of these groups.

Finally, we assess all new or planned government entities and trust funds for significance and risk to determine if we should audit them directly for the first three years, consistent with section 10(4) of the Act.

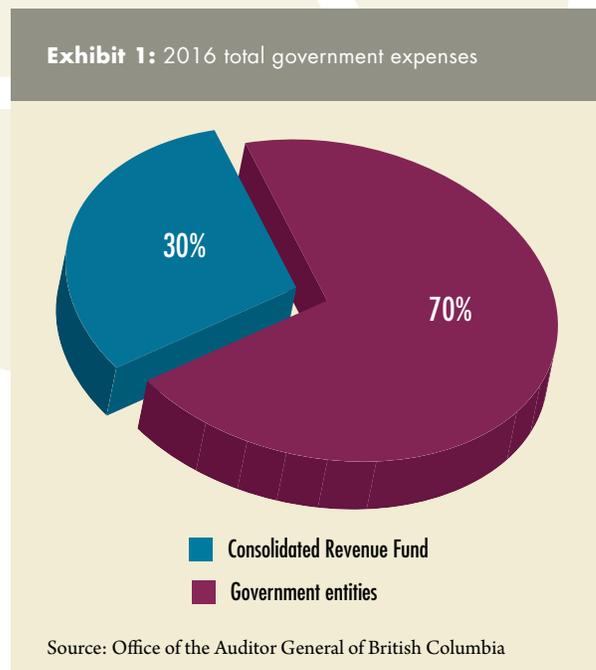
PLAN FOUNDATION AND PREPARATION

The requirement to appoint auditors is usually specified in the enabling legislation, constitution or bylaws of each entity. Accordingly, once the Select Standing Committee on Public Accounts approves this plan, with or without amendments, we will contact the entities affected and arrange to be appointed as their auditor in accordance with the relevant authority.

Due to the changing risks involved with such a large audit, we have made eight changes to the plan approved last year by the Select Standing Committee on Public Accounts. These changes are detailed in [Appendix B](#).

THE PLAN FOR 2017/18 – 2019/20

THIS PLAN ADDRESSES the audit of entities in the GRE that are not reported through the CRF. As shown in Exhibit 1, approximately two thirds, or 70%, of government expenses flow through these entities. CRF expenditures account for 30% of government expenditures, after excluding transfers from the CRF to fund government entities.



The proposed three-year audit coverage for fiscal years 2017/18 through 2019/20 for entities included in the GRE is summarized in Exhibit 2. The figures in this table, along with our involvement with other entities, are presented in detail in [Appendix A](#).

There are more than 80 additional entities that are controlled subsidiaries of government entities presented in this plan. The financial results of these additional entities are consolidated into the financial statements of the parent entity and, typically, the auditor of the parent entity is also the auditor of the subsidiary entity. Unless otherwise noted in [Appendix A](#), subsidiaries of government entities are not presented in these figures.

Exhibit 2: Summary of proposed audit coverage for 2017/18 - 2019/20

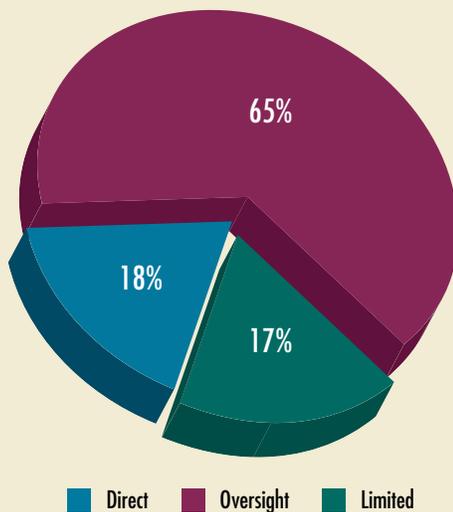
Entity Types	Expected # of entities 2016/17	2017/18			2018/19			2019/20		
		Level of involvement			Level of involvement			Level of involvement		
		Limited	Oversight	Direct	Limited	Oversight	Direct	Limited	Oversight	Direct
School districts	60	52	3	5	52	3	5	52	3	5
Universities, colleges and institutes	25	17	6	2	16	7	2	16	7	2
Health authorities	7	1	4	2	1	4	2	1	4	2
Hospital societies	8	6	1	1	6	1	1	6	1	1
Crown corporations	41	22	9	10	22	9	10	22	9	10
Trust funds	4	4	0	0	4	0	0	4	0	0
TOTAL	145	102	23	20	101	24	20	101	24	20

