



# 2006-2007

## A YEAR IN REVIEW



# CCAF-FCVI BOARD OF GOVERNORS

(AS AT MARCH 31, 2007)



## CHAIR

**Michael J. McLaughlin, FCA**  
Independent Consultant  
Former Deputy Auditor General of  
Canada & former Vice-President & Chief  
Financial Officer of Canadian Air  
Transport Security Authority



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Desjardins Securities



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Auditor General of Alberta  
Office of the Auditor General of Alberta



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Canadian National Industry Leader, Public Sector  
KPMG LLP



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Vérificateur général du Québec



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**Richard Smith**  
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**Ruth Dantzer, Phd.**  
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Canada School of Public Service  
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**Charles-Antoine St-Jean, FCA**  
Comptroller General of Canada  
Treasury Board of Canada Secretariat,  
Office of the Comptroller General of Canada  
*Member, Audit Committee*

## WORKING TOGETHER TO STRENGTHEN ACCOUNTABILITY

An annual report is usually an opportunity for an organization to highlight all that it accomplished in the previous year. To take credit for what went right, and to explain what didn't turn out as planned.

This year, CCAF's Annual Report aims to go beyond boasting about what our Board and staff managed to do. It's not that we aren't proud of our achievements (we are!). But when we look back at all that happened last year, we realize that most of the praise should be directed not inward, but rather outward – to our many members, partners, funders, collaborators, and participants of one sort or another. They – you – were not only instrumental in our success, but were often the ones who succeeded.

One example among many: On May 8, 2006, CCAF's Executive Director Michael Eastman chaired a panel discussion for a conference in Victoria on results-based management. He had asked four extremely busy people to make time in their schedules to describe for conference attendees how political leaders use information on performance. They were:

- ◆ **Rita Dionne-Marsolais**, a member of the Quebec National Assembly and former Chair of the Assembly's Committee on Public Administration
- ◆ **Ken Stewart**, a former member of the B.C. Legislative Assembly and currently a councillor for the B.C. Municipality of Maple Ridge
- ◆ **Fred Dunn**, Auditor General of Alberta
- ◆ **Doug Griffiths**, a member of the Legislative Assembly of Alberta and Deputy Chair of the Assembly's Standing Committee on Public Accounts.

In their remarks and the discussion that followed, these panelists shared their personal experiences on the front lines of the government accountability process. In doing so, they helped the public servants in attendance gain a better understanding of this very important topic.

May 8, 2006 was not exceptional. Every day, busy people are committing their time and energy and ideas to advance CCAF's vision: the achievement of excellence in public sector governance, management and accountability. Every year, literally hundreds of people contribute in some way to the achievement of our mission: to provide exemplary thought leadership and to build both knowledge and capacity for effective governance and meaningful accountability, management and audit.

In this 2006-2007 Annual Report, we focus on a handful of days during the course of the year when CCAF was active in the community. Through these examples, we highlight some of the many people who believe that strengthening public sector accountability is worth their time.

We wish we had room to mention every important event, and to list everybody who has contributed to our success. But mentioned or not, you are greatly appreciated.



A handwritten signature in black ink that reads "Mike McLaughlin". The signature is fluid and cursive, with the first name "Mike" and last name "McLaughlin" clearly distinguishable.

Michael McLaughlin, FCMA  
Chair



## AN OVERVIEW OF CCAF'S ACTIVITIES

Last year we decided that we could more effectively manage and explain our activities if we thought of them as falling under five business lines:

- ◆ Research
- ◆ Capacity Development
- ◆ Training
- ◆ International Business
- ◆ Membership Interaction and Communication.

Each of these is an area of significant focus. And although there is some overlap (for example, training could be considered a form of capacity development, and our capacity development initiatives include some research), we have found it helpful to plan and report on them separately.

So that is what we have done in this 2006-2007 Annual Report, *A Year in the Life of CCAF*. Here is a quick overview of each of our areas of activity.

### Research

We focus our **research** activities on accountability issues of interest to our funding members. Most recently, these have included public performance reporting, the effectiveness of public accounts committees, and Crown agency accountability.

### Capacity Development

We take our research results and, through our **capacity development** activities, assist the broader community to use those results to strengthen their role in the accountability process. Right now, for example, we are sharing our findings on what makes for an effective public accounts committee with committees across Canada, in the form of a draft strategy they can adapt to improve their operations. This draft strategy was highlighted in CCAF's *Update* newsletter. <http://www.ccaf-fcvi.com/messages/12-04-06JurisHighlights/>

## Training

Having been in business since 1980, CCAF has gained much knowledge, particularly in the area of value-for-money auditing. At the request of the Canadian Council of Legislative Auditors (CCOLA), whose members are among our primary funders, we are now reentering the **training** field. This is an exciting development for us as it is bringing us into direct contact with many members of the audit community in legislative audit offices and in government.



