



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

2016–17 Departmental Results Report

Approved

Original signed by

Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada

Original signed by

The Honourable William F. Morneau, P.C., M.P.
Minister of Finance

For more information, contact

Communications
Office of the Auditor General of Canada
240 Sparks Street
Ottawa, Ontario
Canada K1A 0G6

Telephone: 613-995-3708 or 1-888-761-5953

Fax: 613-957-0474

Hearing impaired only TTY: 613-954-8042

Email: communications@oag-bvg.gc.ca

Website: www.oag-bvg.gc.ca

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Cat. No. FA1-25E-PDF

ISSN 2561-0945

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Message from the Auditor General of Canada

I am pleased to report on our results for the 2016–17 fiscal year.

Our work and decisions are driven by our mission to contribute to a well-managed and accountable government for Canadians. Our mission reminds us, when we do our audits, to think about the effects that government programs have on Canadians. It also reminds us to find ways for government to improve its programs for Canadians.

We accomplish our mission through three types of audits—performance audits, special examinations, and financial audits. The goal of our performance audits and special examinations is to improve the way that government runs its programs and reports its performance to Canadians. The goal of our financial audits is to have an effect on the quality, usefulness, and timeliness of government financial reports.

These audits are supported by our audit service and corporate service groups, whose goal is high-quality, effective, and efficient operations that comply with established standards, norms, legislation, and policies.

Our strategic priorities for the 2016–17 fiscal year were to

- ensure selection and continuance of audit products likely to have significant impact and value;
- develop and maintain a skilled, engaged, and bilingual workforce; and
- ensure effective, efficient, and accountable Office governance and management.

This report indicates that we made good progress on each of these priorities, and in the next few paragraphs, I would like to give my perspective on what we achieved.

Largely because of the House of Commons Standing Committee on Public Accounts, our performance audits had more parliamentary attention in the 2016–17 fiscal year than in past years. This will help increase the impact of our audits. The Committee reviewed 100 percent of the performance audits of the Auditor General referred to it.

We would, however, like to see parliamentary committees make more use of the performance audits done under the direction of the Commissioner of the Environment and Sustainable Development, Julie Gelfand. Committees reviewed 50 percent of the Commissioner’s audits.

Our performance audits now deal more with the experience Canadians have when they interact with federal government programs and services. Two members of our executive team—Nancy Cheng and Jerome Berthelette—will work to increase that focus in the future.

One measure of the effect of our performance audits on the way government runs its programs is whether departments satisfactorily implement the recommendations we make. In the 2016–17 fiscal year, departments unfortunately did not make satisfactory progress on any of the three recommendations that we made in past years and followed up on.

The five special examinations of Crown corporations that we reported on in the 2016–17 fiscal year were focused more on results and identified the issues that either the Crown corporations or the government needs to deal with. This was because of the efforts of three other members of our executive team—Sylvain Ricard, Terry DeJong, and Clyde MacLellan.

It was also important that the Standing Committee on Public Accounts had two representatives of Crown corporations appear before it to discuss the results of their special examinations.

Our financial audit practice also did significant work. Again, under the leadership of Clyde MacLellan and Terry DeJong, we produced our first commentary report on our financial audit practice, to provide Parliament with more value from this audit work. We issued 88 audit reports on financial statements, of which 86 (98 percent) were “clean” opinions. Unfortunately, we again could not issue an audit opinion on the financial statements of the Reserve Force Pension Plan.

Our audit service group works diligently to ensure that we do audits in the way that we should, which requires us to stay abreast of changes to audit standards and to keep our audit methodology and professional development program current. This work has been very ably led by Stuart Barr.

And finally, our corporate service group strives for excellence, as shown by our performance measurement targets, many of which we set at 100 percent—a level of performance that is very hard to achieve. We spent considerable time identifying the corporate service requirements that we have to comply with, and we started to assess our compliance. Our corporate services do excellent work under the leadership of Sylvain Ricard and Anne Marie Smith.

In the 2016–17 fiscal year, we faced the corporate service risk that we would not be able to keep our information technology (IT) infrastructure current. We now have a long-term IT renewal plan, but we will not be able to implement it within a reasonable time frame unless we receive the funds to do so or reduce the number of audits we do. We are currently preparing a detailed analysis of the sufficiency of our entire budget.

I want to express my sincere appreciation to all Office staff—particularly our principals and directors who so capably transitioned to new roles and responsibilities—for their dedication and commitment to Parliament and to all Canadians. I hope this report helps parliamentarians to understand how we all performed in the 2016–17 fiscal year.

Original signed by

Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada
18 September 2017

Results at a glance

In the 2016–17 fiscal year, the Office of the Auditor General of Canada had a net cost of operations of \$92.5 million and used 555 of the planned 570 full-time equivalent employees.

With these resources, we completed

- 88 financial audits of the federal government, territorial governments, and Crown corporations;
- 12 performance audits by the Auditor General of federal government activities and programs;
- 4 performance audits reported to northern legislatures;
- 6 performance audits by the Commissioner of the Environment and Sustainable Development, plus a review of departmental progress in implementing sustainable development strategies;
- the Commissioner’s annual report on environmental petitions; and
- 5 special examinations of Crown corporations.

Parliamentary committees reviewed 72 percent of our reports to Parliament in the 2016–17 fiscal year, exceeding our target of 65 percent and the previous year’s result of 59 percent. In May 2017, we presented Parliament with our first summary report on the Office’s financial audit practice.

For more information on the Office’s plans, priorities, and results achieved, see the “Results: What we achieved” section of this report.

Raison d’être, mandate, and role: Who we are and what we do

Raison d’être

The Office of the Auditor General of Canada is the legislative audit office of the federal government. We are also the legislative auditor of the three territories (Nunavut, Yukon, and the Northwest Territories). We conduct independent audits and studies that provide objective information, advice, and assurance to Parliament, territorial legislatures, governments, and Canadians. All of our audits are conducted according to professional auditing standards and Office policies. With our reports and testimony at parliamentary hearings, we assist Parliament in its work on the authorization and oversight of government spending and operations. Our strategic outcome is to contribute to better-managed government programs and better accountability to Parliament through legislative auditing.

Mandate and role

The Auditor General is an Officer of Parliament who is independent of the government in the execution of his work and responsibilities, and who reports directly to Parliament. His duties are set out in the Auditor General Act, the Financial Administration Act, and other acts and orders-in-council. The Commissioner of the Environment and Sustainable Development carries out the portion of the Auditor General’s mandate related to the environment and sustainable development.

The Office’s main legislative auditing duties are

- financial audits of the consolidated financial statements of the Government of Canada and each of the three territorial governments, and of the financial statements of federal Crown corporations, territorial corporations, and other organizations;
- performance audits of federal and territorial organizations and programs;
- special examinations of federal Crown corporations; and
- sustainable development monitoring activities.

Under the Public Servants Disclosure Protection Act, the Auditor General has the mandate to investigate disclosures by public servants of alleged wrongdoing within the Office of the Public Sector Integrity Commissioner of Canada. If we determine that allegations of wrongdoing are well founded, we must submit a case report to Parliament.

Professional practices

The Office of the Auditor General of Canada works with other legislative audit offices and professional organizations, such as the Chartered Professional Accountants of Canada, to advance legislative audit methodology, accounting and auditing standards, and best practices.

In addition, the Office’s Professional Practices Group acts as the National Professional Practices Group, serving members of the Canadian Council of Legislative Auditors by offering methodology, training, and advice on request.

International activities

Our international activities focus on

- projects funded by Global Affairs Canada;
- International Organization of Supreme Audit Institutions (INTOSAI) working groups;
- INTOSAI Development Initiative projects; and
- other stated federal government priorities (for example, audits of United Nations entities).

For more general information about the Office, see the “Supplementary information” section of this report.

Operating context and key risks

Operating context

Two significant external factors influenced the Office of the Auditor General of Canada’s ability to achieve its planned results in the 2016–17 fiscal year:

- **Phoenix pay system.** The implementation of the Phoenix pay system required us to reallocate resources within our financial audit and performance audit practices to support two new performance audits and additional work on the audit of the Consolidated Financial Statements of the Government of Canada. We also had to reallocate resources within our corporate service group to respond to the additional effort required to process our employees’ pay.
- **Policy reset.** The federal government’s policy reset resulted in additional work for our corporate service group.

Key risks

In our 2016–17 Report on Plans and Priorities, we identified two significant internal risks that we needed to address:

- **Renewing information technology (IT) infrastructure.** We identified the need to make significant investments in our IT infrastructure. In response, we developed an IT investment plan, which shows that the Office needs to obtain or reallocate additional resources to meet its IT requirements. A number of IT projects were delayed in the 2016–17 fiscal year because of the resource shortfall.
- **Funding audit and service costs.** We identified the need to address the impact of paying for audit and service costs that are increasing from a funding base that has decreased in recent years. We have prepared the business case to request additional funding to address the increasing complexity of our audit environment, our expanding audit mandate, and other operating requirements. This business case was presented to the Minister of Finance in July 2017.

Exhibit 1 provides further information about these risks.

Exhibit 1 Key risks

Risk	Mitigating strategy and effectiveness	Link to the Office’s programs	Link to mandate commitments or government-wide and Office priorities
Renewing information technology (IT) infrastructure	Develop and resource a long-term IT renewal plan.	We maintain about 90 different IT applications, including many that are core to our audit operations.	Government-wide IT requirements, including the Standard on Enterprise Resource Planning Systems and security policies.
Funding audit and service costs	Prepare a business case for increasing funding, and for contingency plans if additional funding is not available.	Statutory financial audits and special examinations must be maintained (therefore, performance audits not required by statute could decrease from 24 to about 14, or by more than 40%).	Performance audits support the oversight role of Parliament and the House of Commons Standing Committee on Public Accounts.