Source: Office of the Auditor General of British Columbia

THE PLAN FOR 2017/18 - 2019/20

Since many entities are selected based on the magnitude of risk to the GRE as a whole, they also tend to be more significant in terms of expenditures. As shown in Exhibit 3, the Auditor General had either a direct or oversight level of involvement for 83% of government entity expenses for the 2015/16 fiscal year (as reported in the financial statements of individual government entities). Note that Exhibits 3 and 4 exclude the expenses of core government operations, which the Auditor General audits directly.

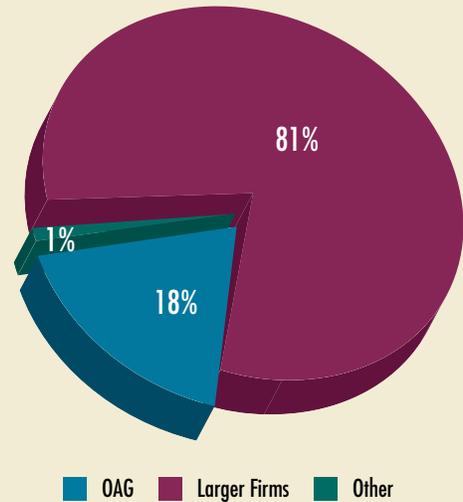
Exhibit 3: 2016 government entity expenses by level of audit involvement



Source: Office of the Auditor General of British Columbia.

As shown in Exhibit 4, of the entities where the Auditor General is not the appointed auditor, the vast majority of government entities are audited by the larger auditing firms (BDO Canada LLP, Deloitte LLP, Grant Thornton LLP, KPMG LLP and PricewaterhouseCoopers LLP). We work closely with these firms regarding their involvement in auditing government entities.

Exhibit 4: Proportion of 2016 government entity expenses audited by the OAG compared to other auditors



Source: Office of the Auditor General of British Columbia.

[Appendix A](#) shows the Auditor General's proposed audit coverage by level of involvement for each government entity and trust fund, by each year of the plan. It also includes, for comparison, the implemented coverage levels for 2015/16 and 2016/17.

Each year, we revisit our risk and coverage assessments and revise the plan where needed. [Appendix B](#) presents a summary of all government entities where the current year coverage (fiscal 2016/17) and proposed coverage for 2017/18 through 2019/20 differ from the plan approved by the Select Standing Committee on Public Accounts in November 2015. We give a brief explanation for each difference.

ADDITIONAL REPORTING REQUIREMENTS UNDER THE ACT

AUDITOR GENERAL APPOINTMENTS EXCEEDING FIVE YEARS

SECTION 10(7)(D) OF the Act requires the Select Standing Committee on Public Accounts' approval for the Auditor General to be appointed as auditor of a government entity or trust fund for a period of more than five consecutive fiscal years. This provision recognizes the need to manage inherent audit risk by providing a mechanism to extend the Auditor General's involvement beyond five years where necessary.

When the Act was revised in 2003, firms were limited to auditing entities for only five years. This is because of the higher standards that were being considered for the accounting and auditing profession at the time. The intent was to minimize the risk associated with a potential lack of independence between the auditors and those they were auditing. Since then, however, the profession has instead adopted a regime of senior staff rotation on audit engagements, in addition to other safeguards to protect independence. In British Columbia, the lead engagement partner on the audit of a financial statement of an entity listed on a stock exchange must rotate off the engagement after a period not normally exceeding seven years.

We have a policy of rotating senior staff every five years on assurance engagements of government entities that are considered to be significant.

In our monitoring of the auditor appointment process, we have noted that frequent audit firm rotation can be challenging in locations where there are only a few qualified audit firms to select from, or for audits where

significant technical expertise must be maintained. In some cases, regular audit firm rotation is not feasible and objectivity is instead maintained through senior staff rotation.

The foundation of the plan requires that our audit coverage is such that we are able to maintain the knowledge required to assess potential risks and appropriately plan our audit of the Summary Financial Statements. Therefore, this plan balances the benefits achieved through auditor rotation with professional standards that require us to maintain appropriate knowledge and experience as necessary to fulfill our mandate. Assurance standards specific to the audit of *group financial statements* require that we maintain involvement, either directly or in an oversight capacity, with any entity determined to be significant to the Summary Financial Statements. By definition, this requires some audit engagements to exceed five years. This same logic applies to the ministries of government, where the Act mandates the Auditor General as auditor in perpetuity.

