



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

2017–18 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

© Her Majesty the Queen in Right of Canada, as represented by the Auditor General of Canada, 2018.

Cat. No. FA1-25E-PDF
ISSN 2561-0945

Table of Contents

Message from the Auditor General of Canada	1
Results at a glance	3
Raison d’être, mandate, and role: Who we are and what we do	5
Raison d’être	5
Mandate and role	5
Professional practices	5
International activities	6
Operating context and key risks	7
Operating context	7
Key risks	7
Results: What we achieved	9
Organizational priorities	9
Performance analysis	10
Resources used	19
Parliamentary authorities provided and used	19
Human resources	20
Expenditures by vote	20
Government of Canada spending and activities	20
Financial statements	21
Supplementary information	43
Corporate information	43
Sustainable development	43
Fees	43
Additional financial information	44
Performance management	45
Report on staffing	46
Performance audits	48
Special examinations	51
Internal audits and reviews	51
Organizational contact information	52
Appendix: Definitions	53
Endnotes	57

Message from the Auditor General of Canada

I am pleased to present the Office of the Auditor General of Canada’s 2017–18 Departmental Results Report.

This report provides parliamentarians and Canadians with information about what we do and the results we achieved during the past year.

Our main considerations in doing our work are why, how, and who—that is, why we do audits, how we conduct our business, and who carries out our work.

Why we do audits

We do audits for two main reasons. The first reason is to provide assurance about the financial statements of the Government of Canada, the three territorial governments, and Crown corporations. This entails completing roughly 90 audits of financial statements each year. These audits give people confidence in the financial information that these governments and corporations produce—or, as in the case of National Defence’s Reserve Force Pension Plan, they let people know that we could not determine whether the financial statements were reliable.

In the past year, we produced our first commentary on our audits of financial statements of the federal government and its Crown corporations to help people better understand this part of our work, along with the information available in government financial statements.

The second reason we do audits is to help people understand how governments run specific programs—these are our performance audits. Each year, I am proud of the performance audits we issued, and of our identification of areas for improvement in government programs. I am particularly pleased that in the 2017–18 fiscal year, we had 52 hearings and briefings before 16 House of Commons and Senate standing committees about our audit work. However, I am concerned that government departments and agencies often do not make improvements to programs to address the weaknesses we identified.

In the 2017–18 fiscal year, we issued a new report that looked at Canada’s national progress toward its climate change goals. The federal Commissioner of the Environment and Sustainable Development led the preparation of this collaborative report, and the provincial auditors general and the Office of the Auditor General of Canada contributed the audit work.

How we conduct our business

We are also very attentive to how we do our audits and how we conduct all of our support functions. In the 2017–18 fiscal year, we completed our review of the federal legislative, regulatory, and policy requirements that apply to the Office to ensure that we can demonstrate our compliance. We found that we complied with 93% of the 1,571 requirements that apply to the Office. The most significant area of non-compliance was information technology (IT) security, so we put in place a multi-year IT security plan, which we have started to implement.

Who carries out our work

Our auditors and support staff are the reason we are successful. In the 2017–18 fiscal year, we completed our project to match senior auditor roles and responsibilities with appropriate levels in the Office, and we put in place a process to ensure that we know our mandatory training requirements are being met. We also put in place a plan to help our compensation advisors resolve the pay problems that the Phoenix payroll system has created for our employees.

To close, I want to sincerely thank all of the staff of the Office of the Auditor General of Canada for their dedication and hard work. As a group, they truly are committed to the Office's work. I would also like to thank the parliamentarians who use our work, and I would ask them to help us understand what type of information we can provide to them in the future to make our work even more valuable to them.

Original signed by

Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada
11 September 2018

Results at a glance

In the 2017–18 fiscal year, the Office of the Auditor General of Canada used \$82.4 million of parliamentary authorities and 568 full-time equivalent employees.

With these resources, we completed

- 90 financial audits of the federal government, territorial governments, and Crown corporations;
- 13 performance audits by the Auditor General of federal government activities and programs;
- 3 performance audits reported to northern legislatures;
- 3 performance audits by the Commissioner of the Environment and Sustainable Development, plus a review of departmental progress in implementing sustainable development strategies;
- a collaborative report, together with provincial auditors general, on climate change;
- the Commissioner’s annual report on environmental petitions;
- an annual commentary report on our financial auditing services; and
- 6 special examinations of Crown corporations.

Parliamentary committees reviewed 88% of the performance audit and special examination reports that we presented to Parliament in the 2017–18 fiscal year, which is the highest percentage in recent years. The House of Commons Standing Committee on Public Accounts—the primary user of our work—reviewed 95% of our reports that Parliament referred to it.

We appeared before 16 House of Commons and Senate standing committees for a total of 52 hearings and briefings on our audit work, also an increase from recent years.

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 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 assists the Auditor General in carrying out the parts of his 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, the financial statements of most federal Crown corporations, and the financial statements of 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 Audit Services 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

We share our Canadian legislative auditing experience within the community of national audit institutions and bring a public sector perspective to international accounting and auditing standard setting. We seek to influence the following results:

- the development and adoption of appropriate and effective professional standards,
- better managed and accountable international institutions,
- an increase in the capabilities and professional capacities of audit offices, and
- enhanced knowledge among audit institutions.

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

Operating context and key risks

Operating context

The Phoenix pay system was an external factor that influenced the Office of the Auditor General of Canada’s ability to achieve its planned results in the 2017–18 fiscal year. The Phoenix system again required us to reallocate resources to our financial audit practice to support additional work on the audit of the consolidated financial statements of the Government of Canada. We also had to continue to reallocate resources within our corporate service group to respond to the additional effort required to process our employees’ pay.

Key risks

As noted in our 2017–18 Departmental Plan, the key risk faced by the Office is delivering all of our required and planned work with funding levels that have not kept pace with the increase in government spending. To complete our work for the 2017–18 fiscal year, we reallocated resources, achieved efficiencies where possible, and deferred some planned work. In our corporate services, we deferred some planned work, particularly on our information technology systems. We requested more funding from the government and were allocated some in Budget 2018. We will use this funding to address some of the resource shortages in our financial audit practice and in important information technology systems and security projects.

Exhibit 1 provides further information about the Office’s key 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
Budget and funding pressures	We submitted a funding proposal to the Minister of Finance. We were allocated in Budget 2018 some additional funding, which should be available in late 2018. The Executive Committee enhanced its oversight, and its priority setting supported effective resource reallocations.	We must conduct statutory financial audits and special examinations, so performance audits are the main area where we can reduce costs.	Performance audits support the oversight role of Parliament and the House of Commons Standing Committee on Public Accounts.
Information technology (IT) systems and security	We developed a roadmap to guide the maintenance and update of all IT systems. Implementing the roadmap will depend on available resources. We developed a multi-year IT security self-assessment plan, to be implemented as resources become available.	We maintain about 90 different IT applications, including many that are core to our audit operations.	We must meet government-wide IT requirements, including the Standard on Enterprise Resource Planning Systems and security policies.

