



Office of the Auditor General of Canada

2005–06 Estimates

Report on Plans and Priorities

Approved

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Auditor General of Canada

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Message from the Auditor General of Canada



Sheila Fraser, Auditor General of Canada
Photo by Michael Bedford

At this point in my term as Auditor General, I am proud to say that the work of my Office has been significant in promoting well-managed, accountable, and environmentally responsible government for Canadians.

It is through legislative auditing that my Office strives to make a difference for Canadians. We provide parliamentarians with objective information, advice, and assurance to use in their scrutiny and oversight of government spending and performance. The independent financial and performance audits we perform help Parliament effectively question and challenge the way taxpayer's money is spent, thus furthering the accountability of government to its citizens.

By their very nature, audits tend to signal weaknesses in government operations. However, they should not be interpreted as evidence of across-the-board failure or incompetence on the part of government. Any undertaking as large and complex as the federal government is bound to have problems and inefficiencies. The purpose of our audits is to help departments and agencies address these areas by providing recommendations for improvement. What ultimately counts is the willingness of government to make the constructive changes that will lead to better management of programs and services, which can only benefit Canadians.

This *Report on Plans and Priorities* outlines the areas the Office intends to focus on in 2005–06. As is the case each year, we will conduct more than 130 annual financial attest audits and plan to complete some 30 performance audits that we will report to Parliament in the coming year. In addition, for the first time in 2004, our special examinations of Crown corporations are being reported publicly on corporation Web sites and may be tabled in Parliament. This represents a significant increase in public sector transparency and accountability, and is a change I heartily support.

We exist to serve Parliament, and our relationship with parliamentarians is key to our effectiveness. That is why we have reviewed and renewed our parliamentary strategy this year. As a result, we have set four objectives for ourselves over the coming year. We want to communicate our messages clearly to Parliament, and to ensure that our work remains relevant and useful to parliamentarians. We will also work to promote the role and work of our Office, and to maintain our credibility with Parliament. To measure the success of our efforts, we will provide parliamentarians with opportunities to express their level of satisfaction directly to us.

Creating a working environment in which employees are treated with dignity and respect and are supported in their career aspirations is one of the Office's most deeply held values. Our commitment to staff must be evident in everything we do. It is ultimately the quality of work, integrity, and professionalism of the men and women who serve the Office that will assure its continued credibility. We know from surveys that our people already think the Office is a good place to work—in the coming year we are dedicated to making it even better.

In 2005–06, the Office will work toward four specific objectives in this regard: enhancing employee satisfaction, increasing bilingualism, assembling a more representative workforce, and ensuring that we provide opportunities that attract and retain high-quality employees. We have established specific targets and indicators for each of these, and we will monitor our ongoing performance in attaining them.

Good performance measurement and reporting is fundamental to good management and accountability. As longstanding proponents of this, the Office has been working to enhance our own systems and reports. The basis of our performance measurement process is a results chain that explains how we seek to make a difference for Canadians. The results chain illustrates graphically the logical connection between what we deliver—audits, information, and advice—and the long-term result we seek—well-managed, accountable, and environmentally responsible government. It also shows how our key stakeholders engage with us and contribute to the process. In 2004–05, the Office strengthened its results chain, and in the coming year we will finalize indicators and set targets for each of our four major types of audits.

For some time now, we have been discussing how our budget is determined with the Treasury Board Secretariat. As it stands, the process is not sufficiently independent and impartial. Like almost all federal departments and agencies, we negotiate our budget with representatives of the Treasury Board Secretariat, which also happens to be one of the government organizations we audit.

As a matter of principle, I believe that the appropriate level of funding for the Office must be determined in an objective manner that removes any possibility of influence—real or perceived. At the same time, the process must allow for an effective challenge to our funding level and performance, thus ensuring our accountability to Parliament. We anticipate having a new funding mechanism in place this year.

In the coming year, all of us in the Office of the Auditor General look forward to working closely with parliamentarians toward our common goal of better government for all Canadians.

Sheila Fraser, FCA
Auditor General of Canada

21 February 2005

Section I—Overview

Our vision

The Office of the Auditor General encourages well managed and accountable government for Canadians. Our work is guided by a strategic plan that outlines our vision and values (Exhibit 1).

Exhibit 1 — A strategic plan for the Office of the Auditor General of Canada

Our vision

An independent audit office serving Parliament, widely respected for the quality and impact of our work.



We promote

- Accountable government
- An ethical and effective public service
- Good governance
- Sustainable development
- The protection of Canada's legacy and heritage



We do this by

- Conducting independent audits and studies that provide objective information, advice and assurance to Parliament, government, and Canadians.
- Working collaboratively with legislative auditors, federal and territorial governments, and professional organizations.
- Providing a respectful work place in which our diverse workforce can strive for excellence and realize their full career potential.



Our values

① Serving the public interest

We focus on significant issues to make a positive and measurable impact for the benefit of Canadians. In particular, we promote government accountability for the collection and use of public funds and for the results achieved. We also promote continuous improvement of the environment and sustainable development.

② Independence and objectivity

We are an Officer of Parliament, independent of government. Our reports are based on evidence collected in accordance with our policies and professional auditing standards. We bring a non-partisan, objective, and fair approach to our work.

③ Commitment to excellence

We meet the highest standards of professionalism in our work with Parliament and those we audit. We are committed to continuously improving our processes and practices and delivering products and services of the highest quality. We share our experience with others and contribute to the advancement of the legislative audit discipline in Canada and abroad.

④ Respectful workplace

We are committed to providing a working environment in which all are treated with dignity and respect and encouraged to realize their full career potential. We encourage open and honest communication to create a climate of trust and teamwork. We value each other's talent and diversity and support learning and quality-of-life endeavours.