ADDITIONAL REPORTING REQUIREMENTS UNDER THE ACT

When preparing this plan, we review each of our appointments exceeding five years and consider if our continued appointment is warranted. This year, we are requesting the Select Standing Committee on Public Accounts' approval to continue as the appointed

auditor for 10 government entities where the terms as presented in the plan will exceed five years. The rationale for extending each appointment is listed in Exhibit 5.

Exhibit 5: Auditor General appointments exceeding five years

Entity	Rationale for exceeding five years
BC Immigrant Investment Fund Ltd.	This corporation previously received and continues to manage B.C.'s allocation of funds under the federal Immigrant Investor Program, which has been terminated by the federal government. As a result of the termination and changes in the government's venture capital policy framework, BC Immigrant Investment Fund Ltd. and its subsidiary, BC Renaissance Capital Fund, have undergone a transition to a new operational and governance structure under the direction of the Ministry of International Trade. These substantial changes warrant our continued direct involvement.
BC Transportation Financing Authority	<p>This organization is responsible for the significant capital financing of highway infrastructure projects. The significance and risks associated with these activities warrant our continued direct involvement.</p> <p>This organization's audit opinions since 2011 have been qualified, and so our assessment of the financial reporting risk continues to be high.</p> <p>There is also a high degree of administrative integration with the Ministry of Transportation and Infrastructure. As well, the Authority is financing the government's contribution to a number of federal-provincial cost-sharing agreements that we audit separately. It is more efficient for the audits of the ministry and the Authority to be conducted by the same auditor, and the Auditor General is, by legislation, the auditor of the ministry.</p>
British Columbia Railway Company	This corporation is a significant subsidiary of BC Transportation Financing Authority, which we audit. The Auditor General is responsible for the audit opinion; however, we conduct this audit by contracting with a private-sector auditor.
British Columbia Enterprise Corporation	This corporation is a non-active company managed by the Ministry of Jobs, Tourism and Skills Training – which we already audit. Due to the high degree of integration with the ministry, it is more efficient for the Auditor General to continue as the auditor.
British Columbia Liquor Distribution Branch	<p>The British Columbia Liquor Distribution Branch is a branch of the Ministry of Small Business and Red Tape Reduction. Therefore, the Auditor General is the auditor by legislation.</p> <p>However, as our continued direct involvement is not warranted on the basis of risk, we conduct this audit by contracting with a private-sector auditor.</p>

ADDITIONAL REPORTING REQUIREMENTS UNDER THE ACT

British Columbia Transit	British Columbia Transit is an important organization in the transportation sector, with operations covering the entire province, except the Lower Mainland. The scope of the organization's activities warrants our continued direct involvement.
Columbia Power Corporation	Columbia Power Corporation plays a significant role in energy infrastructure projects, most recently the Waneta Dam. Management of these projects can have a large impact on stakeholders in the province. The risks associated with this corporation's operations warrant our continued direct involvement.
Oil and Gas Commission	The oil and gas industry is significant to the province and there are several high profile issues including potential pipeline projects. Our continued direct involvement in the commission is warranted so that we stay informed of industry activities that may have a significant public impact.
Transportation Investment Corporation	This corporation is responsible for the operation of the Port Mann Bridge. It is also responsible for the planned replacement of the George Massey Tunnel. Management of this project can have a large impact on stakeholders in the Lower Mainland. The risks associated with this corporation's operations warrant our continued direct involvement.
Vancouver Coastal Health Authority	Vancouver Coastal Health Authority is an important organization in the health sector, with operations delivering health services to more than one million people, or approximately one quarter of B.C.'s population. The scope of the organization's activities warrants our continued direct involvement.

SUMMARY OF CONSULTATIONS

Section 10(7)(g) of the Act requires a summary of consultations made with respect to the plan.

Our annual consultation process starts with a discussion of proposed changes with governing boards and senior management of entities that will be impacted by changes to the plan from the previously approved version. This consultation occurs during drafting of the plan. The form of consultation varies, but may include discussions with senior management and audit committee chairs or equivalent, and

attendance and discussion at audit committee meetings.