Results: What we achieved

Organizational priorities

The Office of the Auditor General of Canada had identified the following three strategic objectives as priority areas for the 2016–17 fiscal year:

- Ensure selection and continuance of audit products likely to have significant impact and value.
- Develop and maintain a skilled, engaged, and bilingual workforce.
- Ensure effective, efficient, and accountable Office governance and management.

Our audits

We want to invest our resources in audits that maximize the impact and value of our work for Canadians, Parliament, and other clients and stakeholders. In the 2016–17 fiscal year, we conducted a further review of our financial audit portfolio to guide future decisions on resourcing and potential changes to our audit portfolio. We also identified a need to invest in our forensic audit capacity, and we began a review of our performance audit methodology to identify opportunities to streamline our processes and gain efficiencies in this area of our work.

Our workforce

Updates to our professional development and official languages programs contributed to better oversight and management of these two major workforce initiatives. Although we did not meet our target of having 100 percent of auditors complete mandatory training within the allotted time frame, we better managed situations in which employees were at risk of not completing training in a timely manner. The percentage of staff who met the language requirements of their positions improved. We more effectively provided employees with language training and better managed the impact of this training on our operations.

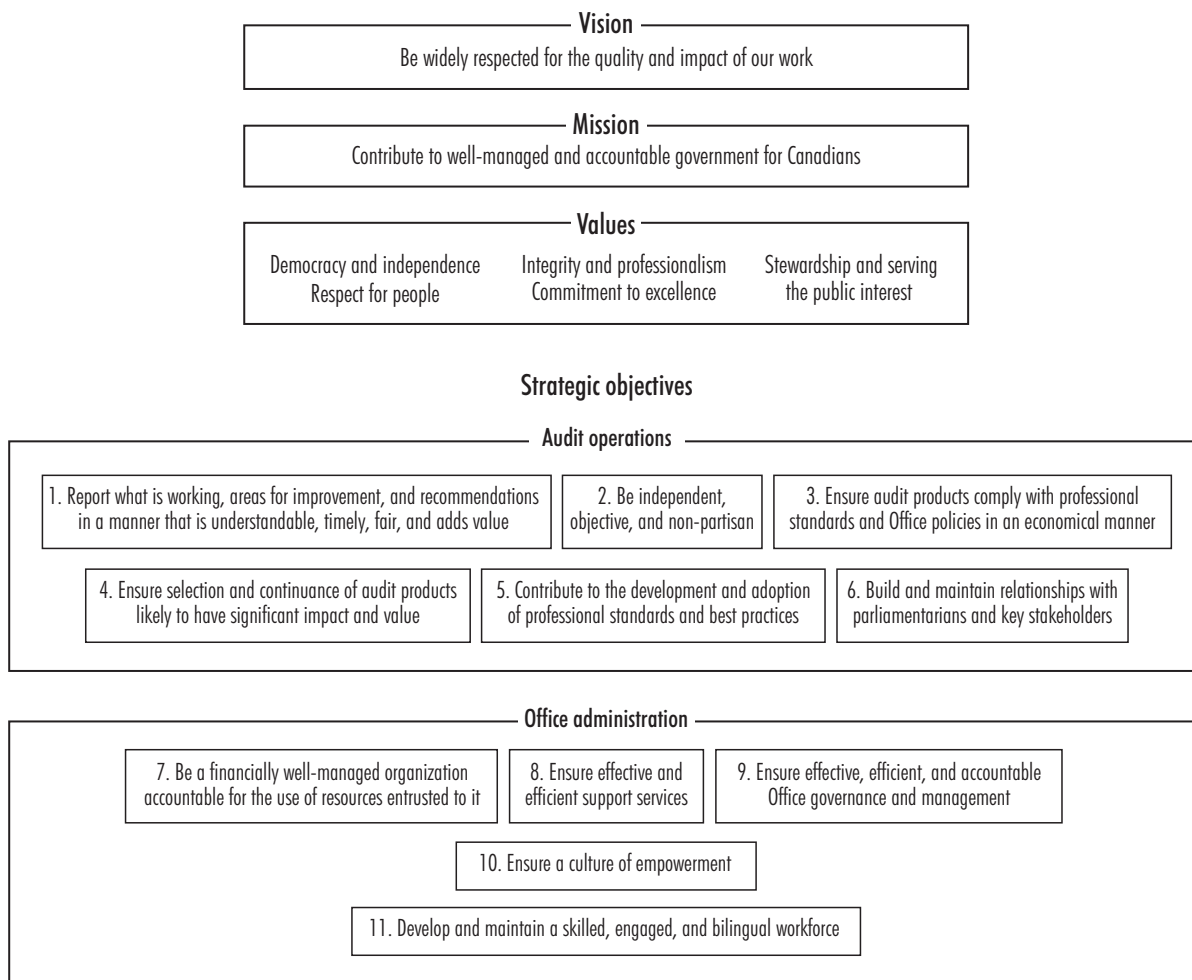
Our governance and management

In 2014, the Office reviewed the roles and responsibilities of its senior audit managers. We began transitioning to new roles in the following year. In the 2016–17 fiscal year, we continued to monitor the implementation of new roles and responsibilities and refined their application, leading to increases in efficiency and effectiveness. We improved our governance framework and risk management procedures, leading to improved Office governance, risk identification, and management.

Performance analysis

The Office has one program: legislative auditing. To monitor and report the results of our work, we use a strategic framework that contains 11 strategic objectives, which guide the Office’s audit work and administration (Exhibit 2).

Exhibit 2 Strategic framework of the Office of the Auditor General of Canada



Each objective has a set of performance indicators and targets, which establish our expected results. In the following sections, we present our strategic objectives, performance indicators, targets for the 2016–17 fiscal year, and results for the past three fiscal years.

Audit operations

The first six of our strategic objectives are used to guide and monitor our audit operations (Exhibit 3). We note the following results for these objectives.

Parliamentary engagement (Strategic objective 1). Parliamentary committees reviewed 72 percent of the performance audit and special examination reports that we presented to Parliament in the 2016–17 fiscal year, a continuing increase over recent years. The Standing Committee on Public Accounts—the primary client for our work—reviewed 88 percent of the reports referred to it. We participated in a total of 44 parliamentary committee hearings and briefings on our audit work, also an increase from recent years.

The feedback we received from parliamentarians, in both surveys and interviews, was positive and identified no significant opportunities for improvement.

Action by those we audit (Strategic objective 1). Two of the eight qualifications and “other matters” in financial audit reports issued in the 2015–16 fiscal year were not addressed in the 2016–17 fiscal year (25 percent). Both modifications involved the Reserve Force Pension Plan, on which we could not issue an audit opinion in the two previous fiscal years.

In one of the five special examinations we reported on this year, that of the Freshwater Fish Marketing Corporation, we found significant deficiencies in the systems for corporate management and the management of operations that continued from our previous examination of the Corporation.

In the 2016–17 fiscal year, the Office followed up on three recommendations from previous performance audits and did not find progress to be satisfactory in any of those cases.

Senior managers’ feedback (Strategic objective 1). Senior managers in organizations subject to performance audits continued to be concerned that our audits focused on negative findings and did not include enough positive observations to provide balanced reporting. We focus our audit work on areas that are likely to involve high risk or opportunities for improvement. We believe we can add the most value in this way.

Selection and continuance of audit products (Strategic objective 4). This strategic objective is about the long-term development of the Office’s mandate and products. Though there is no performance indicator that we measure and monitor annually, we undertake many activities that help us achieve this objective.

For example, once every three years, we review the list of organizations whose financial statements we audit, and we consider whether it is desirable to make changes to this list. In addition, each year at our annual planning meeting, we review developments in the federal government and in the accounting and auditing professions to determine whether we need to make changes to our products. These and similar analyses led most recently to the Office’s annual commentary report on our financial auditing activities, to our decision to invest in our forensic audit capacity, to a review of our approach to special examinations, and to an efficiency review of our performance audit methodology.

Exhibit 3 Audit operations—Performance indicators and results achieved

Strategic objective	Performance indicators	2016–17 Target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results	Notes
1. Report what is working, areas for improvement, and recommendations in a manner that is understandable, timely, fair, and adds value.	Percentage of financial statement audit reports issued in the year with an unqualified audit opinion	100%	Not applicable ¹	Not applicable ¹	98%	
	Percentage of reports to Parliament that are reviewed by parliamentary committees	65%	44%	59%	Target met	2016–17 result of 72% reflects a continuing increase from previous years.
	Percentage of audit recommendations/opinions addressed by entities:					
	<ul style="list-style-type: none"> for financial audits, percentage of qualifications and “other matters” that are addressed from one report to the next 	100%	Target not met (50%)	Target not met (50%)	Target not met (75%)	Audit opinion on Reserve Force Pension Plan not issued for 2014–15 and 2015–16
<ul style="list-style-type: none"> for performance audits, percentage of issues examined in our follow-up audits for which progress is assessed as satisfactory 	75%	Target met	No follow-up conducted	Target not met	Satisfactory progress on 0 of 3 recommendations subject to follow-up	
<ul style="list-style-type: none"> for special examinations, percentage of significant deficiencies that are addressed from one examination to the next 	100%	Target met	Target met	Target met	Target not met	Continuing significant deficiencies at Freshwater Fish Marketing Corporation

¹ This indicator was not in place during the fiscal year.

