



FINANCIAL STATEMENT  
AUDIT COVERAGE PLAN

2018/19 - 2020/21

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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 B.C. It encompasses central government and 146 other government organizations such as Crown corporations, 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 about \$65 billion. Assets and liabilities each total about \$110 billion. Given the magnitude of this audit and our limited capacity, we work with private-sector auditors to complete the necessary work.

This Financial Statement Audit Coverage Plan for 2018/19 through 2020/21 outlines how we will determine which government entities our office will audit directly and which will be audited by a private-sector firm.

As required by the *Auditor General Act*, our plan covers the next three fiscal years and is prepared for the Select Standing Committee on Public Accounts. With that committee's approval, the plan informs our presentation to the Select Standing Committee on Finance and Government Services, to whom we submit our annual budget request.

One of the goals of this plan is to ensure that we have the right depth and breadth of knowledge about the business of government so we can focus our efforts on risk areas while also fulfilling our role as the independent audit office of the province. In that regard, one of the changes we are suggesting this year is that our office begin to audit the BC Hydro and Power Authority, starting in fiscal 2019/20.

We recognize that increasing the number of entities we could audit directly would be the most effective way to decrease risk and increase our



**CAROL BELLRINGER, FCPA, FCA**  
*Auditor General*

## AUDITOR GENERAL'S COMMENTS

knowledge of government's operations. However, we also recognize that audit coverage must be balanced with our office's capacity to complete a large amount of work that is seasonal in nature.

Our audit of government's Summary Financial Statements will be conducted in accordance with Canadian generally accepted auditing standards (GAAS) as prescribed by the Chartered Professional Accountants of Canada. These standards 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 under GAAS, and will allow me to sign the audit opinion on government's Summary Financial Statements.

To perform the audit of BC Hydro, we expect we'll need an increase in the budget that was recommended last year by the Select Standing Committee on Finance and Government Services. I look forward to discussing this matter with members of both that committee and the Select Standing Committee on Public Accounts.\*

I am pleased to present this plan, with all of the information required by the Act, to the Select Standing Committee on Public Accounts for review and approval.



Carol Bellringer, FCPA, FCA  
Auditor General  
Victoria, B.C.  
November 2017

*\* In December 2017, the Finance and Government Services Committee recommended the budget for the Office of the Auditor General to conduct the financial statement audit of BC Hydro.*

# APPROVALS REQUESTED

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

- 1** Financial Statement Audit Coverage Plan for 2018/19 through 2020/21, 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 SECTION 10(1)** of the *Auditor General Act*, the Auditor General is the auditor of the government reporting entity (GRE). The GRE includes central government (e.g., ministries) and 146 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 to the Legislative Assembly, in accordance with Canadian generally accepted auditing standards (GAAS), on the financial statements of the GRE.

This annual audit of government's Summary Financial Statements is the largest audit performed in the province. It 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 B.C., 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.

The Financial Statement Audit Coverage Plan 2018/19–2020/21 is provided to the Select Standing Committee on Public Accounts under 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)

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

## **BACKGROUND**

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 office's level of involvement with each entity in the GRE so that the Auditor General will have the knowledge necessary to sign the opinion on the audit of government's Summary Financial Statements. The plan 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 (CRF):** 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 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 146 entities in the GRE, not including the trusts, ministries and a few other entities that form the CRF. These entities also have about 90 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 audited financial statements. The 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. We acquire this understanding through:

1. an audit of the consolidation of the GRE
2. an audit of the accounts of central government (the ministries in the CRF)
3. an 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 our expectations, the information required, and deadlines. In addition to obtaining information about audit planning, audit completion, and the audited financial statements, we also review the management letters that the private-sector auditors issue to each entity. Our goal is to assess whether 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 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 – for example, about 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

## PLAN FOUNDATION AND PREPARATION

private-sector firm under contract. In either case, our office is 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 our 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 whether 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 our office will be relying on their work and may direct or review the audit work as required. We 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 necessary information or request that additional audit work be performed if required. We might also review a sample of the auditor's files.

## 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 or her independence from the client and also issues an engagement letter that sets 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 information about the client's 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 are followed up in the next year's audit to see if recommendations were implemented.

For more information about this process, 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. The resulting reports of the audits provide 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. They also assist us in meeting requirements under GAAS when we audit the Summary Financial Statements.

### HOW WE PREPARE THE AUDIT COVERAGE PLAN

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

First, for each entity, we perform a risk assessment to determine if the entity should be considered as a significant component of the Summary Financial Statements. We make this assessment based on the financial size of the entity and on other relevant risks such as whether the entity:

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

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

Second, for entities not assessed as being a significant component of the Summary Financial Statements, we determine, for each type (e.g., health authorities,

## PLAN FOUNDATION AND PREPARATION

school districts, Crown corporations), the sufficient level of direct audit or oversight involvement.