⑤ Trust and integrity

We sustain public confidence by conducting ourselves, in everything we do, with honesty, integrity, and in a manner that meets the highest standards of professional conduct.

⑥ Leading by example

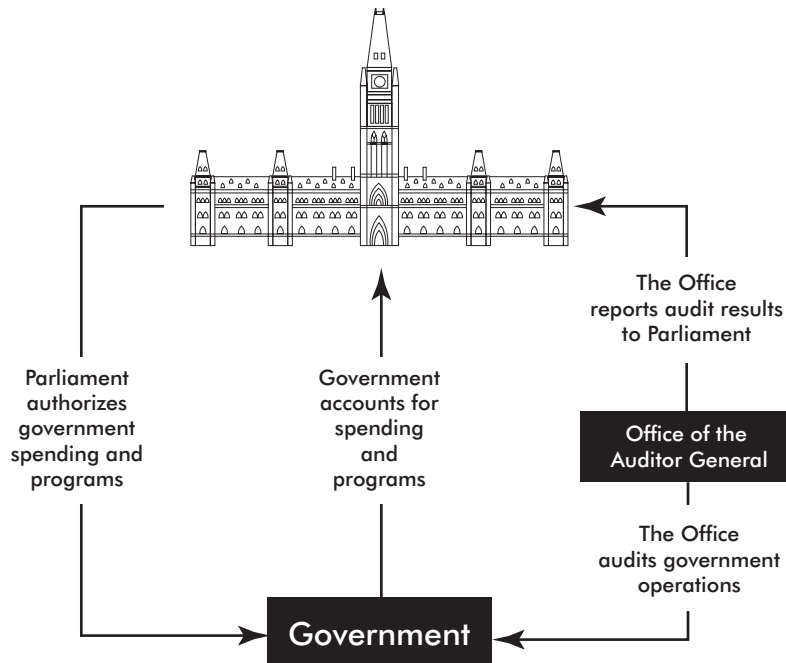
We strive to be a model organization for the federal government. We treat people fairly. Our audit plans are strategic and risk based, our reports are focussed on results, and our effectiveness is measured and reported annually to Parliament. Our policies and practices are aligned with our vision and values, and our processes are economical, efficient, and responsive.

Our operating environment

Who we are: An Officer of Parliament

The Auditor General is an Officer of Parliament. We are independent from the government and report directly to Parliament (Exhibit 2).

Exhibit 2 — The Auditor General's role as an Officer of Parliament



The *Auditor General Act*, the *Financial Administration Act*, and other acts and orders-in-council set out the duties of the Auditor General. These duties relate to legislative auditing and monitoring of federal departments and agencies, Crown corporations, territorial governments, and other entities that include international organizations.

Objectivity and independence. Maintaining our objectivity and independence from the organizations we audit is critical. Our independence is assured by a broad legislative mandate, freedom from certain government controls, and a 10-year mandate for the Auditor General.

Additional mechanisms are in place to ensure the independence of the Office:

- The Auditor General's 10-year term is not renewable.
- The reports of the Auditor General are presented to Parliament.
- The Auditor General is accountable to Parliament and not to the government of the day.
- Funded by Parliament, the Office does not receive fees for its services from the departments, agencies, and Crown corporations that it audits.

- As a separate employer, the Office appoints its employees, has its own classification standards, and performs human resource functions including determining the terms and conditions of employment.
- Auditors follow the standards of the Auditing and Assurance Standards Board of the Canadian Institute of Chartered Accountants and the Office's audit policies; methodology; and Code of Values, Ethics, and Professional Conduct.

Funding. The Office is funded by Parliament; however, we negotiate the level of funding with the Treasury Board Secretariat, one of the organizations we audit. The existing process is not sufficiently independent to ensure that our budget is appropriate for meeting Parliament's expectations. An appropriate level of funding for the Office must be determined in an objective manner that removes any possibility of influence—real or perceived.

In 2001 our funding, which included temporary funding, was approved by the Treasury Board ministers on the understanding that the Treasury Board Secretariat, in consultation with the Auditor General, would establish a process for future funding by fall 2002. We put forward three options for an independent process. In our funding approval for 2005–06, the temporary funding has been made permanent. We look forward to having a new funding mechanism in place in 2005–06

What we do: Legislative auditing

We conduct independent audits and studies that provide objective information, advice, and assurance to Parliament, government, and Canadians. With our reports and testimony at parliamentary hearings, we assist Parliament in its work related to the authorization and oversight of government spending and operations, and answer many important questions (Exhibit 3).

Supporting and promoting accountability is an important part of our work with Parliament. Our audit reports, tabled in the House of Commons, provide members of Parliament with objective information to help them examine the government's activities and hold it to account.

Who we serve

Parliament. Our primary responsibility is to Parliament, and our relationship with parliamentarians is key to our effectiveness.

The Auditor General's main relationship is with the House of Commons' Standing Committee on Public Accounts. In turn, much of the work of the Public Accounts Committee draws on the work of the Office. The Standing Committee on Environment and Sustainable Development, the Standing Senate Committee on National Finance, and other parliamentary committees also rely on our work.

Committee hearings are an important means to promote awareness and understanding of the subjects covered in our reports. Hearings also help gain department and agency commitment to implement our recommendations. After the hearings, the committees may report and make recommendations to the government. The audited departments and agencies are generally expected to report back to the committees on what they have done in response to the recommendations.

Territorial legislatures. As the legislative auditor of the three territories, the Auditor General's opinions on financial statements and reports on other matters are presented to the territorial legislatures and discussed in hearings of their public accounts committees.