² Three of the 52 financial audit reports we issued that had statutory deadlines were late: the Canadian Forces Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

Exhibit 3 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2016–17 Target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results	Notes
	Percentage of users who find that our audits are understandable, timely, fair, and add value.	90%	Target met	Target met	Target not met (86%)	
	Percentage of senior managers in the organizations we audit who find that our audits are understandable, timely, fair, and add value.	80%	Target met	Target met	Target not met (77%)	Senior managers concerned with balance between negative and positive observations
	Percentage of audits that meet statutory deadlines, where applicable, or our planned reporting dates:					
	<ul style="list-style-type: none"> financial audits with a statutory deadline and special examinations 	100%	96%	90%	Target not met (95%) ²	
	<ul style="list-style-type: none"> financial audits of federal organizations with no statutory deadline, financial audits of territorial organizations, and performance audits 	80%	Target met	Target met	Target met	

¹ This indicator was not in place during the fiscal year.

² Three of the 52 financial audit reports we issued that had statutory deadlines were late: the Canadian Forces Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

Exhibit 3 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2016–17 Target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results	Notes
2. Be independent, objective, and non-partisan.	Number of founded complaints and allegations regarding failure to comply with professional standards, legal and regulatory requirements, or the Office's System of Quality Control	Zero	Target met	Target met	Target met	
	Percentage compliance with professional standards and Office policies for independence	100%	Target met	Target met	Target met	
	Percentage of clients who find that we are independent, objective, and non-partisan	90%	Not applicable ¹	Target met	Target met	
	Percentage of senior managers in the organizations we audit who find that we are independent, objective, and non-partisan	80%	Not applicable ¹	Target met	Target met	

¹ This indicator was not in place during the fiscal year.

² Three of the 52 financial audit reports we issued that had statutory deadlines were late: the Canadian Forces Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

Exhibit 3 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2016–17 Target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results	Notes
3. Ensure audit products comply with professional standards and Office policies in an economical manner	Percentage of internal and external reviews that find engagement leaders complied with professional standards	100%	Target met	Target met	Target met	External peer review conducted once every 10 years (next scheduled for 2019)
	Percentage of internal practice reviews that find the opinions and conclusions expressed in our audit reports to be appropriate and supported by the evidence	100%	Target met	Target met	Target met	
	Percentage of external reviews that find our System of Quality Control is suitably designed and operating effectively	100%	No data	No data	No data	
	Percentage of audits that are completed on budget	80%	Target met for financial audits and performance audits	74%	Target met	
4. Ensure selection and continuance of audit products likely to have significant impact and value.	See Selection and continuance of audit products , p. 11					
5. Contribute to the development and adoption of professional standards and best practices.	Percentage of commitments met to contribute to domestic and international professional standards bodies	100%	Not applicable ¹	Target met	Target met	

¹ This indicator was not in place during the fiscal year.

² Three of the 52 financial audit reports we issued that had statutory deadlines were late: the Canadian Forces Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

Exhibit 3 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2016–17 Target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results	Notes
6. Build and maintain relationships with parliamentarians and key stakeholders.	Percentage of clients who find that auditors met relationship expectations	90%	Not applicable ¹	Target met	Target met	
	Percentage of senior managers in the organizations we audit who find that auditors met relationship expectations	80%	Not applicable ¹	Target met	Target met	

¹ This indicator was not in place during the fiscal year.

² Three of the 52 financial audit reports we issued that had statutory deadlines were late: the Canadian Forces Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

Office administration

The last five of our strategic objectives are used to guide and monitor our Office administration (Exhibit 4). We note the following results for these objectives.

Service standards not met (Strategic objective 8). We monitor a number of service standards across the Office. We did not meet two of these targets. First, we responded to priority 1 information technology (IT) incidents in less than 4 hours in 50 percent of cases (two of four situations), compared with our target of 100 percent. Second, although our target is to have no security breaches, we had three security breaches and two health and safety breaches. In all cases, it was determined that the Office properly mitigated and resolved the incidents.

Completing mandatory training (Strategic objective 11). In 96 percent of cases (just short of our 100 percent target), our employees completed mandatory training within the required time period. This is the first year that our training dashboard was in place, allowing employees and their supervisors to see the status of employees' mandatory training. This tool helped us more effectively manage our training program.

Exhibit 4 Office administration—Performance indicators and results achieved

Strategic objective	Performance indicators	2016–17 Target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results	Notes
7. Be a financially well-managed organization accountable for the use of resources entrusted to it.	Percentage compliance with financial management and reporting requirements	100%	99%	99%	99%	Of 557 contracts, 14 reported as non-compliant in 2016–17
8. Ensure effective and efficient support services.	Percentage of internal service standards met (Human Resources, Information Technology, Security, Editorial Services)	100%	Not applicable ¹	69%	Target not met (77%)	Data collection started in 2017
	Percentage of internal clients who find support services are effective and efficient	85%	Not applicable ¹	Not available	Not available	
9. Ensure effective, efficient, and accountable Office governance and management.	Percentage of employees who find that the Office is well governed and managed	85%	Not applicable ¹	77%	No data	Survey to be conducted in 2017
	Completion of the Office's annual strategic priority projects	All	Not applicable ¹	Not applicable ¹	Target met	
10. Ensure a culture of empowerment.	Percentage of employees who find the Office ensures a culture of empowerment	80%	Not applicable ¹	Target met	No data	Survey to be conducted in 2017

¹This indicator was not in place during the fiscal year.

Exhibit 4 Office administration—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2016–17 Target	2014–15 Actual results	2015–16 Actual results	2016–17 Actual results	Notes
11. Develop and maintain a skilled, engaged, and bilingual workforce.	Percentage of auditors who complete mandatory training within the allotted time frame	100%	Not applicable ¹	Not applicable ¹	Target not met (96%)	
	Percentage of employees who find the Office develops and maintains an engaged workforce	85%	Not applicable ¹	Target met	No data	Survey to be conducted in 2017
	Percentage of staff who meet the language requirements of their positions:					
	• Auditor General, assistant auditors general	100%	79%	Target met	Target met	
	• principals and directors	100%	83%	78%	Target not met (89%)	Two principals did not meet oral language requirements
	• supervisors	85%	Not applicable ¹	81%	Target met	
Percentage of employees who find that the Office develops and maintains a bilingual workforce	90%	Not applicable ¹	89%	No data	Survey to be conducted in 2017	

¹This indicator was not in place during the fiscal year.

Resources used

The Office reports information about its expenditures on its website. This information includes all travel and hospitality expenses of the Auditor General, the Commissioner of the Environment and Sustainable Development, and the assistant auditors general. It also includes information about contracts valued at more than \$10,000, quarterly financial reports, and annual audited financial statements.

Net cost of operations and related government funding

For the 2016–17 fiscal year, the Office’s net cost of operations was \$92.5 million, compared with planned spending of \$96.3 million. The decrease between planned and actual spending is due mainly to having used fewer full-time equivalent employees than planned, and to a year-end adjustment to the employee benefit plans rate. Details of our spending for the 2016–17 fiscal year can be seen in the statement of operations in our audited financial statements, which are included later in this report. The net cost of operations was funded by parliamentary authorities and by services provided without charge from other government departments. In the 2016–17 fiscal year, we used \$79.0 million of parliamentary authorities, and we received \$12.7 million in services provided without charge from other government departments.

Parliamentary authorities provided and used

Parliament provided the Office with up to \$82.7 million in parliamentary authorities, which consisted of \$78.5 million in Main Estimates authorities and \$4.2 million in adjustments and transfers, which for the most part were routine in nature—for example, carry-forward funding from the previous year, funding for parental leave benefits, and severance payments (Exhibit 5).

Exhibit 5 Authorities provided and used (millions of dollars)

Authorities provided			Authorities used		
Main Estimates	Adjustments	Total authorities available for use in 2016–17	2016–17	2015–16	2014–15
78.5	4.2	82.7	79.0	77.7	81.8

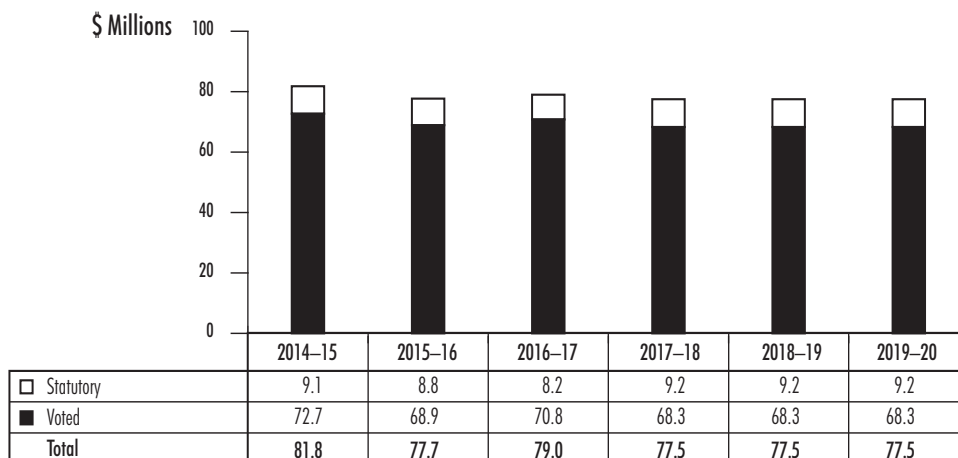
In the 2016–17 fiscal year, \$79.0 million was charged against our total parliamentary authorities of \$82.7 million. This resulted in the lapsing of \$3.7 million of the Office’s parliamentary authorities provided in the 2016–17 fiscal year. The Office may carry forward lapsed authorities of up to 5 percent of its operating budget (based on Main Estimates program expenditures) into the next fiscal year, subject to parliamentary approval. The lapsed amount expected to be carried forward is \$3.5 million.

