



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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