Crown corporations. In addition, we assist the boards of directors of federal and territorial Crown corporations in fulfilling their governance responsibilities with annual financial statement audits and special examinations. Our reports are presented to the boards of directors and discussed with their audit committees. We also work with government officials and managers of Crown corporations to identify issues of mutual concern, improve systems and processes, and promote improved public accountability.

Exhibit 3 — The Auditor General answers many important questions

Audits and studies ¹	Questions
Performance audits and studies of departments and agencies, including audits on the environment and sustainable development ²	Are programs well managed? Were they run with due regard to economy, efficiency, and their environmental effects? Does the government have the means to measure their effectiveness where it is reasonable and appropriate to do so?
Audit of the summary financial statements of the Government of Canada ³	Is the government presenting fairly its overall financial situation?
Financial audits of Crown corporations ⁴ , territorial governments ⁵ , and other organizations	Is their financial information presented fairly, and are they complying with their legislative authorities?
Special examinations of Crown corporations ⁶	Do their systems and practices provide reasonable assurance that assets are safeguarded, resources are managed economically and efficiently, and operations are carried out effectively?
Sustainable development monitoring activities and environmental petitions ⁷	Are departments and agencies meeting the objectives and implementing the plans set out in their sustainable development strategies? Are ministers responding as required to environmental petitions?
Assessments of the performance reports of three agencies ⁸	Are the agencies presenting their performance information fairly and in a reliable way?

1 These audits and studies are explained in more detail in the *Auditor General Act* (sections 5, 6, 7, and 23) and the *Financial Administration Act* (Part X).

2 These audits are published up to four times a year in the reports of the Auditor General of Canada and the Commissioner of the Environment and Sustainable Development.

3 The report and observations of the Auditor General on the summary financial statements of the Government of Canada are published annually in the Public Accounts of Canada, Volume I.

4 These audits are published annually in the statutory reports of these Crown corporations.

5 These audits are published annually in the public accounts of the territorial governments of Nunavut, the Yukon, and the Northwest Territories.

6 Special examinations, a form of performance audit, are required for most Crown corporations, at least once every five years. The special examination reports are addressed to the board of directors of the corporations. The 2004 federal Budget proposed that Crown corporations post on their Web sites and table in Parliament those reports.

7 Environmental petitions are available on the Office of the Auditor General's Web site.

8 These assessments are submitted annually to the Canadian Food Inspection Agency, Parks Canada, and the Canada Revenue Agency and published annually in the statutory reports of these organizations.

How we are held accountable

Who audits the Auditor General? Each year, an external auditor appointed by the Treasury Board Secretariat audits the Office's financial statements. Our financial statements are prepared on a full accrual basis of accounting, in accordance with generally accepted accounting principles. These financial statements are included in our performance report, which is submitted to the Secretariat and tabled in the House of Commons.

As part of our quality control process, the Office is subject to peer reviews, practice reviews, and internal audits:

- Peer reviews are external assessments to ensure that we are applying recognized standards, which operate effectively. In 1999, we hired an audit firm to assess our quality management system for annual financial audits. In 2004, we received the international peer review report of our performance audit practice. This was the first time that the audit practice of a national audit office was assessed by its international peers.
- Each year we conduct practice reviews of our legislative audit activities, including financial and performance audits and special examinations. We assess them for quality and compliance with Office policies and professional standards.
- Each year we also conduct internal audits of our management and administration practices. These audits assure the Auditor General that we are complying with government and Office policies.

The provincial institutes of chartered accountants review our compliance with the professional standards for financial audits and approve our training of chartered accounting students.

The Office is also scrutinized by the Official Languages Commissioner on language issues, by the Public Service Commission on staffing and classification practices, by the Privacy Commissioner on adherence to the *Privacy Act*, and by the Canadian Human Rights Commission.

Accountable to Parliament. The Auditor General's reports are reviewed and discussed in hearings of the Standing Committee on Public Accounts and 15 other parliamentary committees.

The Auditor General submits annual Estimates documents to Parliament. The Public Accounts Committee calls on the Auditor General to explain the Estimates and discuss our reports on plans and priorities and performance as well as our management practices.

Accountable for sustainable development. Twenty-five federal departments and agencies are required to prepare sustainable development strategies and to update them at least every three years. While the Office is not required to table a strategy, we do so voluntarily.

Our 2003-06 strategy ensures that the environmental consequences of the federal government's activities are considered as we plan, conduct, and report our audits. While this has not changed since our previous strategy, we now identify actions and targets to help us be more systematic in our efforts. We provide our auditors with better tools to do their work and continue to promote sustainable development through the role and work of the Commissioner of the Environment and Sustainable Development with Parliament, federal organizations, and Canadians.

Our governance structure

Executive Committee. The Office's Executive Committee provides overall professional and administrative direction for the Office—it sets policy and oversees all aspects of management and operations. It comprises the Auditor General, the Deputy Auditor General, the Commissioner of the Environment and Sustainable Development, and the assistant auditors general.

External committees. The Auditor General receives advice from a number of external committees:

- The Audit Committee provides oversight on the quality of internal audit practices and controls. It is made up of senior Office auditors and is chaired by a retired senior executive from the private sector.
- The Panel of Senior Advisors is composed of external representatives from business, the accounting profession, the academic community, and other parties. It provides strategic advice on the work of the Office.
- The Panel of Advisors on First Nations' Issues includes Aboriginal and non-Aboriginal leaders. It advises the Auditor General on matters affecting Canada's First Nations peoples.
- The Independent Advisory Committee, made up of senior accountants and financial consultants, advises the Auditor General on the audits of the financial statements of the Government of Canada, Crown corporations, territorial governments, and other organizations. The Committee helps the Auditor General monitor developments in the accounting and auditing profession and consider their impact on the Office.