The basis to determine parliamentary authorities used is not the same as the accrual accounting basis used to record the cost of operations in our financial statements. Some items recognized as expenses on the statement of operations were funded in prior years (for example, the annual amortization of capital assets). Other items will be funded by future years’ authorities (for example, severance benefits).

These differences resulted in an annual deficit of \$750,000 being recorded in our financial statements for the 2016–17 fiscal year.

Exhibit 6 shows the trend in our spending based on parliamentary authorities used, a decrease that reflects the planned reductions from our Strategic and Operating Review proposal.

Exhibit 6 Trend in authorities used



Expenditures by vote

For information on the Office’s organizational votes and statutory expenditures, consult the Public Accounts of Canada 2017, which is available on the Public Services and Procurement Canada website.

Human resources

The Office used 555 of the planned 570 full-time equivalent employees in the 2016–17 fiscal year.

Exhibit 7 shows the trend in our full-time equivalents.

Exhibit 7 Human resources (full-time equivalents)

2014–15 Actual	2015–16 Actual	2016–17 Actual	2016–17 Planned	2017–18 Planned	2018–19 Planned
547	546	555	570	560	560

Financial statements



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Management of the Office of the Auditor General of Canada is responsible for the preparation of the accompanying financial statements for the year ended 31 March 2017 and for all information contained in these statements. These financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Office's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Office's Departmental Results Report, is consistent with these audited financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR), which is designed to provide reasonable assurance that financial information is reliable; that assets are safeguarded; and that transactions are properly authorized and recorded in accordance with the Financial Administration Act and other applicable legislation, regulations, authorities, and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through the careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communications aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Office; and through an annual assessment of the effectiveness of the system of internal control over financial reporting.

The system of ICFR is designed to mitigate risks to a reasonable level and may not prevent or detect all misstatements. It is based on an ongoing process designed to identify and prioritize key risks, to assess the effectiveness of associated key controls, and to make any necessary adjustments.

The effectiveness and adequacy of the Office's system of internal control are reviewed through the work of internal audit staff who conduct periodic audits of different areas of the Office's operations. Also, financial services staff annually monitor internal control over financial reporting. As a basis for recommending approval of the financial statements to the Auditor General, the Office's Audit Committee reviews management's arrangements for internal controls and the accounting policies employed by the Office for financial reporting purposes. The Audit Committee also meets independently with the Office's internal and external auditors to consider the results of their work.

A risk-based assessment of the system of internal control over financial reporting for the year ended 31 March 2017 was completed in accordance with the Treasury Board Policy on Internal Control. The results and action plans are summarized in the 2016–17 Annex to the Statement of Management Responsibility, Including Internal Control over Financial Reporting.¹

Collins Barrow Ottawa LLP Chartered Professional Accountants, Licensed Public Accountants, the independent auditor for the Office of the Auditor General of Canada, has expressed an opinion on the fair presentation of the financial statements of the Office in conformity with Canadian public sector accounting standards, which does not include an audit opinion on the annual assessment of the effectiveness of the Office’s internal control over financial reporting.

Original signed by

Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada

Ottawa, Canada
13 July 2017

Original signed by

Sylvain Ricard, CPA, CA
Assistant Auditor General and
Chief Financial Officer

¹ The annex can be found on the Office’s website at www.oag-bvg.gc.ca.

Independent Auditor's Report

To the Speaker of the House of Commons:

Report on the Financial Statements

We have audited the accompanying financial statements of the Office of the Auditor General of Canada, which comprise the statement of financial position as at 31 March 2017, and the statements of operations, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Auditor General of Canada as at 31 March 2017, and the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the transactions of the Office of the Auditor General of Canada that have come to our notice during our audit of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations and the Auditor General Act.

Original signed by

Collins Barrow Ottawa LLP
Chartered Professional Accountants, Licensed Public Accountants

13 July 2017
Ottawa, Canada

Office of the Auditor General of Canada
Statement of Financial Position
as at 31 March

	2017	2016
	(in thousands of dollars)	
Financial assets		
Due from the Consolidated Revenue Fund	6,451	6,814
Accounts receivable	2,756	2,037
	9,207	8,851
Liabilities		
Accounts payable and accrued liabilities (note 4)	9,177	7,903
Vacation pay	4,139	3,784
Sick leave benefits (note 5)	3,686	4,159
Severance benefits (note 5)	3,309	3,920
Maternity/parental leave benefits (note 5)	838	563
	21,149	20,329
Net debt	(11,942)	(11,478)
Non-financial assets		
Tangible capital assets (note 6)	1,610	1,831
Prepaid expenses	175	240
	1,785	2,071
Accumulated deficit	(10,157)	(9,407)
Contractual obligations (note 10)		

The accompanying notes are an integral part of these financial statements.

Approved by

Original signed by

Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada

Original signed by

Sylvain Ricard, CPA, CA
Assistant Auditor General and
Chief Financial Officer

Office of the Auditor General of Canada
Statement of Operations
for the year ended 31 March

	2017	2017	2016
	Budget (Note 12)	Actual	Actual
	(in thousands of dollars)		
Expenses (note 7)			
Financial audits of Crown corporations, territorial governments, other organizations, and the summary financial statements of the Government of Canada	43,100	42,081	42,896
Performance audits and studies	37,000	33,474	34,802
Special examinations of Crown corporations	6,100	5,466	3,467
Sustainable development monitoring activities and environmental petitions	2,000	2,213	1,658
Professional practices	8,800	9,776	9,390
Total cost of operations	97,000	93,010	92,213
Costs recovered			
International audits	700	351	1,296
Other	–	243	364
Costs recovered not available for use	–	(91)	(178)
Net costs recovered	700	503	1,482
Net cost of operations before government funding and transfers	96,300	92,507	90,731
Government funding and transfers			
Parliamentary authorities used (note 3)	82,014	79,029	77,683
Services provided without charge (note 9)	13,300	12,728	12,949
Transfer of the transition payments for implementing salary payments in arrears	–	–	(29)
Total government funding and transfers	95,314	91,757	90,603
Annual deficit	(986)	(750)	(128)
Accumulated deficit, beginning of year	(9,407)	(9,407)	(9,279)
Accumulated deficit, end of year	(10,393)	(10,157)	(9,407)

The accompanying notes are an integral part of these financial statements.

Office of the Auditor General of Canada
Statement of Change in Net Debt
for the year ended 31 March

	2017	2017	2016
	Budget (Note 12)	Actual	Actual
	(in thousands of dollars)		
Annual deficit	(986)	(750)	(128)
Acquisition of tangible capital assets	(445)	(473)	(537)
Amortization of tangible capital assets	1,175	616	939
Loss on disposal of tangible capital assets	–	78	10
	(256)	(529)	284
Decrease/(increase) in prepaid expenses	–	65	(56)
(Increase)/decrease in net debt, during the year	(256)	(464)	228
Net debt, beginning of year	(11,478)	(11,478)	(11,706)
Net debt, end of year	(11,734)	(11,942)	(11,478)

The accompanying notes are an integral part of these financial statements.

Office of the Auditor General of Canada
Statement of Cash Flow
for the year ended 31 March

	2017	2016
	(in thousands of dollars)	
Operating transactions		
Cash paid for		
Employee salaries, wages, and benefits	(60,694)	(60,420)
Statutory contributions to employee benefit plans	(10,265)	(10,026)
Services, transportation, communication, and other expenses	(11,058)	(10,058)
Transition payments for implementing salary payments in arrears	–	(29)
Services provided by related parties	(1,527)	(1,639)
Other	(91)	(178)
	(83,635)	(82,350)
Cash received from		
Sales tax recovered	1,050	975
Salaries and benefits recovered	2,757	1,790
International audits	507	1,364
Other	273	250
	4,587	4,379
Parliamentary authorities used (note 3)	79,029	77,683
	83,616	82,062
Cash used by operating transactions	(19)	(288)
Capital transactions		
Cash used to acquire tangible capital assets	(344)	(499)
Cash applied to capital transactions	(344)	(499)
Decrease in Due from the Consolidated Revenue Fund	(363)	(787)
Due from the Consolidated Revenue Fund, beginning of year	6,814	7,601
Due from the Consolidated Revenue Fund, end of year	6,451	6,814

The accompanying notes are an integral part of these financial statements.

Office of the Auditor General of Canada
Notes to the financial statements for the year ended 31 March 2017

1. Authority and objective

The Auditor General Act, the Financial Administration Act, and a variety of other acts and orders-in-council set out the duties of the Auditor General and the Commissioner of the Environment and Sustainable Development.

The program activity of the Office of the Auditor General of Canada is legislative auditing and consists of performance audits and studies of departments and agencies; the audit of the summary financial statements of the Government of Canada; financial audits of Crown corporations, territorial governments, and other organizations; special examinations of Crown corporations; and sustainable development monitoring activities and environmental petitions.

The Office is funded by the Government of Canada through parliamentary authorities and is not taxable under the provisions of the Income Tax Act.