Results: What we achieved

Organizational priorities

The Office of the Auditor General of Canada identified the following three strategic objectives as priority areas for the 2017–18 fiscal year:

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

Our workforce

We wanted to ensure that Office initiatives on employee engagement, bilingualism, and professional development were carried out with minimal disruption to our operations. In the 2017–18 fiscal year, we achieved this objective by putting in place the remaining administrative processes and tools we identified to support our new senior audit roles and responsibilities, and by setting up our professional development training dashboard.

Our audits

We are always looking to enhance the impact and value of our audit work for Parliament, Canadians, and our other clients and stakeholders. To that end, all of the special examinations that we conducted in the 2017–18 fiscal year applied our new scoping and reporting approaches. Our cost-reduction efforts continued to focus on re-establishing a controls-reliant approach for the audit of payroll expenses in the consolidated financial statements of the Government of Canada. We expect these efforts to take a number of years to complete. In both our financial audit and performance audit practices, we identified a number of opportunities to eliminate unnecessary work. We will explore these opportunities in the coming months.

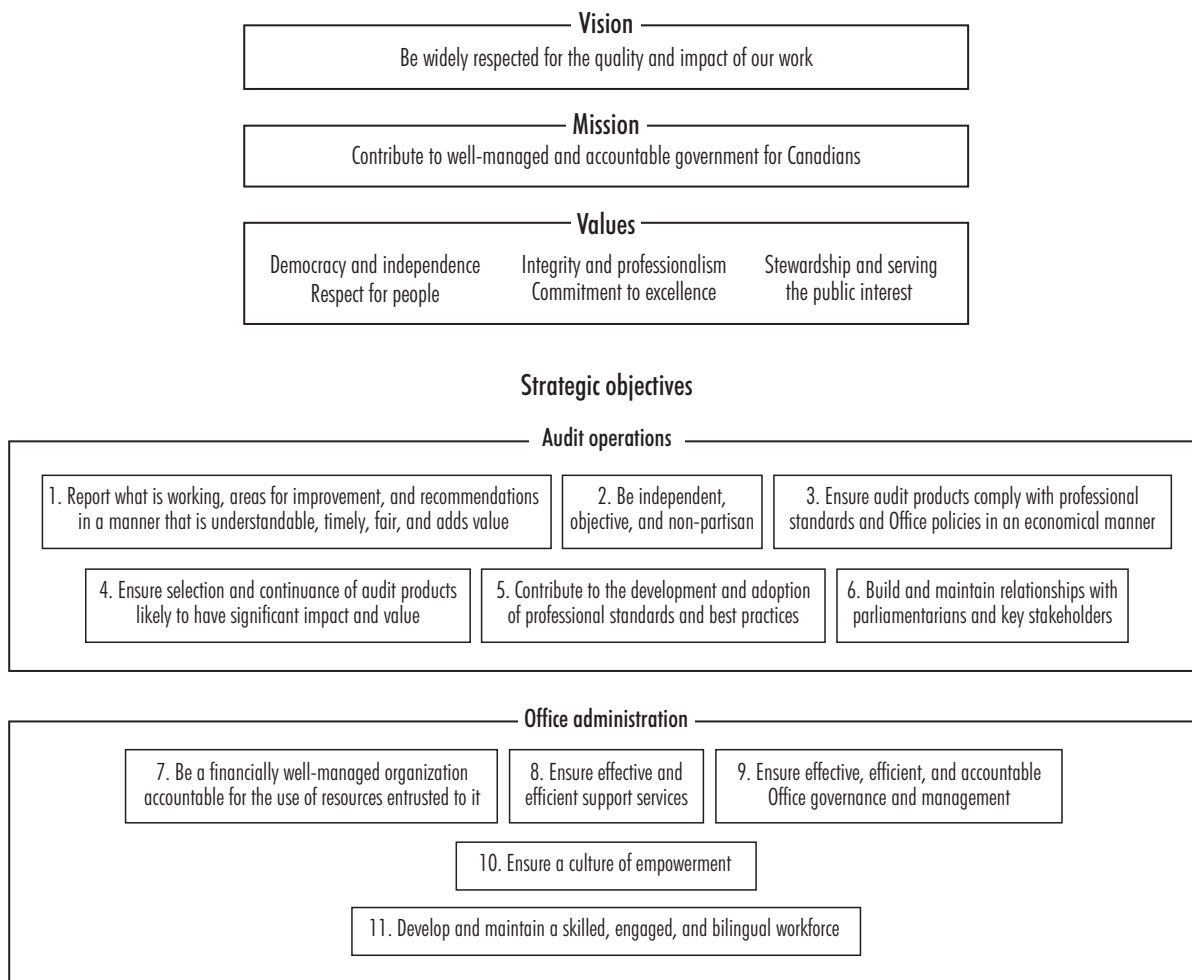
Our governance and management

In the 2017–18 fiscal year, we completed our review of the federal legislative, regulatory, and policy requirements that apply to us to ensure that we can demonstrate our compliance. We found that we comply with 93% of the 1,571 requirements that apply to the Office. For the five areas of non-compliance that we consider to be significant risks under the Treasury Board of Canada Secretariat’s Framework for the Management of Compliance and that are all in the area of IT security, we advised the Secretary of the Treasury Board as required. In response, we put in place a multi-year IT security plan, which we began to implement. In addition, we noted that we are facing the potential failure of some of our IT systems and that we need to replace our human resource (HR) management system immediately. We thus began work on replacing that system in 2017. Both the IT security plan and the new HR management system will require additional resources to complete, some of which we expect to come from the Budget 2018 increase to our funding.

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 2017–18 fiscal year, and results for the past three fiscal years.

Audit operations

We use the first six of our strategic objectives to guide and monitor our audit operations (Exhibit 3).

