



HOUSE OF COMMONS
CANADA

**REPORT ON PLANS AND PRIORITIES
2005-2006 OF THE OFFICE OF THE
AUDITOR GENERAL OF CANADA**

**Report of the Standing Committee on
Public Accounts**

**John Williams, M.P.
Chair**

June 2005



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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

THIRTEENTH REPORT

Pursuant to Standing Order 81(7), the Standing Committee on Public Accounts has considered the 2005 Report on Plans and Priorities of the Auditor General of Canada and has agreed to report the following:

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REPORT ON PLANS AND PRIORITIES, OFFICE OF THE AUDITOR GENERAL OF CANADA: 2005

INTRODUCTION

To assist Parliament and parliamentarians with review of the Estimates, departments and agencies table annual Reports on Plans and Priorities (also known as RPPs) in the spring that explain how they intend to use the funds voted to them by Parliament. Departments and agencies are also expected to discuss anticipated challenges, how they will address these challenges, the results they intend to achieve, and how they will measure their performance.

The Committee has long advocated the use of reports on plans and priorities (as well as departmental performance reports) as a vehicle for conveying information to Parliament on departmental activities, outcomes achieved and their related costs, and as a means of assisting Parliament in its work of holding government to account. In addition, the Committee firmly believes that approval of departmental Estimates must be based on a thorough understanding of how funds will be spent, what that spending is intended to accomplish, and past record in meeting performance goals. Each year, as a consequence of these beliefs, the Committee devotes at least one meeting to a review of the Auditor General's Main Estimate which it conducts in concert with a review of the future plans and priorities of her Office.

To assist the Committee in its review of the Auditor General's Main Estimate for 2005-06, the Committee met with Auditor General Sheila Fraser on 4 April 2005. Mrs. Fraser was accompanied by John Wiersema (Deputy Auditor General), Richard Smith (Assistant Auditor General), and Robert D'Aoust (Comptroller) from her Office.

The Committee adopted the Auditor General's Main Estimate for 2005-06, and conveyed this to the House of Commons in its Eighth Report (38th Parliament, 1st Session) tabled on 6 April 2005. In this report, the Committee presents its views on matters arising from its meeting on April 4.

OBSERVATIONS AND RECOMMENDATIONS

The Committee is satisfied with the performance of the Office of the Auditor General of Canada and with its planned future activities. As previously mentioned, the Committee believes that the Office obtains significant value for the funds it is

authorized to spend: Parliament, Canadians, and government departments and agencies all benefit enormously from the audit work of the Office.

The Auditor General has established an ambitious but feasible agenda for fiscal year 2005-06. According to this agenda, the Office will conduct more than 130 annual financial attest audits and approximately 25 performance audits. Mrs. Fraser testified that proposed legislation (Bills C-43 and C-277) that would extend the mandate of her Office would have only a modest impact on her budget. She also informed the Committee that the temporary 2001 increase to her budget has now been made permanent — as the Committee had recommended in its 7th Report (38th Parliament, 1st Session) tabled on February 14 of this year.

The Committee's 7th Report also contained a recommendation (recommendation 2) that a new funding mechanism be established for the Office of the Auditor General prior to the end of October 2005. The House of Commons Standing Committee on Access to Information, Privacy and Ethics has reviewed funding mechanisms for officers of Parliament, including the Auditor General, and tabled its report.¹ Mrs. Fraser indicated that she would be reviewing the Committee's report and recommendations. In the meantime, according to Mrs. Fraser, Treasury Board Secretariat has indicated that it would like to see a pilot project in place for the 2006-07 Main Estimates. The Committee wants to be kept informed of the progress being made with regard to a new funding mechanism for the Office and recommends:

RECOMMENDATION 1

That Treasury Board Secretariat and the Office of the Auditor General submit separate reports to the Committee on the status of efforts to establish a new funding mechanism for the Office of the Auditor General by 30 September 2005.

In 1995 Parliament amended the *Auditor General of Canada Act* to give the Auditor General the ability to report to the House of Commons up to four times per calendar year.² The amended section of the Act reads as follows:

7. (1) The Auditor General shall report annually to the House of Commons and **may make**, in addition to any special report made under subsection 8(1) or 19(2) and the Commissioner's report under subsection 23(2), **not more than three additional reports in any year** to the House of Commons. (Emphasis added.)

¹ House of Commons Standing Committee on Access to Information, Privacy and Ethics, 4th Report, 38th Parliament, 1st Session, *A New Process for Funding Officers of Parliament*, tabled 10 May 2005.

² Previously, the Office was authorized to report to Parliament once a year, and could submit additional reports in urgent circumstances.