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.

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 our audit coverage plan, with or without amendments, we contact the entities affected and arrange to be appointed as their auditor.

Given the evolving risks involved with such a large audit, we have made five changes to the audit coverage plan approved last year by the committee. These changes are detailed in [Appendix B](#).

One significant change is our decision to directly perform the audit of the BC Hydro and Power Authority, beginning in fiscal 2019/20, after the current auditor's contract expires. BC Hydro is a significant organization within the GRE, and one we have not audited before. We believe we could add value by taking on this audit and using our own staff to conduct it.

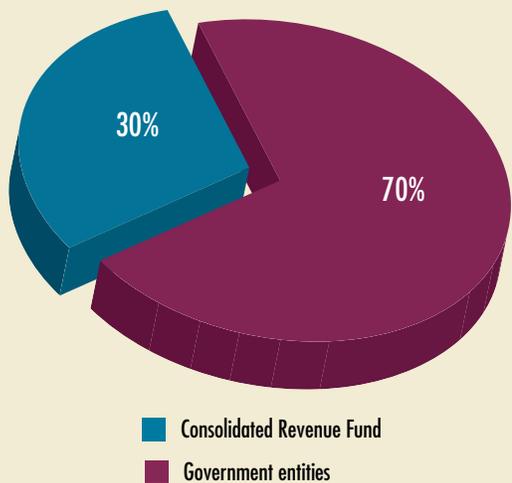
However, in order to perform the audit and not take away from other important audit areas, we would need an increase in the number of our financial audit staff. And to accomplish this, we would need an increase to our budget, beginning in 2018/19.

We would be happy to discuss this matter with the committee.

# THE PLAN FOR 2018/19 – 2020/21

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

**Exhibit 1:** Total government expenses in fiscal 2016/17



Source: Office of the Auditor General of British Columbia

The proposed three-year audit coverage for fiscal years 2018/19 through 2020/21 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](#).

About 90 additional entities 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 2018/19 - 2020/21

Entity Type	Expected # of entities 2017/18	2018/19			2019/20			2020/21		
		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	16	7	2	16	7	2	16	7	2
Health authorities	7	1	4	2	1	4	2	1	4	2
Hospital societies	7	5	1	1	5	1	1	5	1	1
Crown corporations	43	23	10	10	24	8	11	25	7	11
Trust funds	4	4	0	0	4	0	0	4	0	0
<b>TOTAL</b>	<b>146</b>	<b>101</b>	<b>25</b>	<b>20</b>	<b>102</b>	<b>23</b>	<b>21</b>	<b>103</b>	<b>22</b>	<b>21</b>

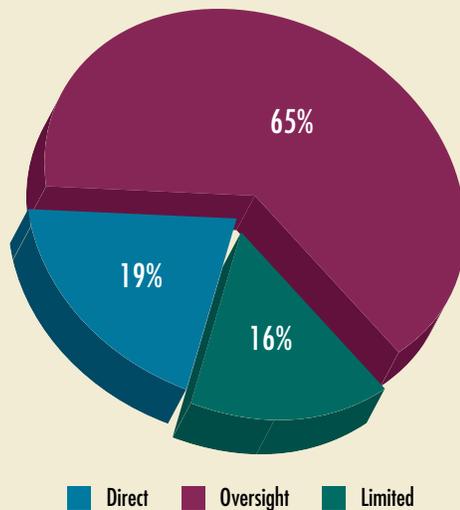
Source: Office of the Auditor General of British Columbia

## THE PLAN FOR 2018/19 – 2020/21

Because many government 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 84% of government entity expenses for the 2016/17 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 our office audits directly.

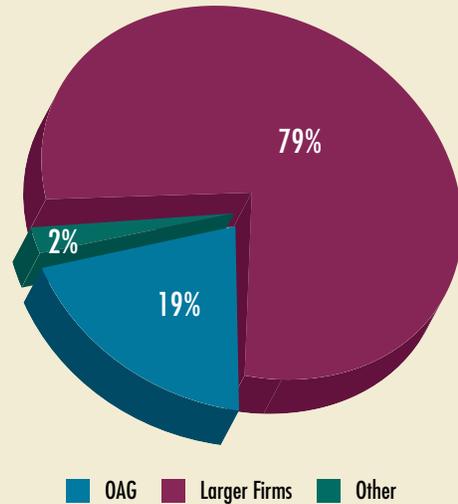
**Exhibit 3:** Government entity expenses by level of audit involvement in fiscal 2016/17



Source: Office of the Auditor General of British Columbia.