Pursuant to the Financial Administration Act, the Office is a department of the Government of Canada. It is listed in Schedule I.1 of the Act as a division or a branch of the federal public administration, and in Schedule V of the Act as a separate agency.

2. Significant accounting policies

a) Basis of presentation

The financial statements of the Office have been prepared by management in accordance with Canadian public sector accounting standards (PSAS).

b) Parliamentary authorities

The Office's annual parliamentary authorities are reported directly in the Statement of Operations in the fiscal year for which they are approved by Parliament and used by the Office. Financial reporting of authorities does not parallel financial reporting according to PSAS since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the two bases of reporting.

c) Costs recovered

Costs recovered are from international audits, audit professional services provided to members of the Canadian Council of Legislative Auditors (CCOLA), and other refunds and adjustments.

These costs are accounted for in the period services are rendered or in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Cost recoveries related to international audits and members of the CCOLA become available for use when funds are received. Other refunds and adjustments are considered to be earned on behalf of the Government of Canada and are not available to discharge the Office’s obligations. As a result, these recoveries are deducted as costs recovered not available for use.

d) Due from the Consolidated Revenue Fund

The financial transactions of the Office are processed through the Consolidated Revenue Fund of the Government of Canada. The “Due from the Consolidated Revenue Fund” balance represents the amount of cash that the Office is entitled to draw from the Consolidated Revenue Fund, without further parliamentary authorities, in order to discharge its liabilities.

e) Accounts receivable

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts receivable where recovery is considered uncertain.

f) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. The Office capitalizes the costs associated with the development of software used internally, such as installation costs, professional service contract costs, and salary costs of employees directly associated with these projects. The costs of software maintenance, project management and administration, data conversion, and training and development are expensed in the year incurred.

When conditions indicate that a tangible capital asset no longer contributes to the Office’s ability to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset’s value.

Amortization of tangible capital assets begins when assets are put into use and is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Tangible capital assets	Useful life ¹	
	2017	2016
Leasehold improvements	Lesser of the remaining term of the lease or the useful life of the improvements	10 years
Furniture and fixtures	10 years	7 years
Informatics software	5 years	3 years
Informatics hardware and infrastructure	3 years	3 years
Office equipment	4–10 years	4 years
Motor vehicle	5 years	5 years

¹ Refer to note 6.

g) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities represent obligations of the Office for salaries and wages, for material and supply purchases, and for the cost of services rendered to the Office.

Salary-related accrued liabilities are determined using employees' salaries at year-end. Accounts payable and accrued liabilities are measured at cost.

h) Vacation pay

Vacation pay is accrued as the benefit is earned by the employees under their respective labour contracts and conditions of employment, using employees' salaries at year-end.

i) Employee benefits**i) Pension benefits**

All eligible employees participate in the Public Service Pension Plan, a plan administered by the Government of Canada. The Office's contributions are currently based on a multiple of an employee's required contributions and may change over time, depending on the experience of the Plan. The Office's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Office is not required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

ii) Health and dental benefits

The Government of Canada sponsors employee benefit plans (health and dental) in which the Office participates. Employees are entitled to health and dental benefits, as provided for under labour contracts and conditions of employment. The Office's contributions to the plans, which are provided without charge by the Treasury Board Secretariat, are recorded at cost based on a percentage of the salary expenses and charged to personnel expenses in the year incurred. They represent the Office's total obligation to the plans. Current legislation does not require the Office to make contributions for any future unfunded liabilities of the plans.

iii) Sick leave benefits

Employees are eligible to accumulate sick leave benefits until the end of employment, according to their labour contracts and conditions of employment. Sick leave benefits are earned based on employee services rendered and are paid upon an illness or injury related absence. These are accumulating non-vesting benefits that can be carried forward to future years, but are not eligible for payment on retirement or termination, nor can these be used for any other purpose. A liability is recorded for unused sick leave credits expected to be used in future years in excess of future allotments, based on an actuarial valuation using an accrued benefit method. Changes in actuarial assumptions and any variance between the expected and the actual experience of the sick leave benefit plan give rise to actuarial gains or losses. These gains or losses are amortized on a straight-line basis over the expected average remaining service life of the employees, starting in the fiscal year following the one in which they arose.

iv) Severance benefits

The accumulation of severance benefits for employees ceased in the 2012–13 fiscal year. The accrued benefit obligation is determined using employees' salaries at year-end and the number of weeks earned but unpaid for employees who have elected to defer the receipt of their full or partial severance benefits payment.

v) Maternity/parental leave benefits

Employees are entitled to maternity/parental leave benefits as provided for under labour contracts and conditions of employment. The benefits earned are event-driven, meaning the Office's obligation for the cost of the entire benefit arises upon occurrence of a specific event, being the commencement of the maternity/parental leave. The accrued benefit obligation and benefit expenses are based on management's best estimates.

j) Services provided without charge by other government departments

Services provided without charge by other government departments are recorded as operating expenses by the Office at their estimated cost. A corresponding amount is reported as government funding in the Statement of Operations.

k) Allocation of expenses

All direct expenses related to the delivery of audits and professional practice projects, such as salary, professional services, travel, and other associated costs, are allocated to each audit and professional practice project. All other expenses, including services provided without charge, are treated as overhead and allocated to audits and professional practices projects based on the direct staff cost charged to them.

l) Measurement uncertainty

These financial statements are prepared in accordance with PSAS. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of costs recovered, government funding and transfers, and expenses during the reporting period. Services provided without charge, sick leave benefits, and amortization of tangible capital assets are the most significant items for which estimates are used. Actual results could differ significantly from the estimates. These estimates are reviewed annually, and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

3. Parliamentary authorities

The Office is funded through annual parliamentary authorities. Items recognized in the Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the Office has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year authorities used

	2017	2016
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	92,507	90,731
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(12,728)	(12,949)
Amortization of tangible capital assets	(616)	(939)
(Increase)/decrease in liabilities not charged to authorities	(464)	228
Loss on disposal of tangible capital assets	(78)	(10)
(Decrease)/increase in prepaid expenses	(65)	56
Total items affecting net cost of operations but not affecting authorities	(13,951)	(13,614)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	473	537
Transition payments for implementing salary payments in arrear	–	29
Total items not affecting net cost of operations but affecting authorities	473	566
Current year authorities used	79,029	77,683

b) Authorities provided and used

	2017	2016
	(in thousands of dollars)	
Authorities provided		
Voted—Operating expenditures	74,561	72,992
Statutory—Contributions to employee benefit plans	8,190	8,806
Statutory—Spending of proceeds from disposal of tangible capital assets	1	3
Current year authorities provided	82,752	81,801
Less: Lapsed authorities	3,723	4,118
Current year authorities used	79,029	77,683

The Office may carry forward lapsed authorities of up to 5 percent of its operating budget (based on Main Estimates program expenditures) into the next fiscal year, subject to parliamentary approval. The lapsed amount expected to be carried forward is \$3.5 million (\$3.5 million in 2015–16).

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are measured at cost.

The following table presents details of the Office's accounts payable and accrued liabilities:

	2017	2016
	(in thousands of dollars)	
Due to employees	7,532	6,491
Due to others	1,645	1,412
Total	9,177	7,903

5. Employee benefits

a) Pension benefits

The Office's eligible employees participate in the Public Service Pension Plan (the Plan), which is established and governed by the Public Service Superannuation Act, and sponsored and administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Office.

The Plan provides pension benefits based on the number of years of pensionable service and salaries of the employees. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best 5 consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

The Office's contribution rate depends on the employee's start date and salary. Overall for the Plan, for employment start dates before 1 January 2013, the employer's contribution rate is approximately 1.12 times (1.25 times in 2015–16) the employee's contribution; and for these employees, an unreduced pension benefit can be received at age 60 with at least 2 years of pensionable service (or age 55 with 30 years of service). For employment start dates after 31 December 2012, the employer's contribution rate is approximately 1.08 times (1.24 times in 2015–16) the employee's contribution; and an unreduced pension benefit can be received at age 65 with at least 2 years of pensionable service (or age 60 with 30 years of service).

The Office's expense in relation to the Plan in 2016–17 amounts to \$5.7 million (\$6.1 million in 2015–16). The Office's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

b) Sick leave benefits

Employees are credited, based on service, a maximum of 15 days annually for use as paid absences due to illness or injury. The sick leave benefit obligation is unfunded and will be paid from future parliamentary authorities.

Annually, the Office obtains an actuarial valuation of the accrued employee sick leave benefit obligation for accounting purposes. Actuarial assumptions are used to determine the sick leave accrued benefit obligation. The assumptions are reviewed at 31 March of each year and are management's best estimate based on an analysis of the historical data up to the reporting date. The key assumptions used are: a discount rate of 1.70 percent (1.35 percent in 2015–16), which is based on an average yield of government borrowings over the expected average remaining service life of employees of 10 years (10 years in 2015–16); a rate of salary increase of 3 percent (3 percent in 2015–16); an average turnover rate of 6.4 percent (6 percent in 2015–16); and a retirement age of 58 (58 in 2015–16).

Information about the sick leave benefits as at 31 March is as follows:

	2017	2016
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	2,346	4,108
Current year benefit cost ¹	351	495
Interest on the accrued benefit obligation ¹	36	70
Benefits paid	(679)	(514)
Actuarial (gain)/loss	242	(1,813)
Accrued benefit obligation, end of year	2,296	2,346
Unamortized accumulated actuarial gain/(loss), beginning of year	1,813	–
Actuarial gain/(loss) recognized in the year	(242)	1,813
Amortization in the year of actuarial (gain)/loss ¹	(181)	–
Unamortized accumulated actuarial gain/(loss), end of year	1,390	1,813
Accrued benefit liability	3,686	4,159

¹ These components make up the net benefit expense of \$206 (\$565 in 2015–16) included in the "Personnel" category in note 7.