Exhibit 3 Audit operations—Performance indicators and results achieved

Strategic objective	Performance indicators	2017–18 Target	2015–16 Actual results	2016–17 Actual results	2017–18 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 without qualifications or “other matters” raised	100%	Target not met (94%)	Target not met (98%)	Target not met (95%)	See Improving results in areas we have audited , pp. 14–15
	Percentage of special examination reports with no significant deficiencies	100%	Target not met (75%, or 3 of 4)	Target not met (40%, or 2 of 5)	Target not met (0%, or 0 of 6)	See Improving results in areas we have audited , pp. 14–15
	Percentage of reports to Parliament that are reviewed by parliamentary committees	At least 65%	Target not met (59%)	Target met	Target met	
	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%, or 3 of 6)	Target not met (75%, or 6 of 8)	Target not met (0%, or 0 of 4)	See Improving results in areas we have audited , pp. 14–15
<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 	At least 75%	No follow-up conducted	Target not met (0%, or 0 of 3)	No follow-up conducted		

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

Strategic objective	Performance indicators	2017–18 Target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results	Notes
	<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 not met	Target met	
	Percentage of users who find that our audits are understandable, timely, fair, and add value	At least 90%	Target met	Target not met (86%)	Target met	
	Percentage of senior managers in the organizations we audit who find that our audits are understandable, timely, fair, and add value	At least 80%	Target met	Target not met (77%)	Target not met (75%)	See Providing value to our clients and those we audit , p. 15
	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%	Target not met (90%)	Target not met (95%)	Target not met (98%) ¹	
	<ul style="list-style-type: none"> financial audits of federal organizations with no statutory deadline, financial audits of territorial organizations, and performance audits 	At least 80%	Target met	Target met	Target met	

¹ One of the financial audit reports we issued that had statutory deadlines was late: the National Capital Commission.

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

Strategic objective	Performance indicators	2017–18 Target	2015–16 Actual results	2016–17 Actual results	2017–18 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	At least 90%	Target met	Target met	Target met	
	Percentage of senior managers in the organizations we audit who find that we are independent, objective, and non-partisan	At least 80%	Target met	Target met	Target met	
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	
	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	

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

Strategic objective	Performance indicators	2017–18 Target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results	Notes
	Percentage of external reviews that find our System of Quality Control is suitably designed and operating effectively	100%	No data	No data	No data	External peer review conducted once every 10 years (next scheduled for 2018–19)
	Percentage of audits that are completed on budget	At least 80%	Target not met (74%)	Target met	Target not met (79%)	
4. Ensure selection and continuance of audit products likely to have significant impact and value.	See Selection and continuance of audit products , pp. 15–16					
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%	Target met	Target met	Target met	
6. Build and maintain relationships with parliamentarians and key stakeholders.	Percentage of clients who find that auditors met relationship expectations	At least 90%	Target met	Target met	Target met	
	Percentage of senior managers in the organizations we audit who find that auditors met relationship expectations	At least 80%	Target met	Target met	Target met	

The following results focus on the objectives for which we did not meet our targets.

Improving results in areas we have audited (Strategic objective 1)

We issued unqualified opinions on 95% of the financial statements that we audited in the 2017–18 fiscal year. Our target was 100%. We issued qualified opinions for the audits of two entities—the Nunavut Housing Corporation and Qulliq Energy Corporation—because of our inability to obtain

sufficient, appropriate evidence to conduct audit work on the valuation of inventory at these entities. We have been working with senior management at the Nunavut Housing Corporation and are satisfied that the issue is being resolved. We have had discussions with the Legislative Assembly of Nunavut's Standing Committee on Oversight of Government Operations and Public Accounts, and the responsible minister, about the Qulliq Energy Corporation to raise awareness and understanding of the issue that we found in that organization.

We were also not able to do an audit of National Defence's Reserve Force Pension Plan in the 2017–18 fiscal year because of the long-standing problem of getting appropriate audit evidence to support the pension benefit obligation.

In the 2016–17 fiscal year, we issued two qualifications in our financial audit opinions, for the Nunavut Housing Corporation and Qulliq Energy Corporation. Neither audited entity addressed the qualifications in the 2017–18 fiscal year.

For all 6 of the special examinations of Crown corporations that we reported, we identified significant deficiencies. Again, our target was 100%. In addition to making recommendations to the management of the corporations, we have since issued our first commentary report on these performance audits of Crown corporations to bring our concerns to the attention of Parliament. With the help of the House of Commons Standing Committee on Public Accounts, we are seeking to improve the results achieved by these corporations, particularly in areas that need government support to resolve the problem.

Providing value to our clients and those we audit (Strategic objective 1)

We survey our clients and senior management in the organizations that we audit following each audit that we conduct to understand their assessments of our work: Is it understandable, timely, and fair, and does it add value? We did not meet our target of 80% for responses from senior management (our result was 75%).

Although responses from senior managers in organizations subject to a financial audit showed that over 80% found our work to be understandable, timely, fair, and adding value, only 60% of senior managers in Crown corporations subject to a special examination felt the same way. For senior managers in organizations subject to performance audits, the result was 50%.

Senior managers in the organizations subject to special examinations and to performance audits noted a variety of concerns in their comments. With respect to special examinations, concerns included the time required to conduct the examination, the difficulty of sharing documents, and the need for improving our reporting format. With respect to performance audits, concerns included the challenge of defining the audit scope, the difficulty of sharing drafts of our reports, and the duplication of requests for information. However, in both groups, there was no discernible pattern to these comments that indicated a consistent issue.

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 review developments in the federal government and in the accounting and auditing professions to determine whether we need to make changes to our product and service offerings. In the 2017–18 fiscal year, we began to better integrate measures of end results into our performance audits and to prepare a

follow-up report to Parliament on what progress federal organizations had made to improve end results in areas that we have audited. Through this new report, we expect to better communicate the results that the government delivers to Canadians in areas that we have audited.

Office administration

The last five of our strategic objectives are used to guide and monitor our Office administration (Exhibit 4).

Exhibit 4 Office administration—Performance indicators and results achieved

Strategic objective	Performance indicators	2017–18 Target	2015–16 Actual results	2016–17 Actual results	2017–18 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%	1 of 5 criteria not met: Of 450 contracts, 7 reported as non-compliant in 2017–18
8. Ensure effective and efficient support services.	Percentage of internal service standards met (human resources, information technology, security, editorial services, communications)	100%	Target not met (69%)	Target not met (77%)	Target not met (77%)	See Service standards not met , p. 18
	Percentage of internal clients who find support services are effective and efficient	At least 85%	Not available	Not available	Target not met (82%)	
9. Ensure effective, efficient, and accountable Office governance and management.	Percentage of employees who find that the Office is well governed and managed	At least 85%	Target not met (77%)	No data	Target not met (78%)	See Office governance and management , p. 18
	Audit Committee finds it is functioning as intended	Annually	Not applicable ¹	Not applicable ¹	Target met	
	Adverse findings and decisions from courts, tribunals, or administrative decision makers	None	Not applicable ¹	Not applicable ¹	Target met	
	Completion of the Office's annual strategic priority projects	All	Not applicable ¹	Target met	Target not met	See Advancing our strategic priority projects , pp. 17–18