The Commissioner of the Environment and Sustainable Development receives advice from an external committee:

- The Panel of Environmental Advisors, made up of former public servants and representatives from environmental groups, industry, and the academic community, advises the Commissioner on her work and on environmental and sustainable development matters.

The Office also establishes audit advisory committees for all performance audits and studies and for most special examinations. Members are selected from inside and outside the Office based on their skills, insights, relevant knowledge, and experience. These committees provide advice to audit teams on the objectives and general approach of the audit and on significant matters and findings that are to be reported.

Further information on the Office's organization is available on page 22 and on our Web site under About Us.

Our program activity

Our Office has one program activity—legislative auditing:

We conduct independent audits and studies that provide objective information, advice, and assurance to Parliament, government, and Canadians.

Legislative auditing consists of seven major sub-activities, of which the four largest are performance audits and studies; financial audits of Crown corporations, territorial governments, and other organizations; the audit of the summary financial statements of the Government of Canada; and special examinations of Crown corporations.

Exhibit 4 provides summary information on the Office's financial and human resources and program activity.

Exhibit 4 — Summary information: The Office's financial and human resources and program activity		
Financial resources (\$ millions)		
2005–06	2006–07	2007–08
\$81.2	\$80.6	\$80.6
Human resources (full-time equivalents)		
2005–06	2006–07	2007–08
590	590	590
Program activity: Legislative auditing (\$ millions)		
Sub-activities*	Forecast spending 2004–05	Planned spending 2005–06
Performance audits and studies of departments and agencies	42.3	41.8
Audit of the summary financial statements of the Government of Canada	20.7	21.7
Financial audits of Crown corporations, territorial governments, and other organizations	4.0	4.9
Special examinations of Crown corporations	6.4	2.3
Sustainable development monitoring activities and environmental petitions	3.2	3.8
Assessments of the performance reports of three agencies	0.8	1.1
Professional practices	5.7	6.3
Sub-total	83.1	81.9
Less: Non spendable revenue	(0.9)	(0.7)
Net cost of program	82.2	81.2

*We have allocated the cost of audit services to each sub-activity.

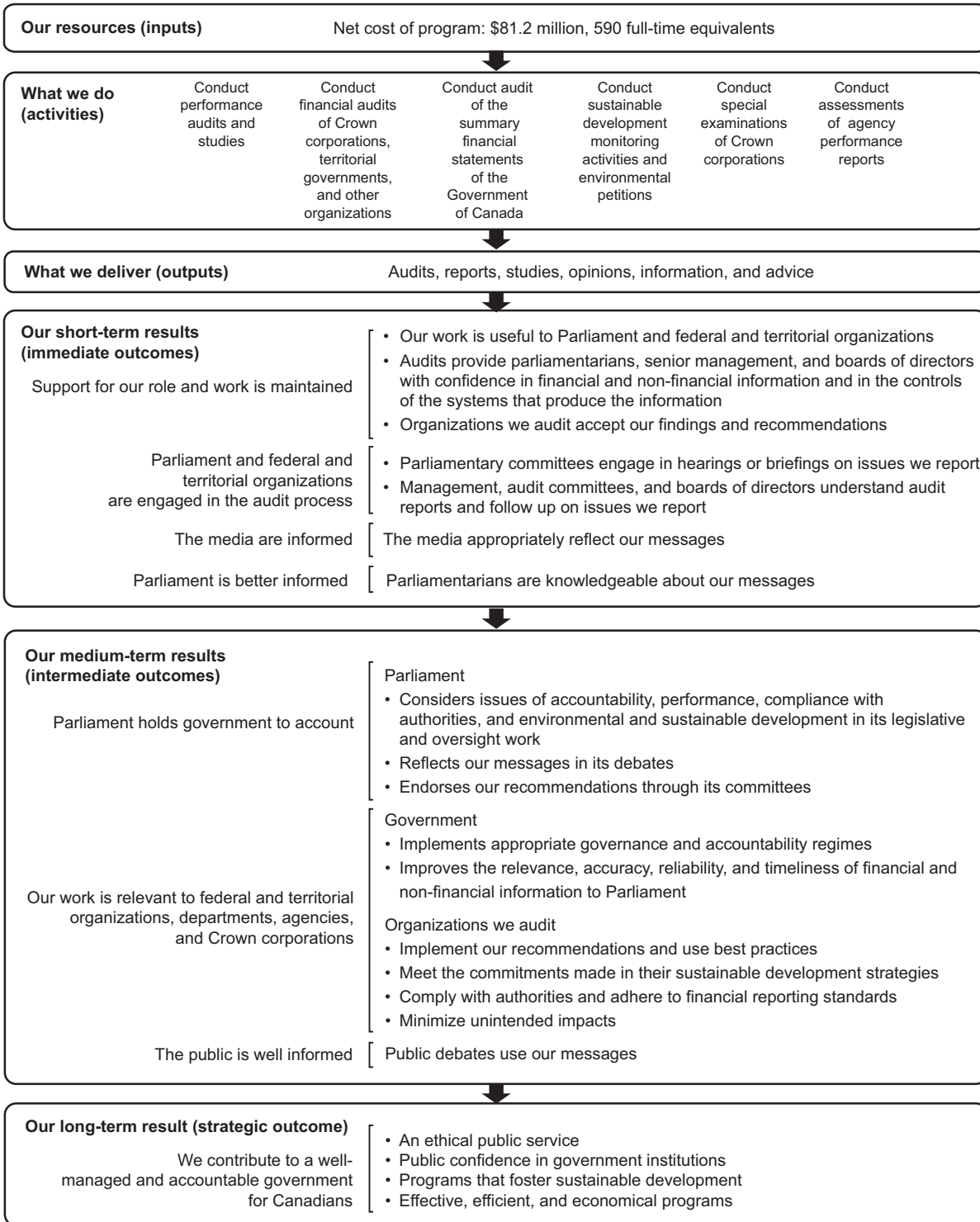
Section II—Analysis of program activity by strategic outcome

Our strategic outcome and results chain

The Office's strategic outcome is to contribute to a well-managed and accountable government for Canadians. We use a results chain to describe our long-term result and strategic outcome and to show how we expect to make a difference. The results chain links what we deliver (audits, studies, opinions, information, and advice) to our long-term result. It also describes the various stakeholders and their contributions to improving government operations (Exhibit 5).