The actuarial gain of \$1.8 million in 2015–16 was mainly due to changes made to actuarial assumptions such as introducing an employee turnover rate assumption and revisions to sick leave utilization assumptions based on additional information available to management. Prior to 2015–16, the Office immediately recorded all actuarial gains and losses in the Statement of Operations as these were not material. Due to the significance of the previous year's actuarial gain, the Office adopted in 2015–16 an amortization policy for actuarial gains and losses in accordance with PSAS.

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligation. The following table illustrates the possible impact of a change in the actuarial assumptions on the accrued benefit obligation as at 31 March:

Assumptions	Increase (decrease) in the accrued benefit obligation	
	2017	2016
	(in thousands of dollars)	
Discount rate		
Increase by 1%	(146)	(144)
Decrease by 1%	165	163
Salary increase rate		
Increase by 1%	138	135
Decrease by 1%	(124)	(122)
Retirement age		
Increase by 1 year	231	230
Decrease by 1 year	(221)	(220)
Turnover rate		
Increase factors by 10%	(70)	(56)
Decrease factors by 10%	75	59
Sick leave utilization rates		
Increase factors by 10%	292	301
Decrease factors by 10%	(276)	(284)

c) Severance benefits

The Office's severance benefit obligation is unfunded and will be paid from future parliamentary authorities.

The following table presents information about severance benefits, measured as at 31 March:

	2017	2016
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	3,920	4,636
Current year benefit cost	48	47
Benefits paid	(659)	(763)
Accrued benefit obligation, end of year	3,309	3,920

d) Maternity/parental leave benefits

The Office provides maternity/parental leave benefits as provided for under labour contracts and conditions of employment. Management determined the accrued benefit obligation and benefit expenses based on the difference between 93 percent of the employee’s weekly rate of pay and the weekly maternity/parental leave benefit they are entitled to receive under the Employment Insurance or the Québec Parental Insurance Plan. The maternity/parental leave benefit obligation is unfunded and will be paid from future parliamentary authorities.

The following table presents information about maternity/parental leave benefits, measured as at 31 March:

	2017	2016
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	563	954
Current year benefit cost	1,219	714
Benefits paid	(944)	(1,105)
Accrued benefit obligation, end of year	838	563

6. Tangible capital assets

	Cost				Accumulated amortization				2017	2016
	Opening balance	Acquisitions	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	Net book value	Net book value
	(in thousands of dollars)									
Leasehold improvements	3,459	110	108	3,461	3,052	90	53	3,089	372	407
Furniture and fixtures	4,455	–	77	4,378	4,341	38	54	4,325	53	114
Informatics software	4,357	222	–	4,579	3,476	186	–	3,662	917	881
Informatics hardware and infrastructure	1,450	28	–	1,478	1,193	214	–	1,407	71	257
Office equipment	1,064	113	–	1,177	901	83	–	984	193	163
Motor vehicle	24	–	–	24	15	5	–	20	4	9
Total	14,809	473	185	15,097	12,978	616	107	13,487	1,610	1,831

The cost of tangible capital assets not being amortized because they are under development totals \$0.1 million (\$0.3 million in 2015–16) and is included within the “Informatics software” category. During the year ended 31 March 2017, the estimated useful life of certain assets was revised to better reflect the acquired experience and projected use of these assets. The change in accounting estimate has been accounted for on a prospective basis starting 1 April 2016, resulting in a \$0.3 million decrease in amortization expense.

7. Expenses by object

Summary of expenses by object for the year ended 31 March are as follows:

	2017	2016
	(in thousands of dollars)	
Personnel	73,620	72,533
Rentals	8,316	8,864
Professional and special services	5,598	4,716
Transportation and communications	3,233	3,249
Information	708	679
Amortization of tangible capital assets	616	939
Small machinery and equipment	313	659
Utilities, materials, and supplies	292	268
Repairs and maintenance	200	226
Loss on disposal of tangible capital assets	78	10
Interest on the sick leave accrued benefit obligation	36	70
Total cost of operations	93,010	92,213

The total cost of operations includes services provided without charge by other government departments as explained in note 9 a).

8. Funded organizations

a) Canadian Audit and Accountability Foundation (CAAF)

The Office is a member of the CAAF, a not-for-profit corporation dedicated to promoting and strengthening public sector performance audit, oversight, and accountability in Canada and abroad through research, education, and knowledge sharing.

In 2016–17, the Office paid an annual membership fee and provided in-kind services to the CAAF totalling \$0.6 million (\$0.6 million in 2015–16), which represents 20 percent (19 percent in 2015–16) of the CAAF's total revenues of \$3 million (\$3.1 million in 2015–16). As at 31 March 2017, the Office held approximately 44 percent of the member voting rights of the CAAF. As the Office does not control the CAAF, it is not consolidated in these financial statements nor is it a related party. The CAAF's audited financial statements are included in its annual report, which is publicly available.

b) Canadian Council of Legislative Auditors (CCOLA)

The Office is a member of the CCOLA. The CCOLA is a not-for-profit association devoted to sharing information and supporting the continued development of auditing methodology, practices, and professional development. The CCOLA's membership consists of all the provincial and federal legislative audit offices. The CCOLA has one associate member (the Office of the Auditor General of Bermuda) and one observer (the Office of the Auditor General of the Cayman Islands). As at 31 March 2017, the Office was 1 out of 12 voting members of the CCOLA. As the Office does not control the CCOLA, it is not consolidated in these financial statements nor is it a related party.

The Office funds the CCOLA through the provision of secretariat and various administrative and support services. The CCOLA's fiscal year runs from 1 October to 30 September. For the year ended 30 September 2016, the Office provided \$0.4 million in services (\$0.4 million in 2014–15) to the CCOLA, which represented approximately 67 percent (67 percent in 2014–15) of the CCOLA revenues of \$0.6 million (\$0.6 million in 2014–15).

For the year ended 30 September 2016, the CCOLA incurred \$0.7 million (\$0.6 million in 2014–15) for the following expenses, measured on an accrual basis:

- Secretariat and Content Manager;
- Information Technology;
- Performance and Financial Audit Symposia;
- Meetings and Travel; and
- Contribution to the CAAF.

9. Related party transactions

The Office is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Office enters into transactions with these organizations in the normal course of business and on normal trade terms. The Office is mindful of its independence and objectivity when entering into any such transactions. The Office conducts independent audits and studies without charge to federal departments and agencies, Crown corporations, territorial governments, and other organizations.

a) Common services provided without charge by other government departments

During the year, the Office received the following services without charge from certain common service organizations. The expenses related to these services have been recorded in the Office's Statement of Operations and in the Expenses by object (note 7):

	2017	2016
	(in thousands of dollars)	
Office accommodation—Public Services and Procurement Canada	7,046	7,820
Office's contribution to the health and dental insurance plans— Treasury Board Secretariat	5,682	5,129
Services provided without charge	12,728	12,949

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes, and economic delivery of programs to the public. As a result, the Government uses central agencies and common services organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada, are not included in the Office's Statement of Operations as they are not significant.

b) Other transactions with related parties

	2017	2016
	(in thousands of dollars)	
Expenses—Other government departments and agencies	9,628	10,228
Accounts receivable—Other government departments and agencies	2,288	1,399
Accounts payable—Other government departments and agencies	239	58

Expenses disclosed in b) exclude common services provided without charge disclosed in a). The most significant components of the expenses are related to the statutory contributions to employee benefit plans, translation services, security services, and network services.

10. Contractual obligations

The nature of the Office's activities can result in contracts and obligations whereby the Office will be obligated to make future payments when the services/goods are received. Contractual obligations estimated as at 31 March 2017 are summarized as follows:

	2018	2019	2020	2021	2022 and thereafter	Total
	(in thousands of dollars)					
Goods and services	1,812	356	306	25	11	2,510
Professional services	1,471	105	–	–	–	1,576
Operating leases	168	168	42	–	–	378
Total	3,451	629	348	25	11	4,464

11. Financial instruments

The following analysis presents the Office's exposure to credit and liquidity risks at the reporting date.

a) Credit risk

The Office is exposed to low credit risk resulting from the possibility that parties may default on their financial obligations to pay the Office. Management believes the risk of loss on its accounts receivable balances to be low due to the credit quality of these parties. Accounts receivable balances are managed and analyzed on an ongoing basis. Accordingly, management believes that all amounts receivable will be collected and has determined that a valuation allowance is not required.

b) Liquidity risk

Liquidity risk is the risk that the Office will encounter difficulty in meeting its obligation associated with financial liabilities. The Office's objective for managing liquidity risk is to manage operations and cash expenditures within the authorities approved by Parliament. Management believes this risk is low.

12. Budget figures

The budget figures in the “Expenses” and “Costs recovered” sections of the Statement of Operations are the amounts reported as 2016–17 planned spending figures included in the 2016–17 Report on Plans and Priorities. The budget figures in the “Government funding and transfers” section of the Statement of Operations and in the Statement of Change in Net Debt were prepared for internal management purposes and have not been previously published.

13. Comparative figures

Certain 2015–16 comparative figures have been reclassified to conform to the presentation adopted for the 2016–17 fiscal year.