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

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

Strategic objective	Performance indicators	2017–18 Target	2015–16 Actual results	2016–17 Actual results	2017–18 Actual results	Notes
10. Ensure a culture of empowerment.	Percentage of employees who find that the Office ensures a culture of empowerment	At least 80%	Target met	No data	Target not met (78%)	
11. Develop and maintain a skilled, engaged, and bilingual workforce.	Percentage of employees who complete mandatory training within the allotted time frame	100%	Not applicable ¹	Target not met (96%)	Target not met (97%)	
	Percentage of employees who find the Office develops and maintains an engaged workforce	At least 85%	Target met	No data	Target not met (78%)	
	Percentage of staff who meet the language requirements of their positions:					
	• Auditor General, assistant auditors general	100%	Target met	Target met	Target met	
	• principals and directors	100%	Target not met (78%)	Target not met (89%)	Target not met (92%)	
• supervisors	At least 85%	Target not met (81%)	Target met	Target met		
	Percentage of employees who find that the Office develops and maintains a bilingual workforce	At least 90%	Target not met (89%)	No data	Target met	

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

We note the following results for these objectives.

Advancing our strategic priority projects (Strategic objective 9)

Although we completed most of the projects under our strategic priorities in the 2017–18 fiscal year, some projects were not completed until later in 2018. Our target is to complete all of these projects within the year. In our performance audit practice, we are working to enhance our reporting on the end results achieved by federal organizations in areas that we have audited. In May 2018, we completed a guidance document to assist our auditors in taking a common and systematic approach to integrating the measures of end results into the planning, conducting, and reporting of all performance audits. We are also still developing our first follow-up report on the results of measures, which we plan to publish in the fall of 2019.

We completed phase one of our compliance review in the 2017–18 fiscal year and will be building ongoing monitoring and oversight of our compliance requirements into our annual risk assessment process beginning in 2018.

We completed the efficiency review of our performance audit methodology, with the resulting recommendations being approved in March 2018. Integrating the recommended changes into our audit methodology will occur as part of our fall 2018 annual methodology update.

We also completed changes to the way that we conduct and report special examinations.

Office governance and management (Strategic objective 9)

We survey our employees to understand their assessment of how we govern and manage the Office. Our target is that 85% of their responses indicate that they strongly or somewhat agree that the Office is well managed and governed. The result for this year was 78%. In their responses, our employees told us that while they are highly satisfied with the leadership provided by their immediate supervisor, senior management could improve their communication and do a better job of leading by example. The Office's Executive Committee is working on solutions to issues raised.

Service standards not met (Strategic objective 8)

We monitor a number of service standards across the Office. We did not meet two of our targets.

First, we responded to priority 1 information technology (IT) incidents in less than four hours in 50% of cases (one of two situations). Our target was 100%. In the second situation, which involved proprietary software, we were dependent on the software owner for a solution.

Second, although our target is to have no security breaches, we experienced seven security breaches in the 2017–18 fiscal year. In all cases, it was determined that the Office properly mitigated and resolved the incidents.

Resources used

The Office of the Auditor General of Canada 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.

Parliamentary authorities provided and used

Parliament provided the Office with up to \$84.1 million in parliamentary authorities, which consisted of \$77.5 million in Main Estimates authorities and \$6.6 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 Budgetary financial resources (millions of dollars)

2017–18 Main Estimates	2017–18 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2017–18 Difference (Actual spending minus Planned spending)
77.5	77.5	84.1	82.4	4.9

In the 2017–18 fiscal year, \$82.4 million was charged against our total parliamentary authorities of \$84.1 million. This resulted in the lapsing of \$1.7 million of the Office’s parliamentary authorities provided in the 2017–18 fiscal year. The Office may carry forward lapsed authorities of up to 5% 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 \$1.7 million.

Exhibit 6 shows the trend in our spending based on parliamentary authorities used, and Exhibit 7 shows our budgetary performance summary for the period from the 2015–16 to 2019–20 fiscal years.

Exhibit 6 Trend in authorities used

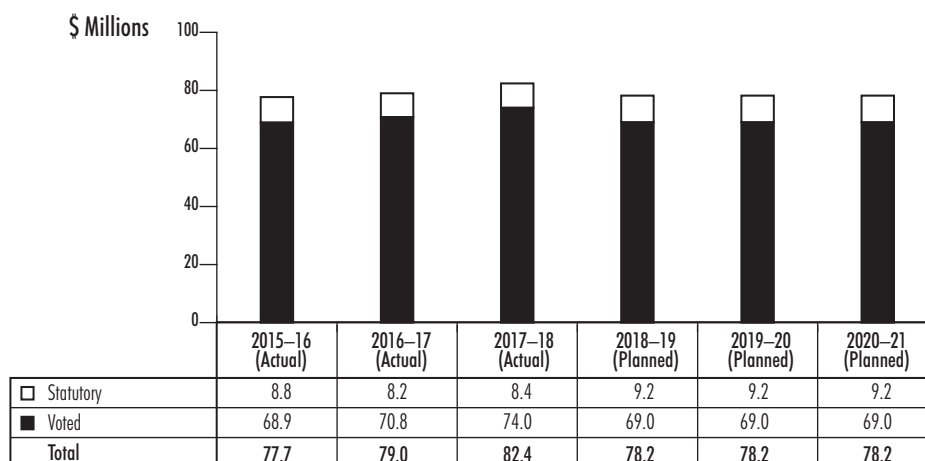


Exhibit 7 Budgetary performance summary (millions of dollars)

2017–18 Main Estimates	2017–18 Planned spending	2018–19 Planned spending	2019–20 Planned spending	2017–18 Total authorities available for use	2017–18 Actual spending (authorities used)	2016–17 Actual spending (authorities used)	2015–16 Actual spending (authorities used)
77.5	77.5	78.2	78.2	84.1	82.4	79.0	77.7

Human resources

In the 2017–18 fiscal year, the Office planned to use 560 full-time equivalent employees but actually used 568.

Exhibit 8 shows the trend in our full-time equivalents.

Exhibit 8 Human resources (full-time equivalents)

2015–16 Actual	2016–17 Actual	2017–18 Actual	2017–18 Planned	2018–19 Planned	2019–20 Planned
546	555	568	560	560	560

Expenditures by vote

For information on the Office’s organizational votes and statutory expenditures, consult the [Public Accounts of Canada 2017–2018](#).ⁱ

Government of Canada spending and activities

Information on the alignment of the Office’s spending with the Government of Canada’s spending and activities is available in the [GC InfoBase](#).ⁱⁱ

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 2018, and for all information contained in these statements, 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 ICFR.

