

## Appendix A – Overview of Follow-the-Money Audit Mandates in Canada

	OAG Canada <sup>2</sup>	OAG B.C.	OAG Alberta	Auditor of Sask.	OAG Manitoba	OAG Ontario <sup>2</sup>	OAG Quebec	OAG N.B. <sup>2</sup>	OAG N.S.	OAG P.E.I.	OAG N.L.
There is a mandate to do follow-the-money audits <sup>1</sup>	✓	✓ <sup>4</sup>	✗ <sup>5</sup>	✗ <sup>6</sup>	✓	✓	✓	✓	✓ <sup>8</sup>	✓	✗ <sup>9</sup>
Organizations that can be audited when conducting follow-the-money audits											
▪ Corporations receiving subsidies	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✗
▪ Contractors	✗	✓	✗	✗	✗	✗	✗	✓	✓	✓	✗
▪ Individuals	✓	✓	✗	✗	✓	✗	✓	✓	✓	✓	✗
Scope of follow-the-money audits											
▪ Financial	✓	✗	✓	✗	✓	✓	✓	✓	✓	✓	✗
▪ Compliance	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✗
▪ Performance	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓	✗

	OAG Canada <sup>2</sup>	OAG B.C.	OAG Alberta	Auditor of Sask.	OAG Manitoba	OAG Ontario <sup>2</sup>	OAG Quebec	OAG N.B. <sup>2</sup>	OAG N.S.	OAG P.E.I.	OAG N.L.
Access authority when conducting follow-the-money audits	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✗
Legal conditions allowing the conduct of follow-the-money audits	✓ <sub>3</sub>	✗	✗	✗	✗	✗	✓ <sub>7</sub>	✗	✗	✗	✗

1. No legislation in Canada uses the term “follow-the-money.” However, some acts provide a definition of who can be audited that include non-governmental entities, while others, when defining what can be audited, state that “public money” can be subject to audits, whether the recipients are part of government or not.
2. Information presented for this office is based on the interpretation of the Canadian Audit and Accountability Foundation.
3. The Auditor General of Canada can audit recipients of funds that have received one million dollars or more in any five consecutive years.
4. The *Auditor General Act*, section (6) states that: The Auditor General may audit an individual or organization in relation to (a) a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by the government, or (b) the collection of money for or on behalf of the government, a government organization or a trust fund. Section (7) provides the following clarification: An audit under subsection (6) must be limited to whether any terms and conditions applicable in respect of (a) a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by the government, government organization or a trust fund, or (b) the collection referred to in subsection (6) (b) have been fulfilled.
5. There is no express “follow-the-money” legislative mechanism in the *Auditor General Act* (Alberta) except for those provisions referencing “public money” and a statutory mandate to report any time such is not fully accounted for or spent in accordance with legal authority. The expansion of powers over “public money” (in the

hands of third parties) arises from the access to information powers in s. 14, reporting in relation to public money in s. 19, and the direction by the standing committee in s. 11–13.

6. Section 11 of *The Provincial Auditor Act* provides authorization for the Provincial Auditor to examine all accounts of the government related to public money. Section 25 of the Act also gives the Provincial Auditor powers to examine any person on any matter relating to an account that is subject to examination. The relevant authority was never invoked to examine persons or organizations outside of a government reporting entity. The Provincial Auditor does not deem this relevant authority to provide a mandate to do follow-the-money audits.
7. The Auditor General of Québec can audit organizations that receive at least 50% of their funding from the government or that have at least 50% of their members or directors appointed by the government.
8. According to s.18 (1) (c) of the *Auditor General Act*, the Auditor General may at any time conduct any audit or investigation that the Auditor General considers appropriate under the terms of this Act with respect to activities of a funding recipient relating to the receipt and expenditure of Government funding, and may report on the audit to the House of Assembly.
9. According to the *Auditor General Act*, s.16.(1) the Auditor General, whenever requested by the Lieutenant-Governor in Council, the House of Assembly or the Public Accounts Committee by resolution, can conduct special assignments and inquire into and report on a person or organization that has received financial aid from the government of the province or in respect of which financial aid from the government of the province is sought. This authority has never been invoked to examine persons or organizations outside of a government reporting entity.