We have finished consulting with all entities affected by changes to this recommended plan, and all parties understand the proposed audit coverage. After the plan has been reviewed and approved by the Select Standing Committee on Public Accounts, we will communicate in writing with those entities impacted by changes to the plan. Periodically, we communicate with all government entities to provide information on the process of creating our Financial Statement Audit Coverage Plan.

ADDITIONAL REPORTING REQUIREMENTS UNDER THE ACT

IMPLICATIONS FOR THE OAG BUDGET

Section 10(7)(c) of the Act requires the plan to describe how this proposal will affect our office's budget.

In our assessment, proposed changes to the audit coverage will have negligible impact on our budgeted cost for each of the fiscal years from 2017/18 to 2019/20. This is because changes to the overall level of audit coverage are generally small and incremental. As well, as previously described, audit coverage involvement is only part of the year-round stream of activity relating to our audit of the Summary Financial Statements.

Accounting standards in Canada have changed, and as a result, virtually all government entities have now changed to a different financial reporting framework. As described in our report [*Observations on Financial Reporting: 2012/13 Summary Financial Statements*](#), government's issuance of the Restricted Contributions Regulation modified Public Sector Accounting Standards. As a result, many government entities reported on a compliance (meaning, not in compliance with generally accepted accounting principles, or non-GAAP) basis in their financial statements.

However, under the Act, the Auditor General must report each year on whether the Summary Financial

Statements are presented fairly in accordance with GAAP. This means that many government entities consolidated into the Summary Financial Statements have to be audited based on two different accounting standards for the reporting of contributions revenue – one for the preparation of their financial statements and then in accordance with Public Sector Accounting Standards for consolidation into the Summary Financial Statements.

REQUEST FOR APPROVAL TO AUDIT ENTITIES OUTSIDE THE GRE

Section 14 of the Act allows the Auditor General, with the consent of the Select Standing Committee on Public Accounts, to be appointed auditor of an entity or trust fund that is not part of the Summary Financial Statements.

Therefore, we request approval to continue to be the appointed auditor for the following entity that is outside the GRE:

1. Provincial Employees Community Services Fund (PECSF) – This entity is a small charitable employee trust that collects donations from provincial employees and distributes them to charities in B.C. We conduct a review of PECSF's annual financial statements, for which no fee is charged, to support the charity.

ADDITIONAL REPORTING REQUIREMENTS UNDER THE ACT

ADMINISTRATION OF THE AUDITOR APPOINTMENT PROCESS

Once we have communicated the Select Standing Committee on Public Accounts' decisions, each governing board appoints its financial statement auditor according to the approved coverage plan – either the Auditor General or a private-sector auditor selected by the governing board.

Through our oversight involvement in the audit process of many government entities, we monitor how this process is operating and how well it aligns with our mandate. As part of our risk analysis, we also monitor length of appointment, audit cost, and frequency of competitive process across the GRE.

We assist boards and audit committees in the selection and appointment of auditors, by:

- ◆ making available a template for a request for proposal process, including a model service agreement for audit services
- ◆ being available to provide advice on specific issues or to provide more active advisory participation in the selection and appointment process
- ◆ requiring that governing boards of government entities include provisions for the appropriate involvement of the Auditor General in the service agreements with their financial statement auditors. We also recommend selection criteria based largely on auditor capability, audit strategy and price

APPENDIX A:

DETAILED COVERAGE PLAN FOR 2017/18 – 2019/20

PLAN LEGEND

OAG:	High involvement – Audit performed by the Auditor General using existing staff (OAG-Direct) or private sector audit firms under contract (OAG-Contract).
Oversight:	Moderate involvement – Auditors other than the Auditor General are the appointed auditors. However, the Auditor General conducts oversight procedures.
Blank:	Low involvement – Auditors other than the Auditor General are the appointed auditors. The Auditor General has limited involvement, but may conduct work as required.

