



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

2018–19 Departmental Results Report

Approved

Original signed by

Sylvain Ricard, CPA, CA
Interim Auditor General of Canada

Original signed by

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

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Message from the Interim Auditor General of Canada

I am pleased to present the Office of the Auditor General of Canada's 2018–19 Departmental Results Report. This report provides parliamentarians and Canadians with information about what we do and the results we achieved during the past year.

As the legislative auditor of the federal government and Canada's three territories, we provide Parliament and the northern legislatures with independent and objective assurance, advice, and information on government expenditures and the management of government programs. The overall result we seek with our audits is better managed and more accountable government for Canadians. Specifically, we want to help government organizations deliver better results, whether that means more useful and transparent financial information, better managed Crown corporations, or better delivery of service to individual Canadians.

Financial audit results

In conducting financial audits of the Government of Canada, the three territorial governments, and Crown corporations, we issue audit opinions on approximately 90 sets of financial statements each year. The result we seek is that these financial statements meet the requirements for clarity, completeness, accuracy, and timeliness in financial reporting. In the 2018–19 fiscal year, we issued qualified opinions on four sets of financial statements. We were unable to issue an opinion on the financial statements of National Defence's Reserve Force Pension Plan. We work with all organizations to help them address their shortcomings, and we have worked with the Department for some time now. We expect the problem regarding the Reserve Force Pension Plan to be resolved in the near future.

In the past year, we delivered our second and third commentaries on our audits of financial statements of the federal government and its Crown corporations. In these commentaries, we provide a significant amount of information about this area of our work, and we aim to show readers what is behind the numbers, so that they can better understand the government's financial management.

Performance audit results

We also conduct performance audits of Crown corporations and government departments to help people understand how governments manage specific programs. In the 2018–19 fiscal year, we completed 21 performance audits of government programs and 9 special examinations of the management of Crown corporations. In these audits, we examined a range of topics, including physical security at Canadian missions abroad, employment training for Indigenous people, the replacement of Montréal's Champlain Bridge, the Phoenix pay system, and inappropriate sexual behaviour in the Canadian Armed Forces. The audits also included those of the Commissioner of the Environment and Sustainable Development on topics such as toxic substances, protecting marine mammals, and conserving biodiversity. In these audits, we seek to improve results for Canadians by identifying opportunities for better program management and by bringing important issues to the attention of Parliament. Standing committees of the House of Commons and the Senate reviewed 58% of the reports that we had presented to Parliament in the 2018–19 fiscal year.

In conducting our special examinations, which are performance audits of Crown corporations, we observed problems that were affecting management and oversight in multiple Crown corporations, and that required the government’s support to resolve. In the 2018–19 fiscal year, we issued our first commentary on these examinations, for the purpose of bringing these important problems to Parliament’s attention.

Our operational results

We have a number of measures in place to monitor how we conduct our audits and how we carry out our internal service functions. In the 2018–19 fiscal year, we met all of our targets for independence and compliance with professional standards in the conduct of our work. However, to ensure full compliance with our mandatory training curriculum, we will be changing how we administer our professional development program.

We were provided with approximately one third of the \$21 million increase in funding that we requested in the 2018 federal budget. We received these funds halfway through the 2018–19 fiscal year, allowing us to address some of the challenges we had identified in our Departmental Plan. However, we could not undertake many needed projects.

Our people

The success of the Office of the Auditor General of Canada is determined by its people. We saw many changes in the past year, including the passing of the Auditor General and the retirement of a number of senior employees. I want to sincerely thank all members of the Office’s staff for their dedication, hard work, and commitment to the legacy of Michael Ferguson. Their service to parliamentarians and to all Canadians is exemplary.

Original signed by

Sylvain Ricard, CPA, CA
Interim Auditor General of Canada
26 November 2019

Results at a glance

In the 2018–19 fiscal year, the Office of the Auditor General of Canada used \$88.0 million of parliamentary authorities and had 552 full-time equivalent employees.

With these resources, we completed

- 89 financial audits of the federal government, territorial governments, and Crown corporations;
- 14 performance audits by the Auditor General of federal government activities and programs;
- 1 performance audit reported to a northern legislature;
- 6 performance audits by the Commissioner of the Environment and Sustainable Development;
- 9 special examinations of Crown corporations;
- 1 annual report by the Commissioner on environmental petitions;
- 2 commentaries on our financial audits; and
- 1 commentary on our special examination reports.

Parliamentary committees reviewed 58% of the reports that we presented to Parliament in the 2018–19 fiscal year. The House of Commons Standing Committee on Public Accounts—the primary user of our work—reviewed 63% of our reports that Parliament referred to it.

We appeared before 11 House of Commons and Senate standing committees, for a total of 46 hearings and briefings.

Results: What we achieved

Our core responsibility: Legislative auditing

Our audit reports provide objective, fact-based information and expert advice on government programs and activities. With our audits, we assist Parliament in its work on the authorization and oversight of government spending and operations. Our audits are also used by territorial legislatures, boards of Crown corporations, and audit committees to help oversee the management of government activities and hold them to account for the handling of public funds. Financial audits assess whether the annual financial statements of the government and Crown corporations are presented fairly, consistent with applicable accounting standards. Performance audits assess whether the government manages with due regard for economy, efficiency, and environmental impact, and measure its effectiveness. Special examinations assess whether Crown corporation systems and practices provide reasonable assurance that assets are safeguarded, resources are managed economically and efficiently, and operations are managed effectively.

Our current results

The main results that we seek are to issue audit opinions on financial statements without any qualifications and to report special examinations without any significant deficiencies. When qualifications or significant deficiencies are identified, we work with the organizations in question to address the specific issues found. In addition, we bring these matters to Parliament in our commentaries on financial audits and special examinations.

In the 2018–19 fiscal year, we issued four qualifications on financial statements. One of these (Qulliq Energy Corporation) was for a limitation we faced in conducting our audit. We are working with the Corporation to address the underlying issue. The other three qualifications (Ridley Terminals Inc., the National Arts Centre, and the Canada Development Investment Corporation) were for non-compliance with provisions of the *Financial Administration Act*.

Of the nine special examination reports that we transmitted in the 2018–19 fiscal year, five reported significant deficiencies: the National Museum of Science and Technology (in collection management, protection, and preservation); Marine Atlantic Inc. (in unresolved strategic challenges); the Standards Council of Canada and the Canada Mortgage and Housing Corporation (in corporate governance); and the Canada Development Investment Corporation (in board appointments).

When we report audit qualifications or significant deficiencies, we expect the organization to address the identified problems in a timely manner. Four of the five qualifications in our financial audits that we reported in the 2017–18 fiscal year continued in the 2018–19 fiscal year. The qualifications were for the Qulliq Energy Corporation, Ridley Terminals Inc., the Canada Development Investment Corporation, and National Defence's Reserve Force Pension Plan. In our special examination of Marine Atlantic Inc., we found that the Corporation had not addressed the significant deficiency we had identified in the previous examination.

To measure the impact of our performance audits, we have historically monitored the percentage of our recommendations that are implemented by the organizations we audit. We are currently developing a new measure—one that will track the results that federal organizations achieve for

Canadians in the areas we have audited. We plan to publish our first follow-up report on these results in the upcoming fiscal year.

We also monitor the percentage of our audits for which we meet the statutory reporting deadlines, or our planned reporting dates when no statutory deadline exists. In the 2018–19 fiscal year, we were unable to complete the following audits by the statutory deadlines: the Canada Infrastructure Bank, the National Arts Centre, and National Defence’s Reserve Force Pension Plan. This was the first reporting period for the Canada Infrastructure Bank, which had some capacity issues that were not expected to persist. The National Arts Centre was subject to many new accounting standards, which proved challenging to implement.

In addition, the Office had established three priorities pertaining to its operations for the 2018–19 fiscal year:

- Be a financially well-managed organization accountable for the use of resources entrusted to it.
- Ensure effective, efficient, and accountable Office governance and management.
- Develop and maintain a skilled, engaged, and bilingual workforce.

Our finances

The Office continued to face capacity shortages in both audit operations and support services throughout the 2018–19 fiscal year. In fall 2018, the Office received about one third of the approximately \$21 million requested last year, and it began to allocate these funds to the highest-priority areas. The request we submitted to the 2019 federal budget process resulted in no additional funds being allocated to the Office.