As shown in Exhibit 4, of the entities for which the Auditor General is not the appointed auditor, the vast majority are audited by the larger auditing firms (BDO Canada LLP, Deloitte LLP, Grant Thornton LLP, KPMG LLP and PricewaterhouseCoopers LLP).

**Exhibit 4:** Proportion of fiscal 2016/17 government entity expenses audited by the OAG compared to other auditors



Source: Office of the Auditor General of British Columbia.

We work closely with these firms regarding their involvement in auditing government entities.

[Appendix A](#) presents 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 2016/17 and 2017/18.

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's coverage (fiscal 2017/18) and proposed coverage for 2018/19 through 2020/21 differ from the plan approved by the Select Standing Committee on Public Accounts in October 2016. 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 *Auditor General 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 because of the higher standards 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 B.C., 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 longer than seven years.

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

In monitoring 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, the 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 may cause some audit engagements to exceed five years.

## ADDITIONAL REPORTING REQUIREMENTS UNDER THE ACT

This same logic applies to the ministries of government, where the Act mandates the Auditor General as auditor in perpetuity.

When preparing this plan, we review each of our appointments exceeding five years and consider whether 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 shown 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. BC Immigrant Investment Fund Ltd. and its subsidiary, BC Renaissance Capital Fund, underwent a transition to a new operational and governance structure. Therefore, our continued direct involvement is warranted.
BC Transportation Financing Authority	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.  The entity's audit opinions have been qualified since 2011, and so our assessment of the financial reporting risk continues to be high.  There is also a high degree of administrative integration with the Ministry of Transportation and Infrastructure. As well, this entity 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 this entity to be conducted by the same auditor, and the Auditor General is, by legislation, the auditor of the ministry.
British Columbia Enterprise Corporation	This corporation is a non-active company managed by the Ministry of Municipal Affairs and Housing, which we audit. We continue to perform this small audit to help the ministry ensure that the corporate requirements for an audit are met.
British Columbia Liquor Distribution Branch	The British Columbia Liquor Distribution Branch is a branch of the Ministry of Attorney General. Therefore, the Auditor General is the auditor by legislation. 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.
British Columbia Railway Company	This corporation is a subsidiary of the BC Transportation Financing Authority, which we audit. Although the Auditor General is responsible for the audit opinion, we conduct this audit by contracting with a private-sector auditor.

## ADDITIONAL REPORTING REQUIREMENTS UNDER THE ACT

Entity	Rationale for exceeding five years
British Columbia Transit	British Columbia Transit is an important entity in the transportation sector, with operations across the province except in areas serviced by TransLink (Metro Vancouver). The scope of the entity'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 involves several high-profile issues including potential pipeline projects. Our continued direct involvement in the commission is warranted so that we stay informed about industry activities that may have a significant public impact.
Transportation Investment Corporation	This corporation is a subsidiary of the BC Transportation Financing Authority, which we audit. The corporation is responsible for the operation of the Port Mann Bridge. Recent changes, including removal of tolls, and the possibility of the corporation being involved with replacement of the George Massey Tunnel, 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 1 million people, or almost 25% of B.C.'s population. The significance 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 the governing boards and senior management of entities that will be impacted by changes to the plan from the previously approved version. This consultation continues while we draft the plan, and may include holding discussions with senior management and audit committee chairs (or equivalent) and attending audit committee meetings.

For this new Financial Statement Audit Coverage Plan, we have finished consulting with all entities affected by the changes we are recommending to the 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. We will also continue to communicate, as needed, with all government entities to keep them informed about our process for creating the 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, our proposed changes to the audit coverage – adding to our plan the direct audit of the BC Hydro and Power Authority – will require an increase in our budget beginning in fiscal 2018/19. Such an increase will allow us to hire and train the additional staff required to carry out the increased audit program.

## 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:

- ♦ the Provincial Employees Community Services Fund – 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 this entity's annual financial statements and, to support the charity, charge no fee.

