



BRITISH  
COLUMBIA



# Municipal Auditor General

Local Government Accounting and  
Auditing Conference  
November 4, 2011

Ministry of Community, Sport and  
Cultural Development



# Overview

- Background
- Purpose of a MAG
- What are “value-for-money” audits?
- Summary of Key Points



# Background

- Premier has committed to:
  - Create an Office of the Municipal Auditor General
  - Fund the Office
  - Review municipal taxation formula



# Consultations Undertaken

- Consultations include:
  - Focus groups
  - Survey of local governments
  - Discussions with UBCM Executive
- General themes of consultations:
  - Desire to know what a MAG would do
  - Not opposed to the role of MAG but desire clarity of the role



## A MAG Would Not

- Make or overrule policy decisions of elected officials
- Set or order changes to tax rates
- Call into question the merits of program policies or objectives of local governments
- Make binding recommendations or impose requirements
- Duplicate or displace current LG Financial Accountability (e.g. Hiring auditors to conduct Annual financial audits)



# Purpose of the MAG

- Limited number of “value-for-money” audits per year to:
  - Enhance transparency and accountability
  - Review the economy of an activity
  - Examine the efficiency of a service
  - Measure effectiveness
  - Review the stewardship of assets
  - Assist local governments in finding greater value
  - Identify best practices



# What would a MAG do?

- Provide non-binding, independent, professional recommendations
- Annually, conduct a limited number of performance (“value-for-money”) audits
- Identify best practices arising from these audits
- Produce non-binding public reports



# “Value-for-money” audits

- One of three types of external audits
  - Financial audits
    - Already required for all LGs
  - Compliance audits
    - Processes in place to deal with compliance issues (e.g. Ombudsperson, Courts)
  - Value-for-money audits (also known as performance audits)
    - MAG would do value-for-money audits





# “Value-for-money” audits

- Value-for-money audits review and comment on:
  - How economically and efficiently programs or other activities are implemented
  - How effective they are in meeting their objectives
- The intention of a value-for-money audit is to:
  - Improve economy, efficiency, and effectiveness
  - Improve the stewardship of assets



# Reporting Structure

- Option 1: Office of the Provincial AG
  - MAG as a function of the OAG; OAG reports to Legislative Assembly on activities of MAG; funded by Province via OAG.
- Option 2: Stand-alone MAG
  - MAG as a separate provincial Office; reports via Audit Committee; funded by Province.



# Summary of Key Points

- Premier Christy Clark has committed to implement a MAG in the Fall session
- MAG provides independent, non-binding recommendations
- MAG will not set tax rates or overrule LG policy decisions
- MAG Office will be funded by the province
- MAG will focus on value-for-money
- LG autonomy will be retained



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