Our governance and management

We have been working to implement both the plan we developed last year to reduce our information technology (IT) security risk and the roadmap we prepared to maintain and update our IT systems. We advanced the replacement of our human resource management systems, which we will complete in the 2019–20 fiscal year. Although we made progress on some projects for IT security, we do not expect to reduce our risk to an acceptable level until at least 2021, because of funding pressures. Similarly, we have had to postpone other IT projects until the 2019–20 fiscal year and beyond, also because of funding pressures.

Our people

We made a number of adjustments to our work plans in the 2018–19 fiscal year to better align them with our actual resources. In particular, to address the resourcing challenges in our performance audit practice, we eliminated five audits that we had planned to report on in the 2019–20 fiscal year.

As a result of the passing of the Auditor General and the retirement of a number of senior staff, we began implementing a senior management onboarding program to renew our senior management team. With the government’s appointment of one of our deputy auditors general as Interim Auditor General, we are confident that we have a successful transition plan in place to lead the Office.

In response to the Treasury Board’s Policy on Results, the Office is required to present a results framework that supports the reporting of results to Parliament. In addition, the Office has a strategic

framework that contains 11 strategic objectives, which guide the Office’s audit work and administration. Each objective has a set of performance indicators and targets, which establish our expected results. Both the strategic framework and performance measurement framework are presented in the “Supplementary information” section of this report. Exhibit 1 presents the Office’s departmental result, result indicators, targets, and actual results for the 2016–17, 2017–18, and 2018–19 fiscal years.

Exhibit 1 Departmental result, result indicators, targets, and actual results for the 2016–17, 2017–18, and 2018–19 fiscal years

Departmental result: Well-managed and accountable government					
Departmental result indicators	Target	Date to achieve target	2016–17 Actual results	2017–18 Actual results	2018–19 Actual results
Percentage of audit reports on financial statements without qualifications or “other matters” raised.	100%	Ongoing	Target not met (98%)	Target not met (95%)	Target not met (96%)
Percentage of special examination reports with no significant deficiencies.	100%	Ongoing	Target not met (40%; 2 of 5) ¹	Target not met (0%; 0 of 6) ²	Target not met (44%; 4 of 9) ³
Percentage of audit reports to Parliament that are reviewed by parliamentary committees.	At least 65%	Ongoing	Target met	Target met	Target not met (58%)
Percentage of audit recommendations/opinions addressed by entities: For financial audits, percentage of qualifications and “other matters” addressed from one financial audit report to the next.	100%	Ongoing	Target not met (75%; 6 of 8)	Target not met (0%; 0 of 4)	Target not met (20%; 1 of 5)
Percentage of audit recommendations/opinions addressed by entities: For performance audits, percentage of recommendations examined in our performance audit follow-up audits for which progress is assessed as satisfactory.	At least 75%	Ongoing	Target not met (0%; 0 of 3)	No follow-up conducted	No follow-up conducted

¹ Significant deficiencies were noted in the special examinations of the Atlantic Pilotage Authority, the Freshwater Fish Marketing Corporation, and the International Development Research Centre.

² Significant deficiencies were noted in the special examinations of Atomic Energy of Canada Limited, the Canadian Museum for Human Rights, Export Development Canada, the Great Lakes Pilotage Authority, the National Capital Commission, and Ridley Terminals Inc.

³ Significant deficiencies were noted in the special examinations of the National Museum of Science and Technology, Marine Atlantic Inc., the Standards Council of Canada, the Canadian Mortgage and Housing Corporation, and the Canada Development Investment Corporation.

⁴ There were continuing significant deficiencies at the Freshwater Fish Marketing Corporation.

⁵ Of the 52 financial audit reports we issued that had statutory deadlines, 3 were late: the Canadian Forces Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

⁶ One of the financial audit reports we issued that had statutory deadlines, the National Capital Commission, was late.

⁷ Of the 64 reports we issued that had statutory deadlines, 3 financial audit reports were late: the Canada Infrastructure Bank, the National Arts Centre, and National Defence’s Reserve Force Pension Plan.

Exhibit 1 Departmental result, result indicators, targets, and actual results for the 2016–17, 2017–18, and 2018–19 fiscal years (continued)

Departmental result: Well-managed and accountable government					
Departmental result indicators	Target	Date to achieve target	2016–17 Actual results	2017–18 Actual results	2018–19 Actual results
Percentage of audit recommendations/opinions addressed by entities: For special examinations, percentage of significant deficiencies reported in our special examination reports that are addressed from one examination to the next.	100%	Ongoing	Target not met ⁴	Target met	Target not met (75%; 3 or 4)
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%	Ongoing	Target not met (95%) ⁵	Target not met (98%) ⁶	Target not met (95%) ⁷
<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%	Ongoing	Target met	Target met	Target met

¹ Significant deficiencies were noted in the special examinations of the Atlantic Pilotage Authority, the Freshwater Fish Marketing Corporation, and the International Development Research Centre.

² Significant deficiencies were noted in the special examinations of Atomic Energy of Canada Limited, the Canadian Museum for Human Rights, Export Development Canada, the Great Lakes Pilotage Authority, the National Capital Commission, and Ridley Terminals Inc.

³ Significant deficiencies were noted in the special examinations of the National Museum of Science and Technology, Marine Atlantic Inc., the Standards Council of Canada, the Canadian Mortgage and Housing Corporation, and the Canada Development Investment Corporation.

⁴ There were continuing significant deficiencies at the Freshwater Fish Marketing Corporation.

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⁶ One of the financial audit reports we issued that had statutory deadlines, the National Capital Commission, was late.

⁷ Of the 64 reports we issued that had statutory deadlines, 3 financial audit reports were late: the Canada Infrastructure Bank, the National Arts Centre, and National Defence's Reserve Force Pension Plan.

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 Deputy 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 \$92.4 million in parliamentary authorities, which consisted of \$78.2 million in Main Estimates authorities and \$14.2 million in adjustments and transfers, including \$7 million in permanent additional funding, and the remaining \$7.2 million was for the most part routine in nature—for example, carry-forward funding from the previous year, funding for parental leave benefits, and severance payments (Exhibit 2).

Exhibit 2 Budgetary financial resources (millions of dollars)

2018–19 Main Estimates	2018–19 Planned spending	2018–19 Total authorities available for use	2018–19 Actual spending (authorities used)	2018–19 Difference (Actual spending minus planned spending)
78.2	78.2	92.4	88.0	9.8

In the 2018–19 fiscal year, \$88.0 million was charged against our total parliamentary authorities of \$92.4 million. This resulted in the lapsing of \$4.4 million of the Office’s parliamentary authorities provided in the 2018–19 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 \$3.5 million.

Exhibit 3 shows the trend in our spending based on parliamentary authorities used for the 2016–17 to 2021–22 fiscal years, and Exhibit 4 shows our budgetary performance summary for the 2016–17 to 2020–21 fiscal years.

Exhibit 3 Trend in authorities used

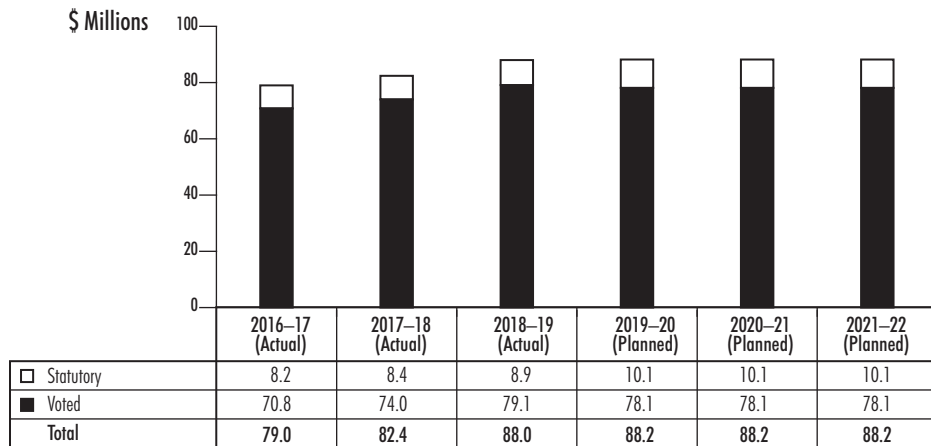


Exhibit 4 Budgetary performance summary (millions of dollars)

2018–19 Main Estimates	2018–19 Planned spending	2019–20 Planned spending	2020–21 Planned spending	2018–19 Total authorities available for use	2018–19 Actual spending (authorities used)	2017–18 Actual spending (authorities used)	2016–17 Actual spending (authorities used)
78.2	78.2	88.2	88.2	92.4	88.0	82.4	79.0

Human resources

In the 2018–19 fiscal year, the Office planned to use 550 full-time equivalent employees but actually used 552.