## ADMINISTRATION OF THE AUDITOR APPOINTMENT PROCESS

Once we have communicated the decisions of the Select Standing Committee on Public Accounts, 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 (RFP) process, including a model service agreement for audit services
- ♦ being available to provide advice on specific issues or to participate in a more active advisory capacity in the selection and appointment process
- ♦ requiring that entities include provisions for the appropriate involvement of the Auditor General in the service agreements that the entities set up with their financial statement auditors; and recommending selection criteria based largely on auditor capability, audit strategy and price

# APPENDIX A:

## DETAILED COVERAGE PLAN FOR 2018/19 – 2020/21

### PLAN LEGEND

OAG:	<b>High involvement</b> – Audit performed by the Auditor General using existing staff (OAG-Direct) or private sector audit firms under contract (OAG-Contract).
Oversight:	<b>Moderate involvement</b> – Auditors other than the Auditor General are the appointed auditors. However, the Auditor General conducts oversight procedures.
Blank:	<b>Low involvement</b> – 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		
	2017	2018	2019	2020	2021
<b>School districts</b>					
Board of Education School District No. 5 (South East Kootenay)				Oversight	OAG-Direct
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				
Board of Education School District No. 20 (Kootenay-Columbia)					Oversight
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

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2017	2018	2019	2020	2021
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				
Board of Education School District No. 38 (Richmond)					
Board of Education School District No. 39 (Vancouver)	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	OAG-Direct
Board of Education School District No. 42 (Maple Ridge-Pitt Meadows)		Oversight	Oversight		
Board of Education School District No. 43 (Coquitlam)					Oversight
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	OAG-Direct

## APPENDIX A

Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2017	2018	2019	2020	2021
Board of Education School District No. 48 (Sea to Sky)	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	
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)	OAG-Direct	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	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)					

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Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2017	2018	2019	2020	2021
Board of Education School District No. 64 (Gulf Islands)					
Board of Education School District No. 67 (Okanagan-Skaha)					
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	
Board of Education School District No. 72 (Campbell River)					Oversight
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)					

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Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2017	2018	2019	2020	2021
Board of Education School District No. 84 (Vancouver Island West)					
Board of Education School District No. 85 (Vancouver Island North)					
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 (Conseil Scolaire Francophone))	OAG-Direct	OAG-Direct	OAG-Direct		
<b>Colleges, institutes and universities<sup>1</sup></b>					
British Columbia Institute of Technology	Oversight	Oversight	Oversight	Oversight	Oversight
Camosun College					
Capilano University				Oversight	OAG-Direct
College of New Caledonia					Oversight
College of the Rockies					
Douglas College					
Emily Carr University of Art and Design					
Justice Institute of British Columbia					
Kwantlen Polytechnic University	Oversight				
Langara College			Oversight	Oversight	
Nicola Valley Institute of Technology	Oversight	Oversight			
North Island College				Oversight	Oversight
Northern Lights College					Oversight
Northwest Community College	Oversight	Oversight			
Okanagan College					
Royal Roads University	Oversight				
Selkirk College					Oversight

<sup>1</sup> Not shown is the Private Career Training Institutions Agency, as this entity ended up being a part of another entity during fiscal 2017.

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Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2017	2018	2019	2020	2021
Simon Fraser University	Oversight	Oversight	Oversight	Oversight	Oversight
Thompson Rivers University			Oversight	Oversight	
University of British Columbia	Oversight	Oversight	Oversight	OAG-Direct	OAG-Direct
University of Northern British Columbia		Oversight	Oversight		
University of the Fraser Valley					
University of Victoria	OAG-Direct	OAG-Direct	OAG-Direct	Oversight	Oversight
Vancouver Community College	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	
Vancouver Island University		Oversight	Oversight		
<b>Health authorities</b>					
Fraser Health Authority	Oversight	Oversight	Oversight	Oversight	Oversight
Interior Health Authority	Oversight	OAG-Direct	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
<b>Hospital societies<sup>2</sup></b>					
BC Clinical and Support Services Society	OAG-Direct	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					

<sup>2</sup> Not shown is the Wrinch Memorial Hospital, as this entity ended up being a part of another entity during fiscal 2017.

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Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2017	2018	2019	2020	2021
<b>Crown corporations</b>					
BC Games Society					
BC Immigrant Investment Fund Ltd.	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
BCNET					
B.C. Pavilion Corporation	OAG-Direct	Oversight	Oversight	Oversight	Oversight
BC Transportation Financing Authority	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
British Columbia Assessment Authority			Oversight	Oversight	
British Columbia Council for International Education					
British Columbia Enterprise Corporation	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
British Columbia Housing Management Commission	Oversight	Oversight	Oversight	Oversight	Oversight
British Columbia Hydro and Power Authority	Oversight	Oversight	Oversight	OAG-Direct	OAG-Direct
British Columbia Innovation Council					
British Columbia Liquor Distribution Branch	OAG-Contract	OAG-Contract	OAG-Contract	OAG-Contract	OAG-Contract
British Columbia Lottery Corporation	Oversight	Oversight	Oversight	Oversight	Oversight
British Columbia Public School Employers' Association					
British Columbia Railway Company <sup>3</sup>	OAG-Contract	OAG-Contract	OAG-Contract	OAG-Contract	OAG-Contract
British Columbia Securities Commission					
British Columbia Transit	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Canadian Blood Services					
Columbia Basin Trust <sup>4</sup>	Oversight	Oversight	Oversight	Oversight	Oversight
Columbia Power Corporation	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Community Living British Columbia	Oversight	Oversight	Oversight	Oversight	Oversight
Community Social Services Employers Association of BC					

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

<sup>4</sup> Although named as a "trust", this is not a trust fund but a fully consolidated government entity.