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2016	2017	2018	2019	2020
School districts					
Board of Education School District No. 5 (South East Kootenay)					Oversight
Board of Education School District No. 6 (Rocky Mountain)					
Board of Education School District No. 8 (Kootenay Lake)					
Board of Education School District No. 10 (Arrow Lakes)					
Board of Education School District No. 19 (Revelstoke)	Oversight	Oversight			
Board of Education School District No. 20 (Kootenay-Columbia)					
Board of Education School District No. 22 (Vernon)			Oversight	Oversight	
Board of Education School District No. 23 (Central Okanagan)					
Board of Education School District No. 27 (Cariboo-Chilcotin)					
Board of Education School District No. 28 (Quesnel)					
Board of Education School District No. 33 (Chilliwack)					

APPENDIX A: DETAILED COVERAGE PLAN FOR 2017/18 - 2019/20

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2016	2017	2018	2019	2020
Board of Education School District No. 34 (Abbotsford)					
Board of Education School District No. 35 (Langley)					
Board of Education School District No. 36 (Surrey)					
Board of Education School District No. 37 (Delta)	Oversight	Oversight			
Board of Education School District No. 38 (Richmond)					
Board of Education School District No. 39 (Vancouver)	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Board of Education School District No. 40 (New Westminster)					
Board of Education School District No. 41 (Burnaby)					Oversight
Board of Education School District No. 42 (Maple Ridge-Pitt Meadows)			Oversight	Oversight	
Board of Education School District No. 43 (Coquitlam)					
Board of Education School District No. 44 (North Vancouver)		Oversight	Oversight		
Board of Education School District No. 45 (West Vancouver)					
Board of Education School District No. 46 (Sunshine Coast)					
Board of Education School District No. 47 (Powell River)					Oversight
Board of Education School District No. 48 (Howe Sound)	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct

APPENDIX A: DETAILED COVERAGE PLAN FOR 2017/18 - 2019/20

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2016	2017	2018	2019	2020
Board of Education School District No. 49 (Central Coast)					
Board of Education School District No. 50 (Haida Gwaii-Queen Charlotte)					
Board of Education School District No. 51 (Boundary)					
Board of Education School District No. 52 (Prince Rupert)					
Board of Education School District No. 53 (Okanagan-Similkameen)	Oversight	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Board of Education School District No. 54 (Bulkley Valley)					
Board of Education School District No. 57 (Prince George)					
Board of Education School District No. 58 (Nicola-Similkameen)					
Board of Education School District No. 59 (Peace River South)					
Board of Education School District No. 60 (Peace River North)				Oversight	OAG-Direct
Board of Education School District No. 61 (Greater Victoria)					
Board of Education School District No. 62 (Sooke)					
Board of Education School District No. 63 (Saanich)					
Board of Education School District No. 64 (Gulf Islands)					
Board of Education School District No. 67 (Okanagan-Skaha)					

APPENDIX A: DETAILED COVERAGE PLAN FOR 2017/18 - 2019/20

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2016	2017	2018	2019	2020
Board of Education School District No.68 (Nanaimo-Ladysmith)					
Board of Education School District No. 69 (Qualicum)					
Board of Education School District No. 70 (Alberni)					
Board of Education School District No. 71 (Comox Valley)	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Board of Education School District No. 72 (Campbell River)					
Board of Education School District No. 73 (Kamloops-Thompson)					
Board of Education School District No. 74 (Gold Trail)					
Board of Education School District No. 75 (Mission)					
Board of Education School District No. 78 (Fraser-Cascade)					
Board of Education School District No. 79 (Cowichan Valley)					
Board of Education School District No. 81 (Fort Nelson)					
Board of Education School District No. 82 (Coast Mountains)					
Board of Education School District No. 83 (North Okanagan-Shuswap)					
Board of Education School District No. 84 (Vancouver Island West)					
Board of Education School District No. 85 (Vancouver Island North)					

APPENDIX A: DETAILED COVERAGE PLAN FOR 2017/18 - 2019/20

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2016	2017	2018	2019	2020
Board of Education School District No. 87 (Stikine)					
Board of Education School District No. 91 (Nechako Lakes)					
Board of Education School District No. 92 (Nisga'a)					
Board of Education School District No. 93 (Francophone Education Authority)	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	
Colleges, institutes and universities¹					
BC Institute of Technology	Oversight	Oversight	Oversight	Oversight	Oversight
Camosun College					
Capilano University					Oversight
College of New Caledonia					
College of the Rockies					
Douglas College					
Emily Carr University of Art and Design	Oversight				
Justice Institute of BC					
Kwantlen Polytechnic University	Oversight	Oversight			
Langara College				Oversight	Oversight
Nicola Valley Institute of Technology		Oversight	Oversight		
North Island College					Oversight
Northern Lights College					
Northwest Community College	Oversight	Oversight			
Okanagan College					
Royal Roads University	Oversight	Oversight			
Selkirk College					
Simon Fraser University	Oversight	Oversight	Oversight	Oversight	Oversight
Thompson Rivers University				Oversight	Oversight
University of BC	Oversight	Oversight	Oversight	Oversight	OAG-Direct

¹ Not shown is Trades Training BC as it wound up in fiscal 2016 to become part of the British Columbia Institute of Technology.