Exhibit 5 shows the trend in our full-time equivalents.

Exhibit 5 Human resources (full-time equivalents)

2016–17 Actual	2017–18 Actual	2018–19 Actual	2018–19 Planned	2019–20 Planned	2020–21 Planned
555	568	552	550	580	595

Expenditures by vote

For information on the Office of the Auditor General of Canada’s organizational voted and statutory expenditures, consult the [Public Accounts of Canada 2018–2019](#).ⁱ

Government of Canada spending and activities

Information on the alignment of the Office of the Auditor General of Canada’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 2019, 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. In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern; disclosing matters related to going concern; and using the going concern basis of accounting, as applicable.

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 2019 was completed in accordance with the Treasury Board’s Policy on Financial Management. The results and action plans are summarized in the 2018–19 Annex to the Statement of Management Responsibility, Including Internal Control over Financial Reporting.¹

Raymond Chabot Grant Thornton 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

Sylvain Ricard, CPA, CA
Interim Auditor General of Canada

Ottawa, Canada
24 July 2019

Original signed by

Lucie Cardinal, 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

Raymond Chabot
Grant Thornton LLP
2505 St-Laurent Blvd.
Ottawa, Ontario
K1H 1E4

T 613-236-2211

To the Speaker of the House of Commons

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Office of the Auditor General of Canada (the "Office"), which comprise the statement of financial position as at 31 March 2019, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office as at 31 March 2019, and the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Comparative Information Audited by a Predecessor

The financial statements of the Office for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 12 July, 2018.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Office's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Office coming to our notice for compliance with specified authorities. The specified authorities for which compliance was audited are the *Financial Administration Act* and its regulations and the *Auditor General Act*.

In our opinion, the transactions of the Office that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Office's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Office to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Original signed by

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
24 July 2019

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

	2019	2018
	(in thousands of dollars)	
Financial assets		
Due from the Consolidated Revenue Fund	10,841	8,693
Accounts receivable	1,939	1,837
Accounts receivable held on behalf of the Government of Canada	(213)	(180)
	12,567	10,350
Liabilities		
Accounts payable and accrued liabilities (note 4)	12,405	10,227
Vacation pay	5,055	4,505
Sick leave benefits (note 5b)	2,934	3,362
Severance benefits (note 5c)	2,205	2,736
Maternity/parental leave benefits (note 5d)	647	441
	23,246	21,271
Net debt	(10,679)	(10,921)
Non-financial assets		
Tangible capital assets (note 6)	2,214	1,663
Prepaid expenses	283	132
	2,497	1,795
Accumulated deficit	(8,182)	(9,126)

Contractual obligations (note 10)

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

Approved by

Original signed by

Sylvain Ricard, CPA, CA
Interim Auditor General of Canada

Ottawa, Canada
24 July 2019

Original signed by

Lucie Cardinal, 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

	2019	2019	2018
	Budget (Note 12)	Actual	Actual
	(in thousands of dollars)		
Expenses (note 7)			
Financial audits of Crown corporations, territorial governments, other organizations, and the summary financial statements of the Government of Canada	45,500	49,823	43,935
Performance audits and studies	32,900	32,310	31,958
Special examinations of Crown corporations	5,900	5,062	6,448
Sustainable development monitoring activities and environmental petitions	1,900	1,703	2,477
Professional practices	9,800	10,854	9,728
Total cost of operations	96,000	99,752	94,546
Revenues			
International audits	1,000	1,079	236
Other	—	300	397
Revenues earned on behalf of the Government of Canada	—	(200)	(235)
Net revenues	1,000	1,179	398
Net cost of operations before government funding and transfers	95,000	98,573	94,148
Government funding and transfers			
Net cash provided by the Government of Canada (note 3c)	—	84,643	80,090
Change in Due from the Consolidated Revenue Fund (note 3c)	—	2,148	2,242
Services provided without charge (note 9b)	—	12,726	12,847
Total government funding and transfers	95,550	99,517	95,179
Annual surplus	550	944	1,031
Accumulated deficit, beginning of year	(9,126)	(9,126)	(10,157)
Accumulated deficit, end of year	(8,576)	(8,182)	(9,126)

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

	2019	2019	2018
	Budget (Note 12)	Actual	Actual
	(in thousands of dollars)		
Annual surplus	550	944	1,031
Acquisition of tangible capital assets (note 6)	(600)	(1,032)	(483)
Amortization of tangible capital assets (notes 6 and 7)	600	481	426
Loss on disposal of tangible capital assets (note 7)	—	—	4
	550	393	978
(Increase)/decrease in prepaid expenses	—	(151)	43
Decrease in net debt, during the year	550	242	1,021
Net debt, beginning of year	(10,921)	(10,921)	(11,942)
Net debt, end of year	(10,371)	(10,679)	(10,921)

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

	2019	2018
	(in thousands of dollars)	
Operating transactions		
Cash paid for		
Employee salaries, wages, and benefits	(64,609)	(62,408)
Services, transportation, communication, and other expenses	(14,516)	(13,130)
Statutory contributions to employee benefit plans	(9,197)	(9,233)
	(88,322)	(84,771)
Cash received from		
Salaries and benefits recovered	2,984	3,452
Sales tax recovered	1,284	1,138
Other	271	403
International audits	212	214
	4,751	5,207
Cash used by operating transactions	(83,571)	(79,564)
Capital transactions		
Cash used to acquire tangible capital assets	(1,072)	(526)
Cash applied to capital transactions	(1,072)	(526)
Net cash provided by the Government of Canada (note 3c)	(84,643)	(80,090)

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 2019

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.

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. The Office is not taxable under the provisions of the *Income Tax Act*.

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 is funded by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Office 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 3a provides a reconciliation between the two bases of reporting.

c) Revenues

Revenues are from international audits and from other activities, such as audit professional services provided to members of the Canadian Council of Legislative Auditors (CCOLA).

Revenues are recognized 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.

Revenues that are considered to be earned on behalf of the Government of Canada are not available for discharging the Office's liabilities. Although the Office is expected to maintain accounting control, it has no authority regarding the disposition of those revenues. As a result, revenues earned on behalf of the Government of Canada are presented as a reduction of the Office's gross revenues.

d) Net cash provided by the Government of Canada

The Office operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Office is deposited to the CRF, and all cash disbursements made by the Office are paid from the CRF. The net cash provided by the Government of Canada is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government of Canada.

e) Due from the Consolidated Revenue Fund

Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Office is entitled to draw from the CRF, without further parliamentary authorities to discharge its liabilities. This amount is not considered to be a financial instrument.

f) Accounts receivable and Accounts receivable held on behalf of the Government of Canada

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.

Accounts receivable held on behalf of the Government of Canada are presented as a reduction to the financial assets on the Statement of Financial Position because they are not available to discharge the Office's liabilities.

g) 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. Any write-downs of tangible capital assets are accounted for as expenses in the Statement of Operations and are not subsequently reversed.