Supplementary information

Corporate information

Organizational profile

Auditor General of Canada: Michael Ferguson, CPA, CA, FCPA, FCA (New Brunswick)

Main legislative authorities:

Auditor General Act, R.S.C. 1985, c. A-17

Financial Administration Act, R.S.C. 1985, c. F-11

Year established: 1878

Minister: The Honourable William F. Morneau, P.C., M.P., Minister of Finance*

* The Auditor General acts independently in the execution of his audit responsibilities, but reports to Parliament on expenditures through the Minister of Finance.

Sustainable development

The following supplementary information on sustainable development is available on the Office's website:

- sustainable development strategy for the Office, and
- green procurement information (Theme IV of the Federal Sustainable Development Strategy).

Additional financial information

The Office provides the following unaudited financial information on service contracts, travel and hospitality expenses, and compensation and benefits.

Table 1—Total value of service contracts

This table highlights the Office's contracting activity for services in calendar year 2016, excluding contracting activity with other government departments.

	Contracts with original value less than \$25,000			Contracts with original value greater than or equal to \$25,000		
	(\$)	Number	Percentage	(\$)	Number	Percentage
Competitive contracts	1,383,316	139	39%	2,000,405	38	88%
Non-competitive contracts	1,466,778	216	61%	475,888	5	12%
Total	2,850,094	355	100%	2,476,293	43	100%

All amounts include fees, expenses, amendments, and taxes. Contracts are classified based on the total original value, which includes original fees, expenses, and taxes. Contracts with a total original value of less than \$25,000 are sometimes amended in accordance with the Office's contracting policy. In some cases, the total amended value may exceed \$25,000; these contracts are still included

under “Contracts with original value less than \$25,000.” We are reporting that in 2016, one such contract was amended, bringing the total value of the contract to greater than \$25,000. Further disclosure can be found on the Office’s website, where we proactively disclose information about contracts and amendments over \$10,000.

The Auditor General’s power to enter into contracts for services is set out in section 16.2 of the Auditor General Act. The Office is subject to the Government Contracts Regulations. The Office’s Policy on Contracting and Procurement requires that contracts for an estimated value of \$25,000 or more be awarded through competition unless they meet one of the following criteria set out in the Government Contracts Regulations: The need is one of pressing emergency, it is not in the public interest to solicit bids due to the nature of the work, or there is only one person capable of performing the work. We follow the solicitation process for contracts that exceed the thresholds of the North American Free Trade Agreement and other applicable trade agreements.

In 2016, we awarded on a non-competitive basis five contracts totalling \$475,888 that each had an original value greater than \$25,000. One contract, for \$185,798, was for audit services for the Public Sector Pension Investment Board, and another contract, for \$178,921, was for support and maintenance services of existing proprietary software. Two other contracts, for \$37,969 and \$28,000, were for the appointment of members to the Office’s Audit Committee. Each of these contracts was awarded on the basis of only one person or supplier being capable of performing the work. The remaining contract, for \$45,200, was for legal services, which are exempt from competition under the Government Contracts Regulations and trade agreements.

Table 2—Travel and hospitality expenses

Disclosure of the travel and hospitality expenses for the Auditor General, the Commissioner of the Environment and Sustainable Development, and assistant auditors general as well as for corporate events is available on our website under Travel and Hospitality. The Office follows the Treasury Board’s Directive on Travel, Hospitality, Conference and Event Expenditures.

Table 3—Compensation and benefits

The following is a summary of compensation and selected benefits paid to Office employees by level. Office employees receive benefits comparable to other federal government employees, which are not included in this table.

Position	FTEs ¹	Salary (\$)	Bilingual bonus (\$)	Performance pay ² (\$)		Automobile ³ (\$)	Total (\$)
				Pay at risk	Bonus		
Auditor General	1	375,300 ⁴				11,286	386,586
Commissioner of the Environment and Sustainable Development	1	173,320–227,365		0–25,910	0–11,400		173,320–264,675
Assistant auditors general	7	173,320–206,690		0–23,540	0–10,360		173,320–240,590
Senior principals	1	124,475–180,330		0–20,560	0–8,990		124,475–209,880
Principals	43	124,475–160,535		0–12,220	0–8,030		124,475–180,785
Senior directors	1	121,156–152,432		0–10,960	0–7,220		121,156–170,612
Directors	91	107,715–128,815		0–9,810	0–6,420		107,715–145,045
Auditors	248	48,804–110,344	800		0–4,415		48,804–115,559
Audit support services	162	36,822–98,305	800				36,822–99,105
Total FTEs	555						

¹ Full-time equivalents (FTEs) used in the 2016–17 fiscal year.

² The range that levels are eligible to receive in performance pay as “pay at risk” and/or bonus.

³ Taxable benefit for the personal use of an automobile for the 2016 calendar year.

⁴ The salary of the Auditor General set by statute under subsection 4(1) of the Auditor General Act and equal to the salary of a Supreme Court of Canada puisne judge (that is, Supreme Court judge other than the Chief Justice).

Performance management

Every year, managers are evaluated on their product and people management skills. Managers who meet or exceed their annual performance objectives earn their “pay at risk.” In the 2016–17 fiscal year, managers received amounts of up to 11.4 percent of their maximum salary rates as “pay at risk,” which totalled \$1,662,479.

Managers who exceeded expectations were awarded bonuses ranging from 1.0 to 5.3 percent of their salaries, depending on their level and performance. In the 2016–17 fiscal year, a total of \$166,389 was awarded to managers as performance bonuses.

In addition, 59 of 283 non-management auditors (21 percent) received pay for exceptional performance, which ranged from 4.0 to 4.8 percent of their maximum salary rates. In the 2016–17 fiscal year, a total of \$220,960 was awarded to non-management auditors.

Report on staffing

The Auditor General has the staffing authorities of the Public Service Commission of Canada through the Auditor General Act. The Commission must report annually to Parliament for the previous fiscal year on matters under its jurisdiction; therefore, the Office commits to reporting annually on its staffing.

The following description is modelled on the Commission's 2014 Staffing Management Accountability Framework. It summarizes the areas of accountability and identifies the key risk indicators present in the Office. This organizational assessment is intended to ensure a values-based staffing system. The ongoing monitoring of staffing activities at the Office ensures that the core principles of merit and non-partisanship are applied in accordance with the core values of fairness, transparency, access, and representativeness.

Delegation of staffing and support to managers

Delegation. The Auditor General has the authority related to human resource management in accordance with the Auditor General Act and may delegate this authority to management. Moreover, staffing responsibilities are fulfilled in accordance with the Office's Delegated Human Resources Authorities instrument. A revised version of this instrument, which aligns with senior management roles and responsibilities, went into effect on 1 January 2016.

Knowledge and support. Managers have access to information, tools, and human resource advisers to help them manage staffing activities effectively. The training for managers and human resource advisers ensures that the quality of staffing transactions is a direct result of current knowledge and of authoritative advice.

Staffing plans and decisions

Planning. Human resource plans are developed on both strategic and operational levels. Considerations such as employee retention and succession planning are critical.

Implementation. Staffing requirements (hires, promotions, and rotations) are identified during the planning phase. Managers address staffing requirements in collaboration with Human Resources and in accordance with the Delegated Human Resources Authorities instrument, the applicable legislation and collective agreements, and the Office's Policy on Staffing. Key risks—which include acting appointments for longer than 12 months, casual appointments to term or indeterminate positions through non-advertised processes, and promotions to the executive group through non-advertised processes—are proactively managed throughout staffing processes.

Monitoring. Human Resources continuously monitors staffing plans and decisions, and shares the results with senior management. Human Resources also provides a yearly formal report that summarizes staffing decisions.

Priority entitlements

In accordance with the Public Service Employment Act, the Public Service Employment Regulations, and the Work Force Adjustment Directive, the Office establishes a priority list, when required, to help it efficiently manage situations—such as discontinued functions, organizational changes, and the return of employees who were on leave. Before initiating a staffing action, managers and human resource advisers first verify if a priority list exists. When a priority list is established, the Office communicates with the bargaining agent about its members who are on the priority list and provides the bargaining agent with a monthly report.

Official languages

The Official Languages team provides management with a yearly report on employees' language profiles, which is then used to establish language training plans. This information allows the Office to prioritize training requirements and to provide employees with the appropriate training needed to improve or maintain their language levels. In the 2016–17 fiscal year, all bilingual staffing processes were completed on a bilingual imperative basis.

Complaints

In the 2016–17 fiscal year, one staffing complaint was received. The Federal Public Sector Labour Relations and Employment Board determined it was inadmissible.

Continuous improvement

The Office maintains an ongoing dialogue with its key partners, so that it can implement improvements. Key partners include union representatives, audit service professionals, audit professionals, and principals. This ongoing practice contributes to positive results, such as the development and application of an annual process for staffing audit positions, the Directive on Staffing Recourse, and the development of the Resourcing Strategy 2017–2020. The Office increased its staffing efficiency by promoting the availability of pre-qualified candidates, thus enabling the staffing service-level standards to be met.

Employee awareness of legal rights and responsibilities regarding political activities

The Office informs all employees, when they are hired, of their rights and responsibilities regarding political activities, as specified in the Office's Code of Values, Ethics and Professional Conduct. Employees also receive reminders of these rights and responsibilities for every provincial and federal election.

Performance audits

The following lists the performance audits and related work planned for in our 2016–17 Report on Plans and Priorities (RPP), including planned and actual reporting dates. Titles reflect those in published reports.