We have made improvements to our performance measurement and reporting systems in recent years. In 2004–05, the Office strengthened its results chain by identifying its medium-term results and developing indicators for its four largest sub-activities. By March 2006 we will establish a baseline and, where appropriate, set targets for the key indicators.

Exhibit 5 — Results chain



Conducting independent audits and studies

**We conduct independent audits and studies
that provide objective information, advice, and assurance
to Parliament, government, and Canadians.**

Through our program activity, the Office seeks to contribute to better managed government programs and better accountability to Parliament. To do this, we need to ensure that Parliament understands our work and addresses issues in our reports and that we understand the needs and interests of parliamentarians.

We recently renewed our parliamentary strategy. Over the coming year, our objectives will be to

- communicate our messages clearly to Parliament,
- promote the role and work of the Office,
- ensure that our work remains relevant and useful to parliamentarians, and
- maintain the Office's credibility with Parliament.

We will measure our success by surveying parliamentarians and monitoring parliamentary responses to our reports.

Expected results		Indicator	2004–05 result	2005–06 target
Support for our role and work is maintained	Parliament and federal organizations see our work as useful	Percentage of parliamentarians surveyed that consider our recommendations and findings to have a positive impact on their committee work	55% in 2002	67% (next survey planned in 2005)
Parliament holds government to account	Parliament considers issues of accountability, performance, compliance with authorities, and environment and sustainable development in its legislative and oversight work	Examples showing how our work contributes to the legislation and oversight work of Parliament	See 2003-04 Performance Report, pages 19–21.	Qualitative information is reported annually

Financial audits. The Office has statutory responsibilities for the audit of the summary financial statements of the Government of Canada and the financial audits of Crown corporations; other federal corporations, agencies, and organizations; and territorial governments. This year we will conduct over 130 financial audits.

Our financial audits provide assurance that financial statements are presented fairly in accordance with Canadian generally accepted accounting principles or, in the case of the summary financial statements of the Government of Canada, in accordance with the accounting policies of the Government of Canada.

Where required or appropriate, we provide assurance that these organizations comply with the key legislative authorities that govern their activities. If issues come to our attention during our financial audit work, we recommend improvements in areas such as financial reporting and internal controls to management and the boards of directors.

We report our observations on the summary financial statements of the Government of Canada in the Public Accounts of Canada and publish reports on the use of financial information and other significant issues in the Auditor General's reports to Parliament.

Expected results		Indicator	2004–05 result	2005–06 target
Our work is relevant to federal departments, agencies, and Crown corporations	Organizations we audit are satisfied that our audits add value	Percentage of chief financial officers and audit committee chairs that find our annual financial audits good or very good at contributing value to their organization	75%	75%

In 2003, we set a target to reduce by 2004–05 the time required to conduct financial audits by 15 percent. We will report our progress in the coming year.

Special examinations. Crown corporations require a special examination of their organization once every five years. The Office performs about 40 examinations over five years. In 2005–06, we will report the special examinations of the following 10 Crown corporations: Canadian Broadcasting Corporation, Cape Breton Growth Fund Corporation, Laurentian Pilotage Authority, Canadian Museum of Civilization, Canadian Dairy Commission, Royal Canadian Mint, Queens Quay West Land Corporation, Canada Lands Company Limited, Ridley Terminals Inc., and Canadian Tourism Commission.

We set a target to reduce by 2005–06 the time required to conduct the current round of special examinations by 15 to 25 percent. We will report our progress at the end of the current round of examinations.

Performance audits. Performance audits examine whether government programs are being managed with due regard for economy, efficiency, and environmental impact, and with measures in place to determine their effectiveness. In April 2005 we will report on

- the 2001 anti-terrorism initiative: air transportation security, marine security, and emergency preparedness;
- passport integrity;
- information management in support of command and control at National Defence;
- the development of non-renewable resources in the Northwest Territories; and
- governance and strategic management in Natural Resources Canada.

In our November 2005 Report, our performance audits will examine

- support given to cultural industries,
- contract policing in the RCMP,
- the federal electoral process,
- Canada Revenue Agency's compliance programs for individual and trust taxpayers, and
- managing horizontal issues.

The Commissioner's Report, scheduled for September 2005, will report on

- Canada's oceans strategy;
- ecological integrity in Canada's national parks;
- the federal role in providing safe drinking water;
- water quality and infrastructure on Reserves;
- a follow-up audit of the Canadian Biodiversity Strategy;
- the extent that departments have met commitments in their sustainable development strategies and action plans; and
- as part of the environmental petitions, commitments made by ministers to petitioners to see if they have been acted on.

The Status Report of the Auditor General, scheduled for February 2006, will report on actions the government has taken in response to our audit findings and recommendations. We will examine

- military recruitment and retention,
- the Firearms Program,
- grants and contributions,
- First Nations, and
- managing government financial information.