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
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

h) 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.

i) Vacation pay

Vacation pay is accrued as the benefit is earned by the employees under their respective labour contracts and conditions of employment. The liability represents all unused vacation pay benefits accruing to employees. The employees' salaries at year-end determine the amount of these accrued benefits.

j) 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 of Canada 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.

k) 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. These transactions 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 include key management personnel who have the authority and responsibility for planning, directing, and controlling the activities of the Office. Related parties also include the close family members of these personnel. 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.

l) 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 are allocated to audits and professional practice projects on the basis of the direct staff cost charged to them.

m) 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 revenues, government funding and transfers, and expenses during the reporting period. The amount of services provided without charge, the assumptions underlying the liability calculation for sick leave benefits, and the estimated useful lives of tangible capital assets are the most significant items for which estimates are used. Actual results could differ significantly from the estimates. These estimates are reviewed annually, and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

3. Parliamentary authorities

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

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

	2019	2018
	(in thousands of dollars)	
Net cost of operations before government funding and transfers	98,573	94,148
Adjustments for items recorded as part of net cost of operations but not affecting current year authorities:		
Services provided without charge by other government departments	(12,726)	(12,847)
Amortization of tangible capital assets	(481)	(426)
Loss on disposal of tangible capital assets	—	(4)
Adjustment to previous year accruals	351	98
Revenues available for spending in future years	817	—
Total items recorded as part of net cost of operations but not affecting current year authorities	(12,039)	(13,179)
Adjustments for items not recorded as part of net cost of operations but affecting current year authorities:		
Acquisition of tangible capital assets	1,032	483
Decrease in liabilities not previously charged to authorities	242	1,021
Increase/(decrease) in prepaid expenses	151	(43)
Other	43	—
Total items not recorded as part of net cost of operations but affecting current year authorities	1,468	1,461
Current year authorities used	88,002	82,430

b) Authorities provided and used

	2019	2018
	(in thousands of dollars)	
Main Estimates		
Vote 1—Program expenditures	69,028	68,269
Statutory amounts—Contributions to employee benefit plans	9,197	9,233
Total Main Estimates	78,225	77,502
Supplemental operating authorities	12,651	3,898
Authorities carried forward from previous year	1,772	3,539
Adjustment to statutory contributions to employee benefit plans	(294)	(828)
Current year authorities provided	92,354	84,111
Less: Lapsed authorities	(4,352)	(1,681)
Current year authorities used	88,002	82,430

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 \$3.5 million (\$1.7 million in 2017–18).

c) Reconciliation of net cash provided by the Government of Canada to current year appropriations used

	2019	2018
	(in thousands of dollars)	
Net cash provided by the Government of Canada	84,643	80,090
Change in Due from the Consolidated Revenue Fund		
(Increase)/decrease in Accounts receivable and Accounts receivable held on behalf of the Government of Canada	(69)	1,061
Increase in liabilities charged to authorities	2,217	1,181
Total—Change in Due from the Consolidated Revenue Fund	2,148	2,242
Revenues available for spending in future years	817	—
Adjustment to previous year accruals	351	98
Other	43	—
Current year authorities used	88,002	82,430

4. Accounts payable and accrued liabilities

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

	2019	2018
	(in thousands of dollars)	
Accrued employee salaries	10,573	8,526
Due to others	1,832	1,701
Total	12,405	10,227

5. Employee benefits

a) Pension benefits

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

The Plan provides pension benefits based on the number of years of pensionable service and salaries of the employees. Pension benefits accrue up to a maximum period of 35 years at a rate of 2% 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 (1.01 times the employee's contribution in 2017–18); 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 (1.00 times the employee's contribution in 2017–18); 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 2018–19 fiscal year amounts to \$6.2 million (\$5.7 million in 2017–18). 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 1.7% (2.1% in 2017–18), which is based on an average yield of government borrowings over the expected average remaining service life of employees of 9 years (10 years in 2017–18); a rate of salary increase of 3.5% (3.5% in 2017–18); an average turnover rate of 7.4% (6.7% in 2017–18); and an average retirement age of 58.8 (58.4 in 2017–18).

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

	2019	2018
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	2,278	2,296
Current year benefit cost ¹	343	307
Interest on the accrued benefit obligation ¹	55	44
Benefits paid	(684)	(518)
Actuarial loss	591	149
Accrued benefit obligation, end of year	2,583	2,278
Unamortized accumulated actuarial gain, beginning of year	1,084	1,390
Actuarial loss for the year	(591)	(149)
Amortization of actuarial gain recognized in the year ¹	(142)	(157)
Unamortized accumulated actuarial gain, end of year	351	1,084
Accrued benefit liability	2,934	3,362

¹ These components make up the net benefit expense of \$256 (\$194 in 2017–18) included in the “Personnel” and “Interest on the sick leave accrued benefit obligation” categories in note 7.

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	
	2019	2018
	(in thousands of dollars)	
Discount rate		
Increase by 1%	(161)	(142)
Decrease by 1%	183	161
Salary increase rate		
Increase by 1%	151	134
Decrease by 1%	(136)	(121)
Retirement age		
Increase by 1 year	259	194
Decrease by 1 year	(254)	(186)
Turnover rate		
Increase factors by 10%	(87)	(68)
Decrease factors by 10%	93	72
Sick leave utilization rates		
Increase factors by 10%	322	287
Decrease factors by 10%	(307)	(272)

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:

	2019	2018
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	2,736	3,309
Current year benefit cost	109	58
Benefits paid	(640)	(631)
Accrued benefit obligation, end of year	2,205	2,736

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 the employee is entitled to receive under the Employment Insurance program 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:

	2019	2018
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	441	838
Current year benefit cost	1,099	724
Benefits paid	(893)	(1,121)
Accrued benefit obligation, end of year	647	441

6. Tangible capital assets

	Cost				Accumulated amortization				2019	2018
	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	9	—	3,470	3,203	90	—	3,293	177	258
Furniture and fixtures	4,384	—	—	4,384	4,333	8	—	4,341	43	51
Informatics software	4,741	336	—	5,077	3,839	237	—	4,076	1,001	902
Informatics hardware and infrastructure	1,681	651	7	2,325	1,417	69	7	1,479	846	264
Office equipment	1,216	36	71	1,181	1,048	72	71	1,049	132	168
Motor vehicle	25	—	—	25	5	5	—	10	15	20
Total	15,508	1,032	78	16,462	13,845	481	78	14,248	2,214	1,663

The cost of tangible capital assets not being amortized because they are under development totals \$0.8 million (\$0.5 million in 2017–18) and is included within the “Informatics software” category.

7. Expenses by object

The summary of expenses by object for the year ended 31 March is as follows:

	2019	2018
	(in thousands of dollars)	
Personnel	79,034	75,107
Rentals	8,253	8,279
Professional and special services	5,857	5,668
Transportation and communications	3,789	3,476
Small machinery and equipment	1,196	506
Information	677	640
Amortization of tangible capital assets	481	426
Utilities, materials, and supplies	235	237
Repairs and maintenance	175	159
Interest on the sick leave accrued benefit obligation	55	44
Loss on disposal of tangible capital assets	—	4
Total cost of operations	99,752	94,546

The total cost of operations includes services provided without charge by other government departments as disclosed in note 9b.

8. 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 2018–19 fiscal year, the Office paid fees and provided in-kind services to the CAAF totalling \$0.9 million (\$0.6 million in 2017–18), which represents 26% (27% in 2017–18) of the CAAF's total revenues of \$3.4 million (\$2.2 million in 2017–18). As at 31 March 2019, the Office held approximately 47% (47% in 2017–18) of the member voting rights of the CAAF. As the Office does not control the CAAF, it is not consolidated in these financial statements. 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 2019, 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.

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 2018, the Office provided \$0.4 million in services (\$0.5 million in 2016–17) to the CCOLA. This amount represents approximately 50% of the CCOLA revenues of \$0.8 million (63% of the \$0.8 million in 2016–17).

9. Related party transactions

a) Inter-entity transactions

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

	2019	2018
	(in thousands of dollars)	
Expenses—Other government departments and agencies	10,436	9,897
Accounts receivable—Other government departments and agencies	473	1,168
Accounts payable—Other government departments and agencies	92	216

Expenses disclosed in the table above exclude common services provided without charge, which are disclosed in the next table. 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 Statement of Operations and are disclosed in note 7.

	2019	2018
	(in thousands of dollars)	
Office accommodation—Public Services and Procurement Canada	7,149	7,116
Office's contribution to the health and dental insurance plans— Treasury Board of Canada Secretariat	5,577	5,731
Services provided without charge	12,726	12,847

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 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. The costs of these services are reflected in the Statement of Operations.