2016 Spring Reports of the Auditor General of Canada

Title	Planned reporting date listed in 2016–17 Report on Plans and Priorities	Actual reporting date	Parliamentary hearing ¹
Report 1—Venture Capital Action Plan	Spring 2016	May 2016	House of Commons Standing Committee on Public Accounts
Report 2—Detecting and Preventing Fraud in the Citizenship Program	Spring 2016	May 2016	House of Commons Standing Committee on Public Accounts
Report 3—The Governor in Council Appointment Process in Administrative Tribunals	Spring 2016	May 2016	House of Commons Standing Committee on Public Accounts
Report 4—Drug Benefits—Veterans Affairs Canada	Spring 2016	May 2016	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Health
Report 5—Canadian Army Reserve—National Defence	Spring 2016	May 2016	House of Commons Standing Committee on Public Accounts Standing Senate Committee on National Security and Defence
Special Examinations of Crown Corporations—2015	Spring 2016	Not applicable ²	

¹ In addition to the hearings listed above, the Office of the Auditor General of Canada participated in one parliamentary briefing and one public hearing (House of Commons Standing Committee on Public Accounts) on the spring reports as a whole.

² Since fall 2015, the Office has presented special examination reports for tabling in their entirety in lieu of a separate summary report.

2016 Spring Reports of the Commissioner of the Environment and Sustainable Development

Title	Planned reporting date listed in 2016–17 Report on Plans and Priorities	Actual reporting date	Parliamentary hearing ¹
Report 1—Federal Support for Sustainable Municipal Infrastructure	Spring 2016	May 2016	Standing Senate Committee on National Finance
Report 2—Mitigating the Impacts of Severe Weather	Spring 2016	May 2016	
Report 3—Chemicals in Consumer Products and Cosmetics	Spring 2016	May 2016	

¹ In addition to the hearing listed above, the Office of the Auditor General of Canada participated in one parliamentary briefing and one public hearing (House of Commons Standing Committee on Environment and Sustainable Development) on the spring reports as a whole.

2016 Fall Reports of the Auditor General of Canada

Title	Planned reporting date listed in 2016–17 Report on Plans and Priorities	Actual reporting date	Parliamentary hearing ¹
Report 1—The Beyond the Border Action Plan	Fall 2016	November 2016	House of Commons Standing Committee on Public Accounts
Report 2—Income Tax Objections—Canada Revenue Agency	Fall 2016	November 2016	House of Commons Standing Committee on Public Accounts
Report 3—Preparing Indigenous Offenders for Release—Correctional Service Canada	Fall 2016	November 2016	House of Commons Standing Committee on Public Accounts
Report 4—Oversight of Passenger Vehicle Safety—Transport Canada	Fall 2016	November 2016	House of Commons Standing Committee on Public Accounts
Report 5—Canadian Armed Forces Recruitment and Retention—National Defence	Fall 2016	November 2016	House of Commons Standing Committee on Public Accounts
Report 6—First Nations Specific Claims—Indigenous and Northern Affairs Canada	Fall 2016	November 2016	House of Commons Standing Committee on Public Accounts
Report 7—Operating and Maintenance Support for Military Equipment—National Defence	Fall 2016	November 2016	House of Commons Standing Committee on Public Accounts
Preventing Corruption in Immigration and Border Services	Fall 2016	May 2017 ²	

¹ In addition to the hearings listed above, the Office of the Auditor General of Canada participated in three parliamentary briefings and one public hearing (House of Commons Standing Committee on Public Accounts) on the fall reports as a whole.

² Fall 2016 tabling was postponed to spring 2017 to respond to developments during the audit.

2016 Fall Reports of the Commissioner of the Environment and Sustainable Development

Title	Planned reporting date listed in 2016–17 Report on Plans and Priorities	Actual reporting date	Parliamentary hearing ¹
Report 1—Inspection of Nuclear Power Plants—Canadian Nuclear Safety Commission	Fall 2016	October 2016	House of Commons Standing Committee on Natural Resources
Report 2—Sustaining Canada’s Major Fish Stocks—Fisheries and Oceans Canada	Fall 2016	October 2016	House of Commons Standing Committee on Fisheries and Oceans
Report 3—Departmental Progress in Implementing Sustainable Development Strategies	Fall 2016	October 2016	
Report 4—Review of the 2015 Progress Report of the Federal Sustainable Development Strategy	Fall 2016	October 2016	
Report 5—Environmental Petitions Annual Report	Fall 2016	October 2016	

¹ In addition to the hearings listed above, the Office of the Auditor General of Canada participated in one parliamentary briefing on the fall reports as a whole.

Reports to northern legislative assemblies

Title	Planned reporting date listed in 2016–17 Report on Plans and Priorities	Actual reporting date	Parliamentary hearing
Support to Communities for Municipal Services in the Northwest Territories—Department of Municipal and Community Affairs	Fall 2016	October 2016	Standing Committee on Government Operations
Health Care Services—Nunavut	Fall 2016	March 2017	Standing Committee on Public Accounts, Independent Officers and Other Entities
Government Transfers to Societies—Yukon	Fall 2016	March 2017	Standing Committee on Public Accounts
Capital Asset Management—Yukon	Fall 2016	March 2017	Standing Committee on Public Accounts

Special examinations

The following lists the special examinations that we planned to report in the 2016–17 fiscal year.

Crown corporation	Statutory deadline ¹	Transmission date	Parliamentary hearing
Pacific Pilotage Authority	November 2018	March 2016	
Atlantic Pilotage Authority	June 2017	August 2016	House of Commons Standing Committee on Public Accounts
Freshwater Fish Marketing Corporation	December 2020	March 2017	
Canadian Museum of Nature	February 2017	January 2017	
International Development Research Centre	March 2018	July 2016	House of Commons Standing Committee on Public Accounts
Defence Construction (1951) Limited	December 2018	December 2016	

¹ The Financial Administration Act requires a special examination of each Crown corporation to be carried out at least once every 10 years. The statutory deadline is based on this requirement.

Internal audits and reviews

The following lists the internal audits and practice reviews that we planned to report during the 2016–17 fiscal year.

Title	Type	Completion date ¹
Report on a Review of the Financial Audit Practice—Financial Audits Completed in the 2015–16 Fiscal Year	Practice review	April 2016
Report on a Review of the Direct Engagement Audit Practice—Direct Engagement Audits Completed in the 2015–16 Fiscal Year	Practice review	July 2016
Internal Audit Report—Managing Information Technology Security	Internal audit	Fall 2017

¹ Reports are posted on the website of the Office of the Auditor General of Canada.

Appendix: Definitions

appropriation (crédit)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (dépenses budgétaires)

Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Core Responsibility (responsabilité essentielle)

An enduring function or role performed by a department. The intentions of the department with respect to a Core Responsibility are reflected in one or more related Departmental Results that the department seeks to contribute to or influence.

Departmental Plan (Plan ministériel)

Provides information on the plans and expected performance of appropriated departments over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Result (résultat ministériel)

A Departmental Result represents the change or changes that the department seeks to influence. A Departmental Result is often outside departments' immediate control, but it should be influenced by program-level outcomes.

Departmental Result Indicator (indicateur de résultat ministériel)

A factor or variable that provides a valid and reliable means to measure or describe progress on a Departmental Result.

Departmental Results Framework (cadre ministériel des résultats)

Consists of the department's Core Responsibilities, Departmental Results and Departmental Result Indicators.

Departmental Results Report (Rapport sur les résultats ministériels)

Provides information on the actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

Evaluation (évaluation)

In the Government of Canada, the systematic and neutral collection and analysis of evidence to judge merit, worth or value. Evaluation informs decision making, improvements, innovation and accountability. Evaluations typically focus on programs, policies and priorities and examine questions related to relevance, effectiveness and efficiency. Depending on user needs, however, evaluations can also examine other units, themes and issues, including alternatives to existing interventions. Evaluations generally employ social science research methods.

financial audit (audit d'états financiers)

An audit that provides assurance that financial statements are presented fairly, in accordance with the applicable financial reporting framework.

full-time equivalent (équivalent temps plein)

A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2016–17 Departmental Results Report, government-wide priorities refers to those high-level themes outlining the government’s agenda in the 2015 Speech from the Throne, namely: Growth for the Middle Class; Open and Transparent Government; A Clean Environment and a Strong Economy; Diversity is Canada’s Strength; and Security and Opportunity.

horizontal initiatives (initiative horizontale)

An initiative where two or more federal organizations, through an approved funding agreement, work toward achieving clearly defined shared outcomes, and which has been designated (for example, by Cabinet or a central agency) as a horizontal initiative for managing and reporting purposes.

Management, Resources and Results Structure (Structure de la gestion, des ressources et des résultats)

A comprehensive framework that consists of an organization’s inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (dépenses non budgétaires)

Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (rendement)

What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance audit (audit de performance)

An independent, objective, and systematic assessment of how well the government is managing its activities, responsibilities, and resources.

performance indicator (indicateur de rendement)

A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (production de rapports sur le rendement)

The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (dépenses prévues)

For Departmental Plans and Departmental Results Reports, planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Departmental Plans and Departmental Results Reports.

plans (plans)

The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (priorité)

Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (programme)

A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (architecture d'alignement des programmes)

A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

results (résultat)

An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

special examination (examen spécial)

A form of performance audit that is conducted within Crown corporations. The scope of special examinations is set out in the Financial Administration Act. A special examination considers whether a Crown corporation's systems and practices provide reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

statutory expenditures (dépenses législatives)

Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (résultat stratégique)

A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (programme temporisé)

A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (cible)

A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (dépenses votées)

Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.