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 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 ICFR. 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 ICFR for the year ended 31 March 2018 was completed in accordance with the Treasury Board's Policy on Financial Management. The results and action plans are summarized in the 2017–18 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 ICFR.

Original signed by

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

Ottawa, Canada
12 July 2018

Original signed by

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

¹ The annex is available 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 2018, 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 2018, and the results of its operations, the change in its net debt and its cash flow 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

12 July 2018
Ottawa, Canada

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

	2018	2017
	(in thousands of dollars)	
Financial assets		
Due from the Consolidated Revenue Fund	8,513	6,451
Accounts receivable	1,837	2,756
	10,350	9,207
Liabilities		
Accounts payable and accrued liabilities (note 5)	10,227	9,177
Vacation pay	4,505	4,139
Sick leave benefits (note 6b)	3,362	3,686
Severance benefits (note 6c)	2,736	3,309
Maternity/parental leave benefits (note 6d)	441	838
	21,271	21,149
Net debt	(10,921)	(11,942)
Non-financial assets		
Tangible capital assets (note 7)	1,663	1,610
Prepaid expenses	132	175
	1,795	1,785
Accumulated deficit	(9,126)	(10,157)

Contractual obligations (note 11)

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

Ottawa, Canada
 12 July 2018

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

	2018	2018	2017
	Budget (Note 13)	Actual	Actual
	(in thousands of dollars)		
Expenses (note 8)			
Financial audits of Crown corporations, territorial governments, other organizations, and the summary financial statements of the Government of Canada	43,600	44,033	42,081
Performance audits and studies	34,600	31,958	33,474
Special examinations of Crown corporations	5,300	6,448	5,466
Sustainable development monitoring activities and environmental petitions	2,700	2,477	2,213
Professional practices	9,100	9,728	9,776
Total cost of operations	95,300	94,644	93,010
Costs recovered			
International audits	300	236	351
Other	—	397	243
Costs recovered not available for use	—	(235)	(91)
Net costs recovered	300	398	503
Net cost of operations before government funding and transfers	95,000	94,246	92,507
Government funding and transfers			
Parliamentary authorities used (note 4)	81,352	82,430	79,029
Services provided without charge (note 10b)	13,600	12,847	12,728
Total government funding and transfers	94,952	95,277	91,757
Annual surplus/(deficit)	(48)	1,031	(750)
Accumulated deficit, beginning of year	(10,157)	(10,157)	(9,407)
Accumulated deficit, end of year	(10,205)	(9,126)	(10,157)

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

	2018	2018	2017
	Budget (Note 13)	Actual	Actual
	(in thousands of dollars)		
Annual surplus/(deficit)	(48)	1,031	(750)
Acquisition of tangible capital assets	(510)	(483)	(473)
Amortization of tangible capital assets	625	426	616
Loss on disposal of tangible capital assets	—	4	78
	67	978	(529)
Decrease in prepaid expenses	—	43	65
(Increase)/decrease in net debt, during the year	67	1,021	(464)
Net debt, beginning of year	(11,942)	(11,942)	(11,478)
Net debt, end of year	(11,875)	(10,921)	(11,942)

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

	2018	2017
	(in thousands of dollars)	
Operating transactions		
Cash paid for		
Employee salaries, wages, and benefits	(62,686)	(60,694)
Services, transportation, communication, and other expenses	(13,130)	(12,676)
Statutory contributions to employee benefit plans	(9,233)	(10,265)
	(85,049)	(83,635)
Cash received from		
Parliamentary authorities (note 4)	82,430	79,029
Salaries and benefits recovered	3,452	2,757
Sales tax recovered	1,138	1,050
Other	403	273
International audits	214	507
	87,637	83,616
Cash provided/(used) by operating transactions	2,588	(19)
Capital transactions		
Cash used to acquire tangible capital assets	(526)	(344)
Cash applied to capital transactions	(526)	(344)
Increase/(decrease) in Due from the Consolidated Revenue Fund	2,062	(363)
Due from the Consolidated Revenue Fund, beginning of year	6,451	6,814
Due from the Consolidated Revenue Fund, end of year	8,513	6,451

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 2018

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 4 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 2018
Leasehold improvements	Lesser of the remaining term of the lease or the useful life of the improvements
Furniture and fixtures	10 years
Informatics software	5 years
Informatics hardware and infrastructure	5 years
Office equipment	4–10 years
Motor vehicle	5 years

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 that 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) Related party transactions

i) Inter-entity 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, which are measured as follows:

- Inter-entity transactions are measured at the exchange amount when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where transactions are allocated costs and recoveries.
- Common services provided without charge by other government departments are recorded as operating expenses by the Office at the carrying amount of the providing department. A corresponding amount is reported as government funding in the Statement of Operations.
- Other inter-entity transactions are measured at the carrying amount of the providing department.

ii) Other related party transactions

Related parties also include key management personnel who have the authority and responsibility for planning, directing, and controlling the activities of the Office, as well as their close family members. The Office has defined its key management personnel to be the Executive Committee members and parties related to them.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

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. Adoption of new accounting standards

The Public Sector Accounting Board issued five new accounting standards effective for fiscal years beginning on or after 1 April 2017: Related Party Disclosures (PS2200), Assets (PS3210), Contingent Assets (PS3320), Contractual Rights (PS3380), and Inter-entity Transactions (PS3420). The adoption of these standards did not result in any significant changes other than the creation of an accounting policy for related party transactions and additional disclosures in the related party transactions note.

4. 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

	2018	2017
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	94,246	92,507
Adjustments for items recorded as part of net cost of operations but not funded from current year authorities:		
Services provided without charge by other government departments	(12,847)	(12,728)
Amortization of tangible capital assets	(426)	(616)
Decrease in prepaid expenses	(43)	(65)
Loss on disposal of tangible capital assets	(4)	(78)
Increase in liabilities not charged to authorities	—	(464)
Total items recorded as part of net cost of operations but not funded from current year authorities	(13,320)	(13,951)
Adjustments for items not recorded as part of net cost of operations but funded from current year authorities:		
Decrease in liabilities not previously charged to authorities	1,021	—
Acquisition of tangible capital assets	483	473
Total items not recorded as part of net cost of operations but funded from current year authorities	1,504	473
Current year authorities used	82,430	79,029

b) Authorities provided and used

	2018	2017
	(in thousands of dollars)	
Authorities provided		
Voted—Operating expenditures	75,706	74,561
Statutory—Contributions to employee benefit plans	8,404	8,190
Statutory—Spending of proceeds from disposal of tangible capital assets	1	1
Current year authorities provided	84,111	82,752
Less: Lapsed authorities	(1,681)	(3,723)
Current year authorities used	82,430	79,029

The Office may carry forward lapsed authorities of up to 5% 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 \$1.7 million (\$3.5 million in 2016–17).