10. Contractual obligations

The nature of the Office's activities can result in contracts and obligations whereby the Office will be obligated to make future payments when the services/goods are received. Contractual obligations estimated as at 31 March 2019 are summarized as follows:

	2020	2021	2022	2023	2024 and thereafter	Total
	(in thousands of dollars)					
Goods and services	1,945	115	11	—	—	2,071
Professional services	1,452	136	78	41	23	1,730
Operating leases	42	—	—	—	—	42
Total	3,439	251	89	41	23	3,843

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

11. Financial instruments

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

a) Credit risk

The Office is exposed to credit risk resulting from the possibility that parties may default on their financial obligations to pay the Office. Management believes that the risk of loss on its accounts receivable balances is low because of the credit quality of these parties. Accounts receivable balances are managed and analyzed on an ongoing basis. Accordingly, management believes that all accounts 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 that this risk is low.

12. Budget figures

The budget figures in the “Expenses” and “Revenues” sections of the Statement of Operations are the amounts reported as 2018–19 planned spending figures in the 2018–19 Departmental Plan. The budget figures on the line “Total government funding and transfers” of the Statement of Operations and in the Statement of Change in Net Debt were prepared for internal management purposes and have not been previously published.

13. Comparative figures

Certain 2017–18 comparative figures have been reclassified to conform to the presentation adopted for the 2018–19 fiscal year. The line “Parliamentary authorities used” has been removed from the “Government funding and transfers” section of the Statement of Operations, and the lines “Net cash provided by the Government of Canada” and “Change in Due from the Consolidated Revenue Fund” have been added. As a result, the line “Parliamentary authorities” in the Statement of Cash Flow has been removed to reconcile this statement with “Net cash provided by the Government of Canada.”

These changes have been made to the presentation of the Statement of Operations and the Statement of Cash Flow to better reflect relevant information to readers, and to be consistent with the presentation of other Government of Canada departmental financial statements.

Notes 2d, 2e, and 3c provide further information related to the line items involved in the presentation adopted this year.

14. Subsequent event

On 12 June 2019, an agreement between the Government of Canada and 15 public service unions was signed to compensate current and former government employees for damages associated with the Phoenix payroll system. The provisions of this agreement will also be extended to excluded employees from the 15 public service unions, as well as unrepresented government employees and executives.

As a separate agency, the Office approved on 22 July 2019 the extension of the provisions above to its unrepresented employees and executives. Compensation for the 2016–17 to 2019–20 fiscal years includes up to 5 days of leave credits. The Office estimates these additional leave credits at approximately \$1 million.

Supplementary information

Corporate information

Organizational profile

Auditor General of Canada (Interim): Sylvain Ricard, CPA, CA

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.

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

“Raison d'être, mandate, and role: Who we are and what we do” is available on the [Office of the Auditor General of Canada's website](#).ⁱⁱⁱ

Operating context and risks

Information on operating context and key risks is available on the [Office of the Auditor General of Canada's website](#).^{iv}

Reporting framework

The Office of the Auditor General of Canada’s Departmental Results Framework and Program Inventory of record for the 2018–19 fiscal year are shown in Exhibit 6.

Exhibit 6 Departmental Results Framework and Program Inventory

Core responsibility: Legislative auditing		
Description	Result and indicators	
<p>Our audit reports provide objective, fact-based information and expert advice on government programs and activities. With our audits, we assist Parliament in its work on the authorization and oversight of government spending and operations. Our audits are also used by territorial legislatures, boards of Crown corporations, and audit committees to help oversee the management of government activities and hold them to account for the handling of public funds. Financial audits assess whether the annual financial statements of the government and Crown corporations are presented fairly, consistent with applicable accounting standards. Performance audits assess whether the government manages with due regard for economy, efficiency, and environmental impact, and measures its effectiveness. Special examinations assess whether Crown corporation systems and practices provide reasonable assurance that assets are safeguarded, resources are managed economically and efficiently, and operations are managed effectively.</p>	<p>Well-managed and accountable government:</p> <ul style="list-style-type: none"> • Percentage of audit reports on financial statements issued without qualifications or “other matters” raised. • Percentage of special examination reports with no significant deficiencies. • Percentage of audit reports to Parliament that are reviewed by parliamentary committees. • Percentage of audit recommendations/opinions addressed by entities: For financial audits, percentage of qualifications and “other matters” addressed from one financial audit report to the next. • Percentage of audit recommendations/opinions addressed by entities: For performance audits, percentage of recommendations examined in our performance audit follow-up audits for which progress is assessed as satisfactory. • Percentage of audit recommendations/opinions addressed by entities: For special examinations, percentage of significant deficiencies reported in our special examination reports that are addressed from one examination to the next. • Percentage of audits that meet statutory deadlines, where applicable, or our planned reporting dates. 	
	Program Inventory	
	<ul style="list-style-type: none"> • Legislative audit 	

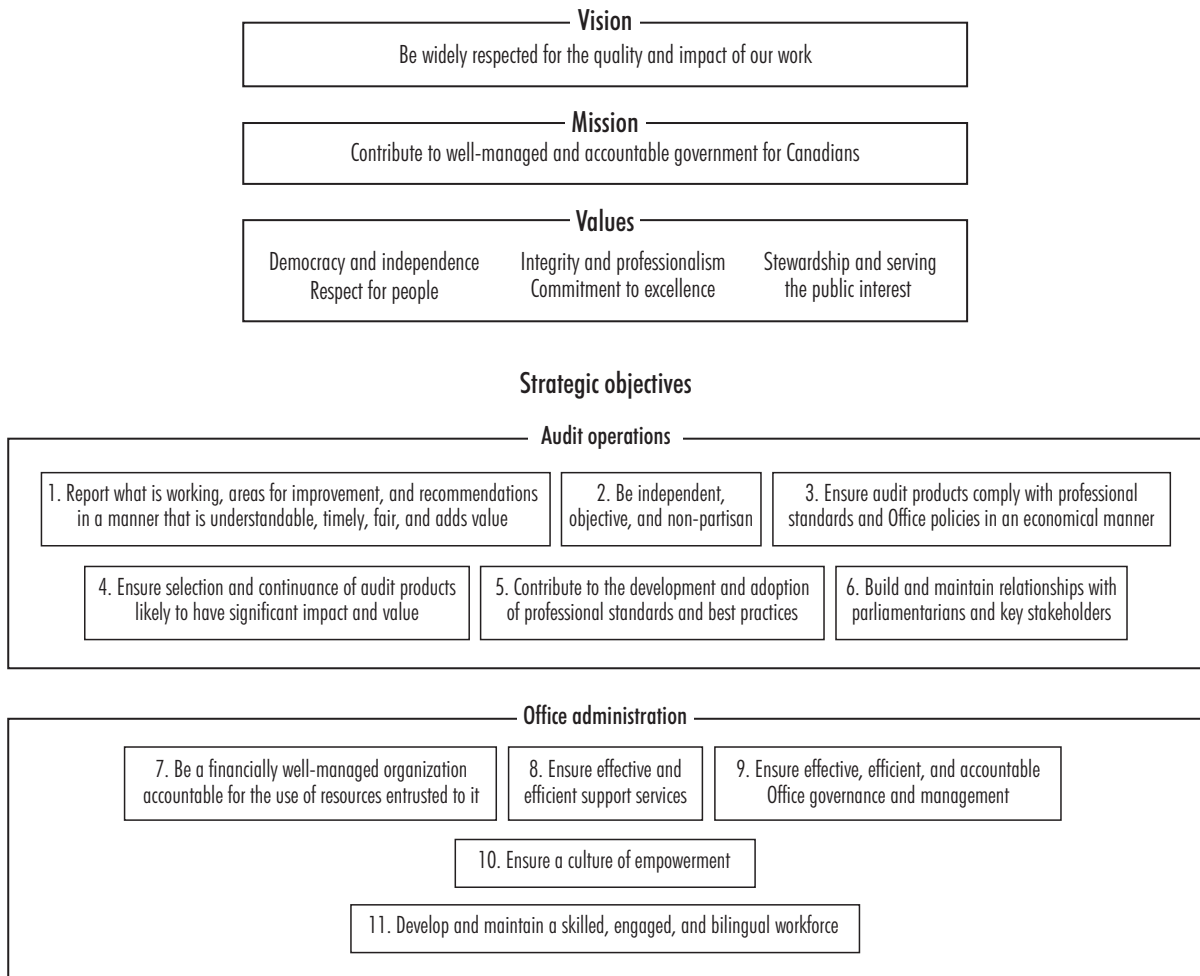
Supporting information on the Program Inventory

Financial, human resources, and performance information for the Office of the Auditor General of Canada’s Program Inventory is available in the [GC InfoBase](#).^v

Strategic framework of the Office of the Auditor General of Canada

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. Each objective has a set of performance indicators and targets, which establish our expected results (Exhibit 7).