The Office has made full use of this new mandate. Reporting has been more timely, and an expanded number of reports has given the Office the flexibility to devote one full report to the results of follow-ups based on full-scale audits. On balance, the Committee believes that more frequent reporting has been beneficial.

However, the Committee is cognizant of the substantial effort that is required to produce four reports per year and the stress this can place on the Auditor General and her staff. Frequent reporting, moreover, may lessen the impact of the reports. The Committee also notes that the Auditor General is not required by her Act to report four times per year; this is a matter that is up to her discretion. The Committee was therefore pleased to learn that the Auditor General and her Office are considering whether it is necessary to always report this frequently. From the Committee's perspective, the decision to produce up to three reports in addition to an annual report is best left with the Auditor General and her staff. It may not always be necessary to report this frequently, unless circumstances call for it, and the Auditor General might be able to direct funds used for the production of a report to more pressing responsibilities under her mandate. The Auditor General indicated that she would like to consult further with the Committee on this subject; the Committee would welcome such discussions.

CONCLUSION

The Office of the Auditor General of Canada occupies a vital and indispensable role. Parliament's ability to hold government to account, citizens' assurance that value is obtained in exchange for public monies spent, and government's ability to constantly revise and improve its administrative practices are all largely dependent on the work of the Office.

The Office functions with a relatively modest budget that is spent carefully and strictly. At the same time that it audits the performance of government entities, it continually examines its own practices to ensure that they are economical, effective, and efficient, and are reported in the Auditor General's annual departmental performance reports (DPRs). Thus the Office not only promotes better government through its audit practice but also by providing a leading example in the conduct of its own affairs. The Committee expects, therefore, that the government will ensure that the Office of the Auditor General receives stable, adequate funding needed to continue its work and serve the needs of the Parliament and people of Canada.

APPENDIX A LIST OF WITNESSES

| Associations and Individuals | Date | Meeting |
|--|------------|---------|
| Office of the Auditor General of Canada | 04/04/2005 | 26 |
| Robert D'Aoust, Comptroller | | |
| Sheila Fraser, Auditor General | | |
| Richard Smith, Assistant Auditor General | | |
| John Wiersema, Deputy Auditor General | | |

REQUEST FOR GOVERNMENT RESPONSE

In accordance with Standing Order 109, the Committee requests that the government table a comprehensive response to the report.

A copy of the relevant Minutes of Proceedings (*Meeting Nos. 26 and 40 including this report*) is tabled.

Respectfully submitted,

John Williams, M.P.
Chair

MINUTES OF PROCEEDINGS

Wednesday, June 1, 2005
(Meeting No. 40)

The Standing Committee on Public Accounts met *in camera* at 3:32 p.m. this day, in Room 237-C Centre Block, the Chair, John Williams, presiding.

Members of the Committee present: Dean Allison, Gary Carr, David Christopherson, Brian Fitzpatrick, Sébastien Gagnon, Mark Holland, Daryl Kramp, Hon. Shawn Murphy, Benoît Sauvageau, John Williams and Borys Wrzesnewskyj.

Acting Member present: Hon. Robert Thibault for Hon. Walt Lastewka.

In attendance: Library of Parliament: Brian O'Neal, Analyst.

Pursuant to Standing Order 81(7), the Committee resumed consideration of the Report on Plans and Priorities 2005-2006 of the Office of the Auditor General of Canada.

The Committee commenced consideration of a draft report.

It was agreed, — That the Committee adopt the draft report as the Report to the House.

It was agreed, — That, pursuant to Standing Order 109, the Committee request that the Government table a comprehensive response to the report.

It was agreed, — That the Chair, Clerk and analysts be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the report.

It was agreed, — That the Chair present the Report to the House at the earliest opportunity following the expiry of the forty-eight (48) hour revision period.

It was agreed, — That the Clerk and the analysts, in consultation with the Chair, issue a news release.

Pursuant to Standing Order 108(3)(g), the Committee resumed consideration of Chapter 1, Information Technology Security of the February 2005 Report of the Auditor General of Canada referred to the Committee on February 15, 2005.

The Committee commenced consideration of a draft report.

It was agreed, — That the Committee adopt the draft report as the Report to the House.

It was agreed, — That, pursuant to Standing Order 109, the Committee request that the Government table a comprehensive response to the report.

It was agreed, — That the Chair, Clerk and analysts be authorized to make such grammatical and editorial changes as may be necessary without changing the substance of the report.

It was agreed, — That the Chair present the Report to the House at the earliest opportunity following the expiry of the forty-eight (48) hour revision period.

It was agreed, — That the Clerk and the analysts, in consultation with the Chair, issue a news release.

At 4:43 p.m., the Committee adjourned to the call of the Chair.

Elizabeth B. Kingston
Clerk of the Committee