5. 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:

	2018	2017
	(in thousands of dollars)	
Due to employees	8,526	7,532
Due to others	1,701	1,645
Total	10,227	9,177

6. 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% 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 1.01 times the employee's contribution (1.12 times the employee's contribution in 2016–17); 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 1.00 times the employee's contribution (1.08 times the employee's contribution in 2016–17); 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 the 2017–18 fiscal year amounts to \$5.7 million (\$5.7 million in 2016–17). 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 sick leave accrued benefit obligation for accounting purposes. Actuarial assumptions are used to determine the obligation. They 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 2.1% (1.70% in 2016–17), 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 2016–17); a rate of salary increase of 3.5% (3% in 2016–17); an average turnover rate of 6.7% (6.4% in 2016–17); and an average retirement age of 58.4 (58 in 2016–17).

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

	2018	2017
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	2,296	2,346
Current year benefit cost ¹	307	351
Interest on the accrued benefit obligation ¹	44	36
Benefits paid	(518)	(679)
Actuarial loss	149	242
Accrued benefit obligation, end of year	2,278	2,296
Unamortized accumulated actuarial gain, beginning of year	1,390	1,813
Actuarial loss for the year	(149)	(242)
Amortization of actuarial gain recognized in the year ¹	(157)	(181)
Unamortized accumulated actuarial gain, end of year	1,084	1,390
Accrued benefit liability	3,362	3,686

¹ These components make up the net benefit expense of \$194 (\$206 in 2016–17) included in the “Personnel” category in note 8.

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	
	2018	2017
	(in thousands of dollars)	
Discount rate		
Increase by 1%	(142)	(146)
Decrease by 1%	161	165
Salary increase rate		
Increase by 1%	134	138
Decrease by 1%	(121)	(124)
Retirement age		
Increase by 1 year	194	231
Decrease by 1 year	(186)	(221)
Turnover rate		
Increase factors by 10%	(68)	(70)
Decrease factors by 10%	72	75
Sick leave utilization rates		
Increase factors by 10%	287	292
Decrease factors by 10%	(272)	(276)

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:

	2018	2017
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	3,309	3,920
Current year benefit cost	58	48
Benefits paid	(631)	(659)
Accrued benefit obligation, end of year	2,736	3,309

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% 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:

	2018	2017
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	838	563
Current year benefit cost	724	1,219
Benefits paid	(1,121)	(944)
Accrued benefit obligation, end of year	441	838

7. Tangible capital assets

	Cost				Accumulated amortization				2018	2017
	Opening balance	Acquisitions	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	Net book value	Net book value
	(in thousands of dollars)									
Leasehold improvements	3,461	—	—	3,461	3,089	114	—	3,203	258	372
Furniture and fixtures	4,378	6	—	4,384	4,325	8	—	4,333	51	53
Informatics software	4,579	162	—	4,741	3,662	177	—	3,839	902	917
Informatics hardware and infrastructure	1,478	251	48	1,681	1,407	58	48	1,417	264	71
Office equipment	1,177	39	—	1,216	984	64	—	1,048	168	193
Motor vehicle	24	25	24	25	20	5	20	5	20	4
Total	15,097	483	72	15,508	13,487	426	68	13,845	1,663	1,610

The cost of tangible capital assets not being amortized because they are under development totals \$0.5 million (\$0.1 million in 2016–17) and is included within the “Informatics software” category.

8. Expenses by object

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

	2018	2017
	(in thousands of dollars)	
Personnel	75,205	73,620
Rentals	8,279	8,316
Professional and special services	5,668	5,598
Transportation and communications	3,476	3,233
Information	640	708
Small machinery and equipment	506	313
Amortization of tangible capital assets	426	616
Utilities, materials, and supplies	237	292
Repairs and maintenance	159	200
Interest on the sick leave accrued benefit obligation	44	36
Loss on disposal of tangible capital assets	4	78
Total cost of operations	94,644	93,010

The total cost of operations includes services provided without charge by other government departments as explained in note 10b.

9. Funded organizations

a) Canadian Audit and Accountability Foundation

The Office is a member of the Canadian Audit and Accountability Foundation (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 the 2017–18 fiscal year, the Office paid an annual membership fee and provided in-kind services to the CAAF totalling \$0.6 million (\$0.6 million in 2016–17), which represents 27% (20% in 2016–17) of the CAAF's total revenues of \$2.2 million (\$3 million in 2016–17). As at 31 March 2018, the Office held approximately 47% (44% in 2016–17) 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

The Office is a member of the Canadian Council of Legislative Auditors (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 2018,

the Office was 1 of 12 voting members of the CCOLA. The Office does not control the CCOLA; therefore, the CCOLA 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 2017, the Office provided \$0.5 million in services (\$0.4 million in 2015–16) to the CCOLA. This amount represents approximately 63% of the CCOLA revenues of \$0.8 million (67% of the \$0.6 million in 2015–16).

For the fiscal year ended 30 September 2017, the CCOLA incurred the following expenses, measured on an accrual basis:

	2017	2016
	(in thousands of dollars)	
Secretariat and Content Manager	575	436
Performance and Financial Audit Symposia	99	89
Meetings and Travel	48	47
Information Technology	4	111
Contribution to the CAAF	—	17
Total	726	700

10. Related party transactions

a) Inter-entity transactions

During the year, the Office entered into inter-entity transactions as follows:

	2018	2017
	(in thousands of dollars)	
Expenses—Other government departments and agencies	9,897	9,628
Accounts receivable—Other government departments and agencies	1,168	2,288
Accounts payable—Other government departments and agencies	216	239

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

b) 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 note 8:

	2018	2017
	(in thousands of dollars)	
Office accommodation—Public Services and Procurement Canada	7,116	7,046
Office's contribution to the health and dental insurance plans— Treasury Board Secretariat	5,731	5,682
Services provided without charge	12,847	12,728

The Government of Canada 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.

c) Common services provided without charge to other government departments

During the year, the Office provided services without charge to federal departments and agencies, Crown Corporations, and other government organizations. These services were related to the conduct of independent audits.

11. 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 2018 are summarized as follows:

	2019	2020	2021	2022	2023 and thereafter	Total
	(in thousands of dollars)					
Goods and services	1,592	361	25	11	—	1,989
Professional services	1,383	215	15	15	—	1,628
Operating leases	168	42	—	—	—	210
Total	3,143	618	40	26	—	3,827

Contractual obligations with related parties total \$0.3 million and are included in the above table.