Exhibit 7 Strategic framework of the Office of the Auditor General of Canada



Performance measurement framework of the Office of the Auditor General of Canada

Audit operations

We use the first six of our strategic objectives to guide and monitor our audit operations (Exhibit 8).

Exhibit 8 Audit operations—Performance indicators and results achieved

Strategic objective	Performance indicators	2018–19 Target	2016–17 Actual results	2017–18 Actual results	2018–19 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 audit reports on financial statements issued in the year without qualifications or “other matters” raised	100%	Target not met (98%)	Target not met (95%)	Target not met (96%)	For discussion, see “Our current results.”
	Percentage of special examination reports with no significant deficiencies	100%	Target not met (40%, 2 of 5) ¹	Target not met (0%, 0 of 6) ²	Target not met (44%, 4 of 9) ³	For discussion, see “Our current results.”
	Percentage of reports to Parliament that are reviewed by parliamentary committees	At least 65%	Target met	Target met	Target not met (58%)	

¹ Significant deficiencies were noted in the special examinations of the Atlantic Pilotage Authority, the Freshwater Fish Marketing Corporation, and the International Development Research Centre.

² Significant deficiencies were noted in the special examinations of Atomic Energy of Canada Limited, the Canadian Museum for Human Rights, Export Development Canada, the Great Lakes Pilotage Authority, the National Capital Commission, and Ridley Terminals Inc.

³ Significant deficiencies were noted in the special examinations of the National Museum of Science and Technology, Marine Atlantic Inc., the Standards Council of Canada, the Canadian Mortgage and Housing Corporation, and the Canada Development Investment Corporation.

⁴ There were continuing significant deficiencies at the Freshwater Fish Marketing Corporation.

⁵ Of the 52 financial audit reports we issued that had statutory deadlines, 3 were late: the National Defence Reserve Force Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

⁶ One of the financial audit reports we issued that had statutory deadlines, the National Capital Commission, was late.

⁷ Of the 64 reports we issued that had statutory deadlines, 3 financial audit reports were late: the Canada Infrastructure Bank, the National Arts Centre, and the National Defence Reserve Force Pension Plan.

⁸ An external peer review is conducted once every 10 years.

Exhibit 8 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2018–19 Target	2016–17 Actual results	2017–18 Actual results	2018–19 Actual results	Notes
	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 financial audit report to the next 	100%	Target not met (75%, 6 of 8)	Target not met (0%, 0 of 4)	Target not met (20%, 1 of 5)	For discussion, see “Our current results.”
	<ul style="list-style-type: none"> for performance audits, percentage of recommendations examined in our performance audit follow-up audit for which progress is assessed as satisfactory 	At least 75%	Target not met (0%, 0 of 3)	No follow-up conducted	No follow-up conducted	
	<ul style="list-style-type: none"> for special examinations, percentage of significant deficiencies that are addressed from one examination to the next 	100%	Target not met ⁴	Target met	Target not met (75%; 3 of 4)	For discussion, see “Our current results.”

¹ Significant deficiencies were noted in the special examinations of the Atlantic Pilotage Authority, the Freshwater Fish Marketing Corporation, and the International Development Research Centre.

² Significant deficiencies were noted in the special examinations of Atomic Energy of Canada Limited, the Canadian Museum for Human Rights, Export Development Canada, the Great Lakes Pilotage Authority, the National Capital Commission, and Ridley Terminals Inc.

³ Significant deficiencies were noted in the special examinations of the National Museum of Science and Technology, Marine Atlantic Inc., the Standards Council of Canada, the Canadian Mortgage and Housing Corporation, and the Canada Development Investment Corporation.

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⁷ Of the 64 reports we issued that had statutory deadlines, 3 financial audit reports were late: the Canada Infrastructure Bank, the National Arts Centre, and the National Defence Reserve Force Pension Plan.

⁸ An external peer review is conducted once every 10 years.

Exhibit 8 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2018–19 Target	2016–17 Actual results	2017–18 Actual results	2018–19 Actual results	Notes
	Percentage of users who find that our audits are understandable, timely, fair, and add value	At least 90%	Target not met (86%)	Target met	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 not met (77%)	Target not met (75%)	Target not met (76%)	Senior managers in some organizations subject to performance audits raised questions about the overall value received from the audit.
	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 (95%) ⁵	Target not met (98%) ⁶	Target not met (95%) ⁷	For discussion, see “Our current results.”
	<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 Significant deficiencies were noted in the special examinations of the Atlantic Pilotage Authority, the Freshwater Fish Marketing Corporation, and the International Development Research Centre.

² Significant deficiencies were noted in the special examinations of Atomic Energy of Canada Limited, the Canadian Museum for Human Rights, Export Development Canada, the Great Lakes Pilotage Authority, the National Capital Commission, and Ridley Terminals Inc.

³ Significant deficiencies were noted in the special examinations of the National Museum of Science and Technology, Marine Atlantic Inc., the Standards Council of Canada, the Canadian Mortgage and Housing Corporation, and the Canada Development Investment Corporation.

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⁵ Of the 52 financial audit reports we issued that had statutory deadlines, 3 were late: the National Defence Reserve Force Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

⁶ One of the financial audit reports we issued that had statutory deadlines, the National Capital Commission, was late.

⁷ Of the 64 reports we issued that had statutory deadlines, 3 financial audit reports were late: the Canada Infrastructure Bank, the National Arts Centre, and the National Defence Reserve Force Pension Plan.

⁸ An external peer review is conducted once every 10 years.

Exhibit 8 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2018–19 Target	2016–17 Actual results	2017–18 Actual results	2018–19 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 organizations we audit who find that we are independent, objective, and non-partisan	At least 80%	Target met	Target met	Target met	

¹ Significant deficiencies were noted in the special examinations of the Atlantic Pilotage Authority, the Freshwater Fish Marketing Corporation, and the International Development Research Centre.

² Significant deficiencies were noted in the special examinations of Atomic Energy of Canada Limited, the Canadian Museum for Human Rights, Export Development Canada, the Great Lakes Pilotage Authority, the National Capital Commission, and Ridley Terminals Inc.

³ Significant deficiencies were noted in the special examinations of the National Museum of Science and Technology, Marine Atlantic Inc., the Standards Council of Canada, the Canadian Mortgage and Housing Corporation, and the Canada Development Investment Corporation.

⁴ There were continuing significant deficiencies at the Freshwater Fish Marketing Corporation.

⁵ Of the 52 financial audit reports we issued that had statutory deadlines, 3 were late: the National Defence Reserve Force Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

⁶ One of the financial audit reports we issued that had statutory deadlines, the National Capital Commission, was late.

⁷ Of the 64 reports we issued that had statutory deadlines, 3 financial audit reports were late: the Canada Infrastructure Bank, the National Arts Centre, and the National Defence Reserve Force Pension Plan.

⁸ An external peer review is conducted once every 10 years.

Exhibit 8 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2018–19 Target	2016–17 Actual results	2017–18 Actual results	2018–19 Actual results	Notes
3. Ensure audit products comply with professional standards and Office policies in an economical manner.	Percentage of internal and external reviews that find engagement leaders complied with professional standards	100%	Target met	Target met	Target met	An international peer review of the Office was recently conducted and will be reported in the 2019–20 fiscal year.
	Percentage of internal practice reviews that find the opinions and conclusions expressed in our audit reports to be appropriate and supported by the evidence	100%	Target met	Target met	Target met	
	Percentage of external reviews that find our System of Quality Control is suitably designed and operating effectively	100%	No data ⁸	No data ⁸	No data	
	Percentage of audits that are completed on budget	At least 80%	Target met	Target not met (79%)	Target met	
4. Ensure selection and continuance of audit products likely to have significant impact and value.	The Office periodically reviews its audit products to ensure that they are the ones most likely to have significant impact and value. A review was conducted in the 2018–19 fiscal year; no changes were made.					

¹ Significant deficiencies were noted in the special examinations of the Atlantic Pilotage Authority, the Freshwater Fish Marketing Corporation, and the International Development Research Centre.