Expected results		Indicator	2004–05 result	2005–06 target
Parliament and federal organizations are engaged in the audit process	Parliamentary committees engage in hearings or briefings on issues we report	Percentage of performance audits reviewed by parliamentary committees	45% ¹	60%
Parliament holds government to account	Parliament endorses our recommendations through its committees	The Standing Committee on Public Accounts explicitly endorsed our performance audit recommendations in its reports	62% ²	75%
Our work is relevant to federal departments, agencies, and Crown corporations	Organizations we audit are satisfied that our audits add value	Percentage of deputy ministers that find our performance audits good or very good at contributing value to their organization	47%	50%

¹ We consider all parliamentary hearings held on one audit as one hearing. (For more details, see our *2003-04 Performance Report*, page 60, endnote 2.)

² This result comes from our *2003-04 Performance Report* (page 21). As the Committee has not issued all its reports for hearings held in 2003–04, the result is from 2002–03.

In the past, we reported our performance against two additional indicators:

- The first was the percentage of performance audit recommendations fully implemented by departments and agencies. We are in the process of updating our methodology for recommendations. Once we have updated the methodology and established a baseline indicator, we will set a target and report against the indicator.
- The second was the percentage of commitments departments and agencies reported meeting in their sustainable development strategies. The quality of reporting has led us to question the reliability of the percentage reported. This year we adopted a new approach to monitoring the commitments and will report on progress in the future.

In March 2004, we presented the international peer review report on our performance audit practice, together with our action plan to address suggestions for improvement, to the Public Accounts Committee. We will report progress on our action plan in our *2004-2005 Performance Report*.

Supporting initiatives

The Office organizes its other initiatives, which support its program activity, under three headings: working collaboratively, providing a respectful workplace and operating more effectively.

Working collaboratively

We work collaboratively with legislative auditors, federal and territorial governments, and professional organizations.

Federal and territorial governments. We work collaboratively with federal and territorial governments on a range of issues and initiatives to improve accountability and public sector management. In the Yukon, the Northwest Territories, and Nunavut we work with government officials and territorial corporations' managers on issues of mutual concern, improvements to systems and processes, and improvements to public accountability.

Provincial audit offices. The Canadian Council of Legislative Auditors (CCOLA) comprises the ten provincial legislative auditors and the federal Auditor General. We participate on a number of its committees and working groups, including the Strategic Issues Group, the Performance Reporting and Auditing Group, and the Health Study Group. CCOLA's objectives are to

- share information and experience on matters of mutual concern,
- develop audit methodology and professional practices,
- improve the quality and performance of legislative auditing in Canada, and
- collaborate with provincial legislative audit offices on issues that are cross jurisdictional.

Canadian professional organizations. The Office is involved in many professional organizations in Canada. The Canadian Institute of Chartered Accountants (CICA) researches current business issues and sets accounting and assurance standards for business, not-for-profit organizations, and government. The Auditor General is the 2004–05 Chair of the Public Sector Accounting Board of CICA, which sets accounting standards for the Canadian public sector. Other Office employees participate on various CICA committees, such as the Auditing and Assurance Standards Board, where one of our senior staff is vice-chair.

International professional organizations. International accounting and auditing standards are influencing Canada's public and private sector standards. The Office plays an active role in shaping these standards, particularly as they relate to the public sector. Key international organizations include the International Federation of Accountants (IFAC) and its member organizations like CICA and the Certified General Accountants of Canada, and the International Organization of Supreme Audit Institutions (INTOSAI).

We also work with international organizations and other legislative auditors to promote audit guidance, share best practices and new initiatives, and, in certain circumstances, assist other governments and organizations.

For example, as Chair and Secretariat of INTOSAI's Working Group on Environmental Auditing (WGEA), the Office supports WGEA members by organizing meetings and conferences, and maintaining the WGEA Web site. Over the next three years, the WGEA will develop environmental auditing tools for supreme audit institutions (SAI), support training and information exchange, and encourage collaborative audit work on environmental issues.

In addition, the Auditor General will continue to chair an INTOSAI Auditing Standards Committee sub-committee that is addressing SAI independence. The sub-committee will identify case studies to test adherence to core principles on independence, and draft a charter and guidelines on SAI independence.

The Fellowship Program. The CCAF-FCVI Inc.'s International Audit Office Assistance Program (Fellowship Program) was established in 1980 to help strengthen performance auditing in national audit offices. Funded by the Canadian International Development Agency (CIDA), the program brings auditors from national audit offices to Canada for nine months of training in performance auditing, accountability, good management, and governance. Training is provided by our Office and the Bureau du vérificateur général du Québec. Over the next three years, the Office will work with the CCAF-FCVI Inc. and CIDA to further improve the program.

Providing a respectful workplace

**We provide a respectful workplace in which
our diverse workforce can strive for excellence
and realize their full career potential.**

Our values of a respectful workplace, trust and integrity, and leading by example define how we conduct our work and ourselves. The Office strongly supports and integrates in all of its human resource activities the staffing values of competency, representativeness, non-partisanship, fairness, equity, transparency, flexibility, affordability, and efficiency.

The Office surveys employees every two years to evaluate its performance and identify opportunities for improvement. An action plan is developed to address the survey results.

The Office currently has four objectives for providing a respectful workplace, with their own indicators and targets.

Objectives	Indicators	2003–04 results	Targets
Provide a workplace environment where employees are satisfied and engaged	Percentage of employees who believe that the Office is either an above average place to work or one of the best places to work	70%	70%
Promote a bilingual workplace	Percentage of employees in bilingual regions who will meet our language requirements by March 2007	39% of assistant auditors general and principals 56% of directors	100% of our assistant auditors general and principals 75% of our directors
Assemble a workforce that represents the Canadian population	Representation as a percentage of workforce availability for the four designated groups: women, people with disabilities, Aboriginal peoples, and visible minorities.	Women: 100% People with disabilities: 94% Aboriginal peoples: 79% Visible minorities: 75%	100% for each designated group.
Ensure that qualified, capable employees are available to carry out our mandate	Number of entry level positions available annually Percentage turnover of audit professionals	17 9.6%	20 10%

Operating more effectively

This year, as part of our continuous efforts to improve the way we work, we have two noteworthy initiatives:

- We will benchmark our corporate services. This will allow us to better understand how the resources we use to deliver our corporate services compare with those in other organizations of similar size and nature, including service delivery expectations.
- We will examine how we distribute our workload and look at our time recording systems.