12. 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.

13. Budget figures

The budget figures in the “Expenses” and “Costs recovered” sections of the Statement of Operations are the amounts reported as 2017–18 planned spending figures in the 2017–18 Departmental Plan. 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.

14. Comparative figures

Certain 2016–17 comparative figures have been reclassified to conform to the presentation adopted for the 2017–18 fiscal year.

Supplementary information

Corporate information

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 of the Auditor General of Canada's website:

- [sustainable development strategy for the Office](#),ⁱⁱⁱ and
- [supplementary information tables—sustainable development strategy](#).^{iv}

Fees

The Office collects fees as defined under the Service Fees Act for Access to Information and Privacy (ATIP) requests, for international audits, and for services provided to provincial audit offices. Information on fees collected for international audits and for services provided to provincial audit offices is presented in our audited financial statements (see note 2c, page 29). Fees collected for ATIP requests are immaterial.

Owing to legislative changes, the 2017 to 2018 fees results will be published in a separate report. The Fees report is currently under development, and the link to the Fees Report, once tabled in Parliament, will be posted on our website by 31 March 2019.

Additional financial information

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

Table 1—Total value of goods and services contracts

The Office is subject to the Government Contracts Regulations and the Treasury Board Contracting Policy. The Office’s Policy on Contracting and Procurement requires that contracts with 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, soliciting bids is not in the public interest because of the nature of the work, or only one person is capable of performing the work. In 2017, all contracts above \$25,000 complied with the Government Contracts Regulations for competitive processes.

The chart below highlights the Office’s contracting activity for goods and services in the 2017 calendar year, excluding contracting activity with other government departments and agencies. All amounts include fees, expenses, amendments, 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. In 2017, we amended 8 such contracts.

100% of goods and services contracts were compliant with the Government Contracts Regulations for competitive processes



In 2017, we awarded on a non-competitive basis 11 contracts that each had an original value greater than \$25,000. The total value of these contracts was \$837,497. One contract, for \$304,393, was for audit services for the Public Sector Pension Investment Board. Four contracts, for \$35,872, \$41,068, \$59,890, and \$162,633, were for support and maintenance services for existing proprietary software. Three other contracts, for \$29,832, \$37,968, and \$57,585, were for the appointment of members to the Office’s Audit Committee. Two contracts, for \$33,539 and \$34,716, were annual subscription renewals for existing specialized software products that are proprietary to the suppliers. 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 \$40,001, was for legal services, which are exempt from competition under the Government Contracts Regulations and trade agreements.

Further disclosure on our contracting activities can be found on the Government of Canada’s Open Government portal, where we proactively disclose information about contracts and amendments over \$10,000.

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				12,109	387,409
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 / Senior General Counsel	7	163,900–206,690		0–23,540	0–10,360		163,900–240,590
Principals / Senior Counsel	43	123,933–160,535		0–12,220	0–8,030		123,933–180,785
Directors	91	107,715–128,815		0–9,810	0–6,420		107,715–145,045
Lawyers	5	71,734–137,887	800		0–9,655		71,734–148,342
Auditors	255	51,291–115,963	800		0–4,640		51,291–121,403
Audit support services	165	46,418–107,699	800				46,418–108,499
Total FTEs	568						

¹ Full-time equivalents (FTEs) used in the 2017–18 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 2017 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

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 2017–18 fiscal year, managers received amounts of up to 11.8% of their maximum salary rates as “pay at risk,” which totalled \$1,715,641.

Managers who exceeded expectations were awarded bonuses ranging from 1.0% to 5.2% of their maximum salary rates, according to their position level and performance rating. In the 2017–18 fiscal year, a total of \$219,760 was awarded to managers as performance bonuses.

Non-management

In addition, 57 of 276 non-management professionals (21%) received pay for performance, which ranged from 4.0% to 7.0% of their maximum salary rates. In the 2017–18 fiscal year, a total of \$220,900 was awarded to non-management professionals as pay for performance.

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. Required authority delegation training provides managers with the necessary information to exercise their delegated authorities in human resources.

Knowledge and support. Managers have access to information, tools, and human resource advisers to assist them in managing 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, talent management, resourcing, 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 non-advertised acting appointments for longer than 12 months, casual appointments to term or indeterminate status through non-advertised processes, and promotions through non-advertised processes—are proactively managed throughout staffing processes.

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

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 provides the bargaining agent with a monthly report on its affected members.

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 2017–18 fiscal year, all bilingual staffing processes were completed on an imperative basis.

Complaints

No staffing complaints were received in the 2017–18 fiscal year.

Two official languages complaints were received in the 2017–18 fiscal year. Both were immediately addressed, and actions were taken to ensure compliance with applicable legislation, policies, and directives.

Continuous improvement

The Office maintains an ongoing dialogue with its key partners, so that it can implement improvements. Key partners include union representatives, audit services professionals, audit professionals, and management. This ongoing practice contributes to positive results, such as the revision of the staffing and classification policies and the creation of related directives, the launch of the Office's new career website, the implementation of the Triennial Employment Equity Plan—2017–2020, and the outreach to Indigenous communities across Canada through various platforms and websites to increase their awareness of job opportunities at the Office.

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. We recently added a paragraph on political neutrality in letters of offer, which stipulates that the Office must remain independent and politically neutral at all times.

Performance audits

The following lists the performance audits and related work planned for in our 2017–18 Departmental Plan, including planned and actual reporting dates. Titles reflect those in published reports.

2017 Spring Reports of the Auditor General of Canada

Title	Planned reporting date listed in 2017–18 Departmental Plan	Actual reporting date	Parliamentary hearing ¹
Report 1—Managing the Risk of Fraud	Spring 2017	May 2017	House of Commons Standing Committee on Public Accounts
Report 2—Customs Duties	Spring 2017	May 2017	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Agriculture and Agri-Food House of Commons Standing Committee on International Trade
Report 3—Preventing Corruption in Immigration and Border Services	Spring 2017	May 2017	House of Commons Standing Committee on Public Accounts
Report 4—Mental Health Support for Members—Royal Canadian Mounted Police	Spring 2017	May 2017	House of Commons Standing Committee on Public Accounts
Report 5—Temporary Foreign Worker Program—Employment and Social Development	Spring 2017	May 2017	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities
Report 6—Civil Aviation Infrastructure in the North—Transport Canada	Spring 2017	May 2017	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Transport, Infrastructure and Communities
Report 7—Fossil Fuel Subsidies	Spring 2017	May 2017	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Environment and Sustainable Development Senate Standing Committee on Energy, the Environment and Natural Resources
Federal Scientific Facilities	Spring 2017	N/A ²	N/A 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 In lieu of a tabled audit report, a management letter was issued at the conclusion of the audit.