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Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2017	2018	2019	2020	2021
Creston Valley Wildlife Management Authority Trust Fund					
Crown Corporations Employers' Association					
Destination BC	OAG-Direct	OAG-Direct			
First Peoples' Heritage, Language and Culture Council					
Forest Enhancement Society of BC		Oversight	Oversight		
Forestry Innovation Investment Ltd.					
Health Employers Association of BC					
Industry Training Authority					
Insurance Corporation of British Columbia	Oversight	Oversight	Oversight	Oversight	Oversight
Knowledge Network Corporation					
Legal Services Society					
Nechako-Kitamaat Development Fund Society					
Oil and Gas Commission	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Organized Crime Agency of British Columbia Society					
Partnerships British Columbia Inc.					
Post-Secondary Employers' Association					
Provincial Rental Housing Corporation	Oversight	Oversight	Oversight	Oversight	Oversight
Real Estate Council of British Columbia					
Real Estate Foundation of British Columbia					
The Royal British Columbia Museum Corporation		Oversight	OAG-Direct	OAG-Direct	OAG-Direct
Transportation Investment Corporation	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct

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Entity	Historical coverage financial year ending in		Proposed 3 year coverage financial year ending in		
	2017	2018	2019	2020	2021
<b>Trust funds<sup>5</sup></b>					
BC Public Service Long Term Disability Plan (Other Trust Funds)					
Credit Union Deposit Insurance Corporation of British Columbia					
Public Guardian and Trustee of British Columbia (Estates and Trusts)					
Supreme and provincial court (Suitors' Funds) <sup>6</sup>					
<b>Other organizations - CRF</b>					
Office of the Representative for Children and Youth <sup>7</sup>	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
Legislative Assembly	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct
<b>Other organizations – Non government reporting entity<sup>8</sup></b>					
Provincial Employees Community Services Fund	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct	OAG-Direct

<sup>5</sup> Only those Government Trust Funds that are significant to the Summary Financial Statements are included in this plan.

<sup>6</sup> The Supreme and provincial court (Suitors' Funds) are not audited.

<sup>7</sup> 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.

<sup>8</sup> 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
BC Hydro and Power Authority	<p>The prior year plan was for oversight involvement in fiscal year 2019/20.</p> <p>In the current year plan, we are thinking of performing the audit of BC Hydro directly, beginning in fiscal year 2019/20. See page 12.</p>	<p>BC Hydro and Power Authority is a significant government entity. The current audit contract ends after fiscal year 2018/19. We therefore have an opportunity to become the auditor for the following fiscal year.</p>
Forest Enhancement Society of BC	<p>This entity was created in fiscal 2015/16, but was first included in the government reporting entity in fiscal 2016/17 and was therefore not reflected in the prior year plan.</p> <p>The current year plan is for oversight involvement in fiscal years 2017/18 and 2018/19 and limited involvement after that.</p>	<p>This entity has received significant government funding and has responsibilities related to Crown land. We have concluded that an oversight level of involvement will best help us understand the risks facing the society.</p>
Northwest Community College	<p>The prior year plan was for limited involvement in fiscal year 2017/18 and beyond.</p> <p>The current year plan is for oversight involvement in fiscal 2017/18 and limited involvement after that.</p>	<p>Based on the results of our oversight procedures for fiscal 2016/17, we have determined that our continued involvement for an additional year would be beneficial to the college and to our understanding of issues within this smaller, rural organization.</p>
Real Estate Council of British Columbia <i>and</i> Real Estate Foundation of British Columbia	<p>These two entities were first included in the government reporting entity in fiscal 2016/17 and were therefore not reflected in the prior year plan.</p> <p>The current year plan is for limited involvement in fiscal 2017/18 and beyond.</p>	<p>Both of these entities are relatively small in terms of dollars transacted and are therefore unlikely to have a significant impact on government's Summary Financial Statements. We concluded that our involvement is not needed at this time.</p>



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