Previous initiatives. As part of our commitment to the government's comptrollership initiative, we conducted a comptrollership capacity assessment in 2003–04. The Office developed a three-year action plan to address opportunities for improvement identified in the assessment, which is available on our Web site. The action plan includes initiatives to improve practices in seven areas including risk management, information management, integrated financial management systems, and management information and reporting. The action plan is on schedule and will be completed by March 2007.

Section III—Supplementary information

Management representation statement

I submit, for tabling in Parliament, the *2005–06 Report on Plans and Priorities* for the Office of the Auditor General of Canada.

This document has been prepared based on the reporting principles contained in the Guide for the Preparation of 2005–2006 Part III of the Estimates: Reports on Plans and Priorities.

- It is based on the reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Office’s approved accountability structure;
- It presents consistent, comprehensive, balanced, and accurate information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.

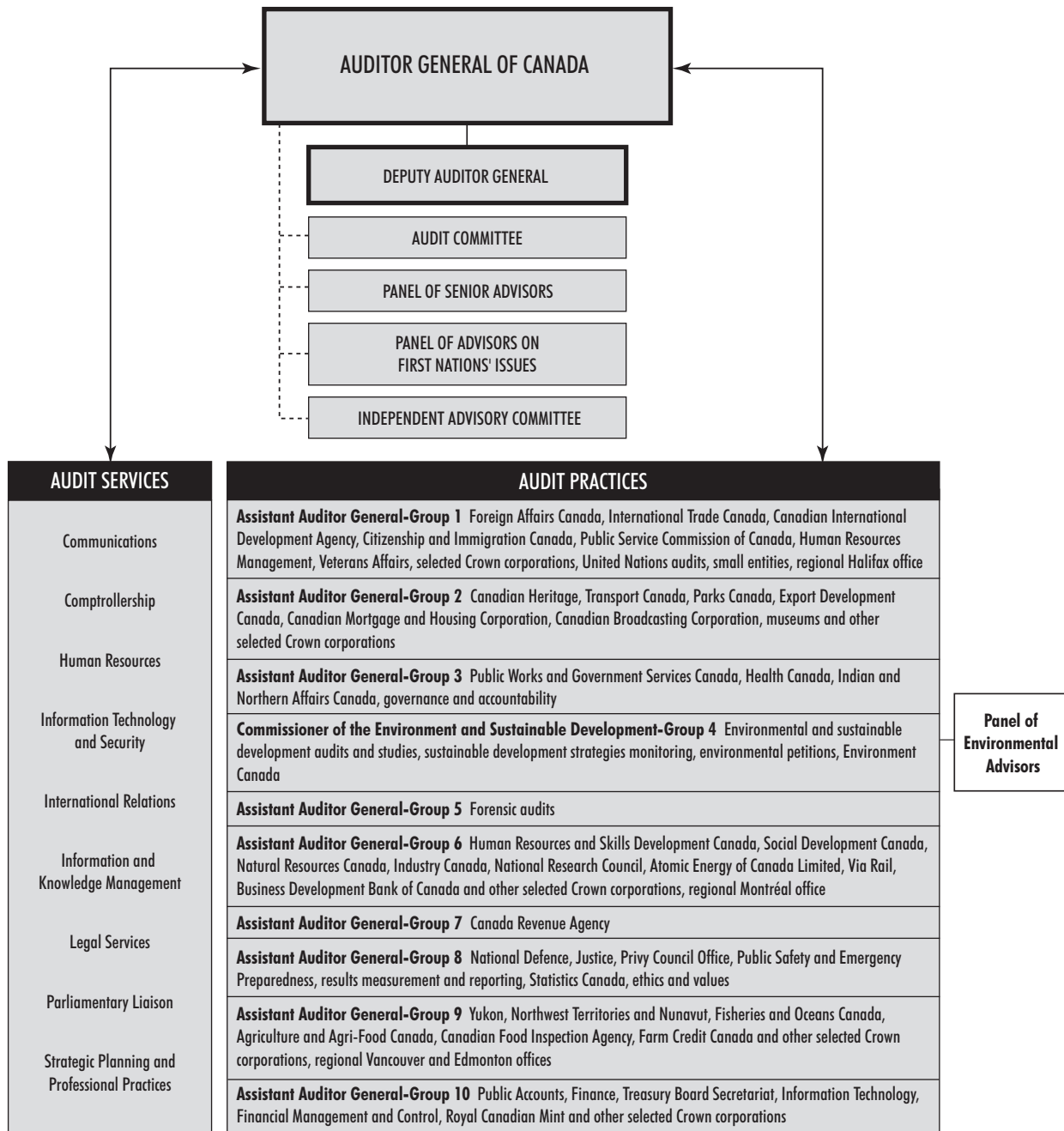
Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
21 February 2005