² Significant deficiencies were noted in the special examinations of Atomic Energy of Canada Limited, the Canadian Museum for Human Rights, Export Development Canada, the Great Lakes Pilotage Authority, the National Capital Commission, and Ridley Terminals Inc.

³ Significant deficiencies were noted in the special examinations of the National Museum of Science and Technology, Marine Atlantic Inc., the Standards Council of Canada, the Canadian Mortgage and Housing Corporation, and the Canada Development Investment Corporation.

⁴ There were continuing significant deficiencies at the Freshwater Fish Marketing Corporation.

⁵ Of the 52 financial audit reports we issued that had statutory deadlines, 3 were late: the National Defence Reserve Force Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

⁶ One of the financial audit reports we issued that had statutory deadlines, the National Capital Commission, was late.

⁷ Of the 64 reports we issued that had statutory deadlines, 3 financial audit reports were late: the Canada Infrastructure Bank, the National Arts Centre, and the National Defence Reserve Force Pension Plan.

⁸ An external peer review is conducted once every 10 years.

Exhibit 8 Audit operations—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2018–19 Target	2016–17 Actual results	2017–18 Actual results	2018–19 Actual results	Notes
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	

¹ Significant deficiencies were noted in the special examinations of the Atlantic Pilotage Authority, the Freshwater Fish Marketing Corporation, and the International Development Research Centre.

² Significant deficiencies were noted in the special examinations of Atomic Energy of Canada Limited, the Canadian Museum for Human Rights, Export Development Canada, the Great Lakes Pilotage Authority, the National Capital Commission, and Ridley Terminals Inc.

³ Significant deficiencies were noted in the special examinations of the National Museum of Science and Technology, Marine Atlantic Inc., the Standards Council of Canada, the Canadian Mortgage and Housing Corporation, and the Canada Development Investment Corporation.

⁴ There were continuing significant deficiencies at the Freshwater Fish Marketing Corporation.

⁵ Of the 52 financial audit reports we issued that had statutory deadlines, 3 were late: the National Defence Reserve Force Pension Plan, Atomic Energy of Canada Limited, and the Windsor-Detroit Bridge Authority.

⁶ One of the financial audit reports we issued that had statutory deadlines, the National Capital Commission, was late.

⁷ Of the 64 reports we issued that had statutory deadlines, 3 financial audit reports were late: the Canada Infrastructure Bank, the National Arts Centre, and the National Defence Reserve Force Pension Plan.

⁸ An external peer review is conducted once every 10 years.

Office administration

The last five of our strategic objectives are used to guide and monitor administration of the Office (Exhibit 9).

Exhibit 9 Office administration—Performance indicators and results achieved

Strategic objective	Performance indicators	2018–19 Target	2016–17 Actual results	2017–18 Actual results	2018–19 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%	Target not met (99%) ¹	Target not met (99%) ²	Target not met (99%)	Of 434 contracts issued, 4 were not fully compliant with contracting regulations.
8. Ensure effective and efficient support services.	Percentage of internal service standards met (human resources, information technology, security, editorial services, and communications)	100%	Target not met (77%)	Target not met (77%)	Target not met (77%)	One Tier 1 IT system was not operational for more than 48 hours. Five security breaches occurred during the year, all of which were effectively mitigated.
	Percentage of internal clients who find support services are effective and efficient	At least 85%	Not available	Target not met (82%)	Target met	
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%	No data	Target not met (78%)	Target not met (79%)	
	Audit Committee finds it is functioning as intended	Annually	Not applicable ³	Target met	Target met	
	Adverse findings and decisions from courts, tribunals, or administrative decision makers	None	Not applicable ³	Target met	Target met	

¹ One of 5 criteria was not met: Of 557 contracts, 14 were reported as non-compliant in 2016–17.

² One of 5 criteria was not met: Of 450 contracts, 7 were reported as non-compliant in 2017–18.

³ This indicator was not in place during the fiscal year.

⁴ As of 1 April 2018, this target changed to 100%. Before this date, the target was 85%.

Exhibit 9 Office administration—Performance indicators and results achieved (continued)

Strategic objective	Performance indicators	2018–19 Target	2016–17 Actual results	2017–18 Actual results	2018–19 Actual results	Notes
	Completion of the Office's annual strategic priority projects	All	Target met	Target not met	Target not met	Some IT security and applications projects were not completed, owing to lack of resources. One of four financial audit efficiency projects was not completed.
10. Ensure a culture of empowerment.	Percentage of employees who find that the Office ensures a culture of empowerment	At least 80%	No data	Target not met (78%)	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%	Target not met (96%)	Target not met (97%)	Target not met (83%)	Training has since been completed. Additional monitoring procedures are being implemented.
	Percentage of employees who find the Office develops and maintains an engaged workforce	At least 85%	No data	Target not met (78%)	Target not met (78%)	
	Percentage of staff who meet the language requirements of their positions:					
	• Auditor General, deputy auditors general, and assistant auditors general	100%	Target met	Target met	Target met	
	• principals and directors	100%	Target not met (89%)	Target not met (92%)	Target not met (94%)	
• supervisors	100% ⁴	Target met	Target met	Target not met (96%)		
	Percentage of employees who find that the Office develops and maintains a bilingual workforce	At least 90%	No data	Target met	No data	Questions pertaining to official languages were eliminated from the 2018 Public Service Employee Survey.

¹ One of 5 criteria was not met: Of 557 contracts, 14 were reported as non-compliant in 2016–17.

² One of 5 criteria was not met: Of 450 contracts, 7 were reported as non-compliant in 2017–18.

³ This indicator was not in place during the fiscal year.

⁴ As of 1 April 2018, this target changed to 100%. Before this date, the target was 85%.

Supplementary information tables

The following supplementary information tables are available on the Office of the Auditor General of Canada's website:

- [Departmental sustainable development strategy](#),^{vi} and
- [Gender-based analysis plus](#).^{vii}

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 takes into account the Commission's Staffing Management Accountability Framework. It summarizes the areas of accountability and identifies the indicators present in the Office. The framework is intended to ensure a values-based staffing system. Through this framework, 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 to align with senior management roles and responsibilities.

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

Staffing plans and decisions

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

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

Monitoring. The Human Resources and Finance teams work together to continuously monitor the staffing plans and decisions, and they share the results with senior management.

Regular reporting activities include providing the bargaining agent with monthly reports on staffing actions to enhance transparency; providing management with hiring forecasts for informed decision making; and producing a formal annual report that summarizes staffing decisions, which is approved by the Deputy Auditor General.

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 have been on leave. Before initiating a staffing action, managers and human resource advisors first verify whether a priority list exists. When a priority list is established, the Office communicates with the bargaining agent about its members who are on the priority list, and it provides the bargaining agent with a monthly report.

In the 2018–19 fiscal year, one employee had priority status. The bargaining agent was informed, in accordance with the applicable directive. The employee was offered and accepted a position only a few weeks into the priority period.

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 to improve or maintain their language levels.

Staffing bilingual positions on an imperative basis is the norm at the Office. In the 2018–19 fiscal year, 99% of appointments to bilingual positions were made on an imperative basis, and 1% of appointments to bilingual positions were made on a non-imperative basis. The appointments made on a non-imperative basis were approved according to the delegation of authority and restrictive criteria.

Complaints

In accordance with the *Public Service Employment Act*, the Office created and now follows the Directive on Staffing Recourse. This directive provides the opportunity for employees to raise concerns, based on specific grounds, regarding internal staffing processes. No staffing complaints were received in the 2018–19 fiscal year. In accordance with the *Official Languages Act*, the Office is subject to the audit and complaint process managed by the Office of the Commissioner of Official Languages. No complaints regarding official languages were received in 2018–19 fiscal year.

Continuous improvement

The Office maintains an ongoing dialogue with its key partners so that it can implement improvements. Key partners include union representatives, employees in the Audit Services and Audit Professional groups, and management employees.

The Office has started implementing several initiatives listed in its Resourcing Strategy 2017–2020, such as

- finalizing and publishing the revised policies and directives on staffing and classification,
- improving the use of social media for recruitment purposes,
- increasing workforce mobility through internal assignment opportunities,
- using inventories to improve efficiencies in the staffing process, and
- continuing the outreach to Indigenous communities across Canada through various platforms and websites to increase awareness of the Office’s job opportunities.