APPENDIX A: DETAILED COVERAGE PLAN FOR 2017/18 - 2019/20

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2016	2017	2018	2019	2020
University of Northern BC			Oversight	Oversight	
University of the Fraser Valley					
University of Victoria	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	Oversight
Vancouver Community College	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Vancouver Island University			Oversight	Oversight	
Health authorities					
Fraser Health Authority	Oversight	Oversight	Oversight	Oversight	Oversight
Interior Health Authority	Oversight	Oversight	OAG-Direct	OAG-Direct	OAG-Direct
Nisga'a Valley Health Authority					
Northern Health Authority	Oversight	Oversight	Oversight	Oversight	Oversight
Provincial Health Services Authority	Oversight	Oversight	Oversight	Oversight	Oversight
Vancouver Coastal Health Authority	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Vancouver Island Health Authority	Oversight	Oversight	Oversight	Oversight	Oversight
Hospital societies					
BC Clinical Services Society		OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Louis Brier Home and Hospital					
Menno Hospital					
Mount St. Mary Hospital					
Providence Health Care	Oversight	Oversight	Oversight	Oversight	Oversight
St. Joseph's General Hospital					
St. Michael's Centre					
Wrinch Memorial Hospital					
Crown corporations²					
BC Assessment Authority				Oversight	Oversight
BC Council for International Education					
BC Enterprise Corporation	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
BC Games Society					
BC Housing Management Commission	Oversight	Oversight	Oversight	Oversight	Oversight
BC Hydro and Power Authority	Oversight	Oversight	Oversight	Oversight	Oversight

² Not shown is Rapid Transit Project 2000 Ltd. as it wound up in fiscal 2016 to become part of the BC Transportation Financing Authority.

APPENDIX A: DETAILED COVERAGE PLAN FOR 2017/18 - 2019/20

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2016	2017	2018	2019	2020
BC Immigrant Investment Fund Ltd.	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
BC Innovation Council					
BC Liquor Distribution Branch	OAG-Contract	OAG-Contract	OAG-Contract	OAG-Contract	OAG-Contract
BC Lottery Corporation	Oversight	Oversight	Oversight	Oversight	Oversight
BC Pavilion Corporation	OAG-Direct	OAG-Direct	Oversight	Oversight	Oversight
BC Public School Employers' Association					
BC Railway Company ³	OAG-Contract	OAG-Contract	OAG-Contract	OAG-Contract	OAG-Contract
BC Securities Commission	Oversight				
BC Transit	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
BC Transportation Financing Authority	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
BCNET					
Canadian Blood Services					
Columbia Basin Trust ⁴	Oversight	Oversight	Oversight	Oversight	Oversight
Columbia Power Corporation	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Community Living BC	Oversight	Oversight	Oversight	Oversight	Oversight
Community Social Services Employers' Association of BC					
Creston Valley Wildlife Management Authority Trust Fund ⁴					
Crown Corporation Employers Association					
Destination BC Corporation	OAG-Direct	OAG-Direct	OAG-Direct		
First Peoples' Heritage, Language and Culture Council					
Forestry Innovation Investment Ltd.	Oversight				
Health Employers Association of BC					
Industry Training Authority					
Insurance Corporation of BC	Oversight	Oversight	Oversight	Oversight	Oversight
Knowledge Network Corporation					
Legal Services Society					

³ The British Columbia Railway Company is a subsidiary of the BC Transportation Financing Authority.

⁴ Although named as a trust, this is not a trust fund but a fully consolidated government organization.