Robert D’Aoust, CA
Comptroller

Organizational information

ORGANIZATION CHART OF THE OFFICE OF THE AUDITOR GENERAL OF CANADA



Tables

Table 1: Planned spending and full-time equivalents (\$ millions)				
	Forecast spending 2004–05	Planned spending 2005–06	Planned spending 2006–07	Planned spending 2007–08
Legislative auditing				
Total Main Estimates	72.8	71.8	71.1	71.1
<i>Adjustments</i>				
Supplementary Estimates				
Operating budget carry forward	2.9			
Economic salary increases	0.5			
<i>Total adjustments</i>	3.4			
Total planned spending	76.2	71.8	71.1	71.1
Less: Non-responsible revenue	(0.9)	(0.7)	(0.7)	(0.7)
Plus: Cost of services received without charge	10.1	10.1	10.2	10.2
Less: Forecasted lapse	(3.2)			
Net cost of program	82.2	81.2	80.6	80.6
Full-time equivalents	575	590	590	590

Table 2: Program activity (\$ millions)					
Budgetary					
Program activity	Operating	Grants and contributions	Net	Total Main Estimates	Total planned spending
Legislative auditing					
Total	71.4	0.4	71.8	71.8	71.8

Table 3: Voted and statutory items in Main Estimates for 2005–06 (\$ thousands)

Vote or statutory item	Office of the Auditor General	Current Main Estimates	Previous Main Estimates
20	Operating expenditures	62,577	62,870
20	Grants and contributions	380	380
(S)	Contributions to employee benefit plans	8,844	9,506
	Total	71,801	72,756

Table 4: Net cost of Office for 2005–06 (\$ millions)

Legislative auditing	
Total planned spending	71.8
Plus: Services received without charge	
Accommodation provided by Public Works and Government Services Canada	6.6
Contributions for employers' share of employees' insurance premiums and expenditures paid by the Treasury Board Secretariat	3.5
Less: Non-responsible revenue ¹	(0.7)
Net cost of Office	81.2

¹ The Office recovers the cost for the audits of the International Civil Aviation Organization and the United Nations Educational, Scientific and Cultural Organization. These funds are not used by the Office but are returned to the Consolidated Revenue Fund as non-responsible revenue.

Table 5: Sources of responsible¹ and non-responsible revenue (\$ millions)

Non-responsible revenue	Forecast revenue 2004-05	Planned revenue 2005-06	Planned revenue 2006-07	Planned revenue 2007-08
Legislative auditing				
Charges (cost recovery) for audits ²	0.9	0.7	0.7	0.7
Total	0.9	0.7	0.7	0.7

¹ No source of responsible revenue

² The Office recovers the cost for the audits of the International Civil Aviation Organization and the United Nations Educational, Scientific and Cultural Organization. These funds are not used by the Office but are returned to the Consolidated Revenue Fund as non-responsible revenue.

Web site references

Many items, which are of interest but not critical to reporting our performance, are available at the following Web sites.

Office of the Auditor General of Canada	
Office of the Auditor General	www.oag-bvg.gc.ca
Sheila Fraser, Auditor General of Canada	www.oag-bvg.gc.ca/domino/other.nsf/html/00agbio_e.html
Commissioner of the Environment and Sustainable Development	www.oag-bvg.gc.ca/domino/cesd_cedd.nsf/html/menu8_e.html
<i>Auditor General Act</i>	laws.justice.gc.ca/en/A-17/index.html
<i>Financial Administration Act</i>	laws.justice.gc.ca/en/F-11/index.html
Reports to Parliament	www.oag-bvg.gc.ca/domino/other.nsf/html/99repm_e.html
Observations of the Auditor General on the Financial Statements of the Government of Canada	www.oag-bvg.gc.ca/domino/other.nsf/html/99pac_e.html
Publications	www.oag-bvg.gc.ca/domino/other.nsf/html/99menu5e.html
Practice review and internal audit reports	www.oag-bvg.gc.ca/domino/other.nsf/html/02int_e.html
External review reports	www.oag-bvg.gc.ca/domino/other.nsf/html/00qms_e.html
Sustainable Development Strategy, 2003-06	www.oag-bvg.gc.ca/domino/other.nsf/html/200402sdse.html
Comptrollership Capacity Assessment and Action Plan	www.oag-bvg.gc.ca/domino/other.nsf/html/200403ccap_e.html
Government of Canada	
Parliament	www.parl.gc.ca
Standing Committee on Public Accounts	www.parl.gc.ca
Standing Committee on Environment and Sustainable Development	www.parl.gc.ca
Standing Committee on National Finance	www.parl.gc.ca
Treasury Board of Canada Secretariat	www.tbs-sct.gc.ca
Results for Canadians: A Management Framework for the Government of Canada	www.tbs-sct.gc.ca/res_can/rc_e.html
Results-Based Management and Accountability Framework of the Modern Comptrollership Initiative	www.tbs-sct.gc.ca/cmo_mfc/resources2/RMAF/RMAF02_e.asp
TBS Management Accountability Framework	www.tbs-sct.gc.ca/maf-crg/index_e.asp
Financial Information Strategy	www.tbs-sct.gc.ca/fin/sigs/FIS-SIF/FIS-SIF_e.asp
Canadian International Development Agency	www.acdi-cida.gc.ca/index.htm

Professional organizations	
Canadian Council of Legislative Auditors	www.ccola.ca/index_english.cfm
Canadian Evaluation Society	www.evaluationcanada.ca
Canadian Institute of Chartered Accountants	www.cica.ca/index.cfm/ci_id/17150/la_id/1.htm
CCAF-FCVI Inc.	www.ccaf-fcvi.com/entrance.html
Environmental Working Group (INTOSAI)	www.environmental-auditing.org
Financial Management Institute	www.fmi.ca
Institute of Internal Auditors	www.theiia.org
International Federation of Accountants	www.ifac.org
International Organization of Supreme Audit Institutions (INTOSAI)	www.intosai.org
United Nations Panel of External Auditors	www.unsystem.org/auditors/external.htm