In addition, in 2018, a project to replace the legacy human resource system was launched. The ATOM system is an in-house, custom human resource system that is being built in a secure and modern development platform. Once implemented, the system will ensure business continuity and data integrity for the Human Resources team and its partners for the foreseeable future.

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. Letters of offer include a paragraph on political neutrality, which stipulates that the Office must remain independent and politically neutral at all times. Employees also receive reminders of these rights and responsibilities for every provincial and federal election.

Performance audits

The following tables list the performance audits and related work recorded in our 2018–19 Departmental Plan, including the planned and actual reporting dates. Titles are those in the published reports.

2018 Spring Reports of the Auditor General of Canada

Title	Planned reporting date listed in 2018–19 Departmental Plan	Actual reporting date	Parliamentary hearing ¹
Report 1—Building and Implementing the Phoenix Pay System	Spring 2018	May 2018	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Government Operations and Estimates Standing Senate Committee on National Finance
Report 2—Disposing of Government Surplus Goods and Equipment	Spring 2018	May 2018	House of Commons Standing Committee on Public Accounts
Report 3—Administration of Justice in the Canadian Armed Forces	Spring 2018	May 2018	House of Commons Standing Committee on Public Accounts
Report 4—Replacing Montréal’s Champlain Bridge—Infrastructure Canada	Spring 2018	May 2018	House of Commons Standing Committee on Public Accounts
Report 5—Socio-economic Gaps on First Nations Reserves—Indigenous Services Canada	Spring 2018	May 2018	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Indigenous and Northern Affairs
Report 6—Employment Training for Indigenous People—Employment and Social Development Canada	Spring 2018	May 2018	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Indigenous and Northern Affairs
Report 7—Consular Services to Canadians Abroad—Global Affairs Canada	Spring 2018	May 2018	House of Commons Standing Committee on Public Accounts House of Commons Standing Committee on Foreign Affairs and International Development

¹ In addition to the hearings listed, 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.

2018 Spring Reports of the Commissioner of the Environment and Sustainable Development

Title	Planned reporting date listed in 2018–19 Departmental Plan	Actual reporting date	Parliamentary hearing ¹
Report 1—Salmon Farming	Spring 2018	April 2018	House of Commons Standing Committee on Fisheries and Oceans Standing Senate Committee on Fisheries and Oceans
Report 2—Canada’s Preparedness to Implement the United Nations’ Sustainable Development Goals	Spring 2018	April 2018	Standing Senate Committee on Energy, the Environment and Natural Resources
Report 3—Conserving Biodiversity	Spring 2018	April 2018	

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

2018 Fall Reports of the Auditor General of Canada

Title	Planned reporting date listed in 2018–19 Departmental Plan	Actual reporting date	Parliamentary hearing ¹
Report 1—Connectivity in Rural and Remote Areas	Fall 2018	November 2018	House of Commons Standing Committee on Public Accounts
Report 2—Conserving Federal Heritage Properties	Fall 2018	November 2018	House of Commons Standing Committee on Public Accounts
Report 3—Canada’s Fighter Force—National Defence	Fall 2018	November 2018	House of Commons Standing Committee on Public Accounts
Report 4—Physical Security at Canada’s Missions Abroad—Global Affairs Canada	Fall 2018	November 2018	House of Commons Standing Committee on Public Accounts Standing Senate Committee on Foreign Affairs and International Trade
Report 5—Inappropriate Sexual Behaviour—Canadian Armed Forces	Fall 2018	November 2018	House of Commons Standing Committee on Public Accounts
Report 6—Community Supervision—Correctional Service Canada	Fall 2018	November 2018	House of Commons Standing Committee on Public Accounts

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

² This audit was cancelled.

2018 Fall Reports of the Auditor General of Canada (continued)

Title	Planned reporting date listed in 2018–19 Departmental Plan	Actual reporting date	Parliamentary hearing ¹
Report 7—Compliance Activities—Canada Revenue Agency	Fall 2018	November 2018	House of Commons Standing Committee on Public Accounts
First Nations Children in Care on Reserves—Indigenous and Northern Affairs Canada	Fall 2018	Not applicable ²	Not applicable ²

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

² This audit was cancelled.

2018 Fall Reports of the Commissioner of the Environment and Sustainable Development

Title	Planned reporting date listed in 2018–19 Departmental Plan	Actual reporting date	Parliamentary hearing ¹
Report 1—Toxic Substances	Fall 2018	October 2018	
Report 2—Protecting Marine Mammals	Fall 2018	October 2018	House of Commons Standing Committee on Fisheries and Oceans
Report 3—Departmental Progress in Implementing Sustainable Development Strategies	Fall 2018	October 2018	

¹ In addition to the hearings listed, the Office of the Auditor General of Canada participated in one briefing and two public hearings (House of Commons Standing Committee on Environment and Sustainable Development and the Standing Senate Committee on Energy, the Environment and Natural Resources) on the fall reports as a whole.

Reports to northern legislative assemblies

Title	Planned reporting date listed in 2018–19 Departmental Plan	Actual reporting date	Legislative hearing
Child and Family Services—Department of Health and Social Services and Health and Social Services Authorities—Northwest Territories	Fall 2018	October 2018	Standing Committee on Government Operations of the Legislative Assembly of the Northwest Territories
Support for High School Students and Adult Learners—Nunavut	Spring 2019	June 2019	Standing Committee on Oversight of Government Operations and Public Accounts of Nunavut
Kindergarten Through Grade 12 Education in Yukon—Department of Education	Spring 2019	June 2019	

Special examinations

The following lists the special examinations that we planned to report in the 2018–19 fiscal year.

Crown corporation	Statutory deadline ¹	Transmission date	Parliamentary hearing
National Museum of Science and Technology	April 2019	January 2019 ²	Not applicable ²
Canada Post Corporation	November 2019	January 2019 ²	Not applicable ²
Canada Council for the Arts	June 2018	May 2018	
Marine Atlantic Inc.	September 2019	December 2018 ²	Not applicable ²
Business Development Bank of Canada	April 2019	December 2018 ²	Not applicable ²
Canadian Commercial Corporation	June 2019	March 2019 ²	Not applicable ²
Standards Council of Canada	June 2019	March 2019 ²	Not applicable ²
Canada Mortgage and Housing Corporation	January 2019	May 2018	House of Commons Standing Committee on Public Accounts
Canada Development Investment Corporation	February 2019	June 2018	
National Gallery of Canada	December 2019	June 2019	Not applicable 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 Crown corporation during the 2018–19 fiscal year, these reports were tabled in Parliament after our year-end.

Organizational contact information

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Appendix: Definitions

appropriation (crédit)

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

budgetary expenditures (dépenses budgétaires)

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

Core Responsibility (responsabilité essentielle)

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

Departmental Plan (plan ministériel)

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 Result (résultat ministériel)

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

Departmental Result Indicator (indicateur de résultat ministériel)

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

Departmental Results Framework (cadre ministériel des résultats)

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

Departmental Results Report (rapport sur les résultats ministériels)

A report on an appropriated department's actual accomplishments against the plans, priorities and expected results set out in the corresponding Departmental Plan.

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 process used to help identify the potential impacts of policies, Programs and services on diverse groups of women, men and 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.

government-wide priorities (priorités pangouvernementales)

For the purpose of the 2018–19 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.

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 presented in 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)

Individual or groups of services, activities or combinations thereof that are managed together within the department and focus on a specific set of outputs, outcomes or service levels.

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.

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 2018–2019, <https://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. Raison d’être, mandate, and role: Who we are and what we do, http://www.oag-bvg.gc.ca/internet/English/acc_rpt_e_43465.html
- iv. Operating context and risks, http://www.oag-bvg.gc.ca/internet/English/acc_rpt_e_43466.html
- v. GC InfoBase, <https://www.tbs-sct.gc.ca/ems-sgd/edb-bdd/index-eng.html#start>
- vi. Supplementary Information Tables for the 2018–19 Departmental Results Report, http://www.oag-bvg.gc.ca/internet/English/acc_rpt_e_43467.html
- vii. Supplementary Information Tables for the 2018–19 Departmental Results Report, http://www.oag-bvg.gc.ca/internet/English/acc_rpt_e_43468.html