APPENDIX A: DETAILED COVERAGE PLAN FOR 2017/18 - 2019/20

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2016	2017	2018	2019	2020
Nechako-Kitamaat Development Fund Society					
Oil and Gas Commission	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Organized Crime Agency of BC Society	Oversight				
Partnerships BC	Oversight				
Post-Secondary Employers' Association					
Private Career Training Institutions Agency					
Provincial Rental Housing Corporation	Oversight	Oversight	Oversight	Oversight	Oversight
Royal BC Museum			Oversight	OAG-Direct	OAG-Direct
Transportation Investment Corporation	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Trust funds⁵					
BC Public Service LTD Plan (Other Trust Funds)					
Credit Union Deposit Insurance Corporation of BC					
Public Guardian and Trustee of BC (Estates and Trusts)					
Supreme and provincial court (Suitors' Funds) ⁶					
Other organizations - CRF					
Office of the Representative for Children and Youth ⁷	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Legislative Assembly	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Other organizations – non-GRE⁸					
Provincial Employees Community Services Fund	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Worksafe BC	OAG-Contract				

⁵ Only those government trust funds that are significant to the Summary Financial Statements are included in this plan.

⁶ The Supreme and provincial court (Suitors' Funds) are not audited.

⁷ Pursuant to its enabling legislation, the Office of the Representative for Children and Youth is required to have an audit of its accounts performed each year by the Auditor General.

⁸ This table only includes those non-government reporting entity engagements for which the Auditor General is proposing audit coverage.

APPENDIX B:

SUMMARY OF CHANGES FROM THE PRIOR YEAR PLAN

Entity	Changes	Rationale
College of the Rockies	<p>The prior year plan was for oversight involvement in fiscal 2016/17 and 2017/18.</p> <p>The current year plan is for limited involvement in fiscal 2016/17 and thereafter.</p>	Based on an assessment of risk factors, we have concluded that limited involvement with this entity is appropriate.
Emily Carr University of Art and Design	<p>The prior year plan was for oversight involvement in fiscal 2016/17.</p> <p>The current year plan is for limited involvement in fiscal 2016/17 and thereafter.</p>	Based on the results of our oversight procedures for 2015/16, we have concluded that we will revert to limited involvement going forward.
Kwantlen Polytechnic University	<p>The prior year plan was for limited involvement in fiscal 2016/17 and beyond.</p> <p>The current year plan is for oversight involvement in fiscal 2016/17 with limited involvement thereafter.</p>	Based on the results of our oversight procedures for fiscal 2015/16, we have determined that our continued involvement for an additional year would be beneficial as this university has been undergoing change in both senior management and the Board of Governors.
BC Clinical Services Society	<p>This is a newly created entity that was not reflected in the prior year plan.</p> <p>The current year plan is for direct involvement in fiscal 2016/17 and for the entirety of the plan.</p> <p>Along with the financial statement audit, we will also prepare a Handbook S.3416 audit of internal controls for this entity. The objective of this controls report is to provide assurance that the costs shared by health authorities are being calculated and reported accurately.</p>	Based on concerns voiced by the Select Standing Committee on Public Accounts around risks in the health sector, we are exercising our right under the Act to audit this new society.
Vancouver Coastal Health Authority	<p>The prior year plan was for oversight involvement in fiscal 2017/18 and 2018/19.</p> <p>The current year plan is for direct involvement for the entirety of the plan.</p>	Based on concerns voiced by the Select Standing Committee on Public Accounts around risks in the health sector, we are maintaining our direct involvement in this health authority as its operations deliver health services to approximately one quarter of B.C.'s population.

APPENDIX B: SUMMARY OF CHANGES FROM THE PRIOR YEAR PLAN

Entity	Changes	Rationale
BC Pavilion Corporation	<p>The prior year plan was for direct involvement in fiscal 2017/18 and 2018/19.</p> <p>The current year plan is for oversight involvement for fiscal 2017/18 and thereafter.</p>	Based on taking on additional audits in the health sector, we are ending direct involvement with this entity in order to balance our audit work load with our audit resources.
Forestry Innovation Investment Ltd.	<p>The prior year plan was for oversight involvement in fiscal 2016/17 and 2017/18.</p> <p>The current year plan is for limited involvement in fiscal 2016/17 and thereafter.</p>	Based on the results of our oversight procedures for 2015/16, we have concluded that we will revert to limited involvement going forward.
Partnerships BC	<p>The prior year plan was for oversight involvement in fiscal 2016/17 and 2017/18.</p> <p>The current year plan is for limited involvement in fiscal 2016/17 and thereafter.</p>	Based on the results of our oversight procedures for 2015/16, we have concluded that we will revert to limited involvement going forward. The examination of public-private partnerships can be done at the entities where they are being considered.



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