2017 Fall Reports of the Auditor General of Canada

Title	Planned reporting date listed in 2017–18 Departmental Plan	Actual reporting date	Parliamentary hearing ¹
Report 1—Phoenix Pay Problems	Fall 2017	November 2017	House of Commons Standing Committee on Public Accounts Senate Standing Committee on National Finance
Report 2—Call Centres—Canada Revenue Agency	Fall 2017	November 2017	House of Commons Standing Committee on Public Accounts Senate Standing Committee on National Finance
Report 3—Settlement Services for Syrian Refugees—Immigration, Refugees and Citizenship Canada	Fall 2017	November 2017	House of Commons Standing Committee on Public Accounts
Report 4—Oral Health Programs for First Nations and Inuit—Health Canada	Fall 2017	November 2017	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Health
Report 5—Preparing Women Offenders for Release—Correctional Service Canada	Fall 2017	November 2017	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on the Status of Women Senate Standing Committee on Human Rights
Report 6—Royal Military College of Canada—National Defence	Fall 2017	November 2017	House of Commons Standing Committee on Public Accounts
Federal Science Programs	Fall 2017	N/A ²	N/A
Infrastructure on Reserves	Fall 2017	N/A ³	N/A

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 fall reports as a whole.

² This audit was cancelled.

³ Originally scheduled for fall 2017, the tabling of this report has been postponed until spring 2019.

2017 Fall Reports of the Commissioner of the Environment and Sustainable Development

Title	Planned reporting date listed in 2017–18 Departmental Plan	Actual reporting date	Parliamentary hearing ²
Report 1—Progress on Reducing Greenhouse Gases—Environment and Climate Change Canada ¹	Fall 2017	October 2017	Senate Standing Committee on Energy, the Environment and Natural Resources
Report 2—Adapting to the Impacts of Climate Change ¹	Fall 2017	October 2017	Senate Standing Committee on Energy, the Environment and Natural Resources Senate Standing Committee on Agriculture and Forestry House of Commons Standing Committee on Fisheries and Oceans
Report 3—Funding Clean Energy Technologies	Spring 2017	October 2017	Senate Standing Committee on Energy, the Environment and Natural Resources
Report 4—Departmental Progress in Implementing Sustainable Development Strategies	Fall 2017	October 2017	
Report 5—Environmental Petitions Annual Report and Retrospective	Fall 2017	October 2017	

¹ Findings presented in this report were also used in the preparation of a collaborative report on climate change that was tabled in March 2018 (Perspectives on Climate Change Action in Canada—A Collaborative Report from Auditors General). A hearing on the collaborative report was held by the House of Commons Standing Committee on Environment and Sustainable Development.

² In addition to the hearings listed above, the Office of the Auditor General of Canada participated in one public hearing (House of Commons Standing Committee on Environment and Sustainable Development) on the fall reports as a whole.

Reports to northern legislative assemblies

Title	Planned reporting date listed in 2017–18 Departmental Plan	Actual reporting date	Parliamentary hearing
Climate Change in the Northwest Territories	Fall 2017	October 2017	Standing Committee on Government Operations
Climate Change in Nunavut	Fall 2017	March 2018	
Climate Change in Yukon	Fall 2017	December 2017	Standing Committee on Public Accounts

Special examinations

The following lists the special examinations that we planned to report in the 2017–18 fiscal year.

Crown corporation	Statutory deadline ¹	Transmission date	Parliamentary hearing
Atomic Energy of Canada Limited	September 2017	June 2017	House of Commons Standing Committee on Public Accounts
Canadian Museum for Human Rights	August 2018	January 2018	N/A ²
Canada Council for the Arts	June 2018	May 2018	N/A ²
Canada Mortgage and Housing Corporation	January 2019	May 2018	N/A ²
Canada Development Investment Corporation	February 2019	June 2018	N/A ²
Export Development Canada	April 2019	February 2018	N/A ²
Great Lakes Pilotage Authority	March 2018	January 2018	N/A ²
National Capital Commission	November 2017	June 2017	House of Commons Standing Committee on Public Accounts
Ridley Terminals Inc.	December 2015	February 2018	N/A ²

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.

² Although transmitted to the entity during the 2017–18 fiscal year, these reports were tabled in Parliament after our year-end.

Internal audits and reviews

The following lists the internal audits and practice reviews that we planned to report during the 2017–18 fiscal year.

Title	Type	Completion date ¹
Report on a Review of the Financial Audit Practice—Financial Audits Completed in the 2016–17 Fiscal Year	Practice review	January 2018
Report on a Review of the Direct Engagement Audit Practice—Direct Engagement Audits Completed in the 2016–17 Fiscal Year	Practice review	April 2018
Internal Audit Report—Managing Information Technology Security	Internal audit	January 2018

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

Organizational contact information

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

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.

Departmental Plan (plan ministériel)

A report on the plans and expected performance of an appropriated department over a three-year period. Departmental Plans are tabled in Parliament each spring.

Departmental Results Report (rapport sur les résultats ministériels)

A report on an appropriated department's 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.

experimentation (expérimentation)

Activities that seek to explore, test and compare the effects and impacts of policies, interventions and approaches, to inform evidence-based decision-making, by learning what works and what does not.

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.

gender-based analysis plus (GBA+) (analyse comparative entre les sexes plus [ACS+])

An analytical approach used to assess how diverse groups of women, men, and gender-diverse people may experience policies, programs, and initiatives. The “plus” in GBA+ acknowledges that the gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences. We all have multiple identity factors that intersect to make us who we are; GBA+ considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical disability. Examples of GBA+ processes include using data disaggregated by sex, gender, and other intersecting identity factors in performance analysis, and identifying any impacts of the program on diverse groups of people, with a view to adjusting these initiatives to make them more inclusive.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2017–18 Departmental Results Report, 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 initiative (initiative horizontale)

An initiative where two or more departments are given funding to pursue a shared outcome, often linked to a government priority.

Management, Resources and Results Structure (structure de 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.

plan (plan)

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.

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.

priority (priorité)

A plan or project 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) or Departmental Results.

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.

result (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.

Endnotes

- i. Public Accounts of Canada 2017–2018, <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html>
- ii. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- iii. Sustainable Development Strategy for the Office of the Auditor General of Canada—2017–2020, http://www.oag-bvg.gc.ca/internet/English/acc_rpt_e_42863.html
- iv. Supplementary Information Tables for the 2017–18 Departmental Results Report, http://www.oag-bvg.gc.ca/internet/English/acc_rpt_e_43121.html