## International Business

Our **international business** activities build on both our knowledge of auditing and our strong links with audit offices in Canada and abroad. The centrepiece of our international business line is our International Assistance Program for Improved Governance and Accountability. This program brings highly qualified men and women from the national audit offices of select developing countries to Canada for on-the-job and classroom training in value-for-money auditing and the principles underlying accountability.

## Membership Liaison and Communication

Through our extensive contacts in the audit, management and governance communities across Canada, we come across many interesting people and ideas and learn about important trends and developments. As a service to our members, we collect and share this information. We also want our members to know and support what we are doing. This is where our **membership liaison and communication** activities come into play. Key initiatives here are our program of personal visits to our Institutional Members, our participation in conferences and workshops, and our frequent e-mails to all members with news and thought-provoking articles.

Below you will find stories and photos that illustrate how, with the strong support of many many people, we have moved forward in each of these areas.

A handwritten signature in black ink, appearing to read 'ME'.

Michael Eastman, FCMA  
Executive Director

## RESEARCH

MONDAY, MARCH 5, 2007

BROOKSTREET HOTEL, OTTAWA, ONTARIO

### Governors provide direction for the future of research

The Board of Governors was meeting, considering the future of CCAF Research. The challenge to identify what subject area would provide the most benefit to the foundation's funders and members over the next few years? Links between internal and external audit? Accountability in municipalities? Auditing small agencies? Executive Director **Michael Eastman** proposed a number of options. Chair **Michael McLaughlin** led the discussion.

For some past choices – public performance reporting and public accounts committees, to name two – CCAF had been able to deliver high quality results that are even now producing meaningful outcomes for key audiences. So the discussion was important for CCAF's future.

## BREAKING NEWS!

### GOVERNORS SELECT NEXT RESEARCH AREA

*At their June 2007 meeting, CCAF's Board of Governors selected **Risk, Innovation and Control** as the next area of focus for the foundation's research.*

*The decision has implications for the hiring of CCAF's next Director of Research – a position that will soon be filled, for the first time since the departure of David Moynagh early in 2006.*

All the Governors participated – new ones such as **Ruth Dantzer**, President of the Canada School of Public Service; and experienced ones, such as **Gilles Bédard**, Assistant Auditor General of Quebec. All adding their perspectives, all contributing to the decision-making process.

Two topics held promise. The decision: Staff is to investigate the potential of both topics and report back in June, at which point the Board would select one topic for CCAF's next major research focus.

The two topics? The first was Risk, Innovation and Control. Are there ways to balance smart risk with effective control at a time when the nature of accountability is changing?

Topic two: Shared Governance/Transfer Payments. What are the accountability challenges and responses for programs funded by two levels of government?



THURSDAY, NOVEMBER 16, 2006  
WINNIPEG, MANITOBA

## Crown agencies research provides unique information

When it comes to Crown agencies, Manitoba has a lot of experience.

So naturally CCAF wanted to consult closely with senior officials there on its draft Crown agencies research report. Research Associate **Dan Rubenstein**, just completing an assignment with CCAF from the Office of the Auditor General of Canada, flew into town to meet **Kim Sharman, Drew Perry, Betty-Anne Pratt, Barb Dryden and Rick Yarish**. The group reviewed the draft of the Manitoba section of the report and provided valuable detailed comments.

The Crown agency sector is a major factor in the economic, cultural and social lives of Canadians. Individual agencies have received a lot of scrutiny from legislative auditors, legislative committees, the media and academics. But there is surprisingly little cross-jurisdictional comparative information out there.

CCAF's research project pulls together, in one document, information on government-wide accountability arrangements for Crown agencies in every province and the Government of Canada. *Crown Agency Accountability Relationships: Highlights from Canada's Federal and Provincial Jurisdictions* will be published in 2007.

## CROWN AGENCY ACCOUNTABILITY RELATIONSHIPS

HIGHLIGHTS from CANADA'S  
FEDERAL and PROVINCIAL  
JURISDICTIONS

RESEARCH

# CAPACITY DEVELOPMENT

WEDNESDAY, NOVEMBER 22, 2006

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN, REGINA, SASKATCHEWAN

## CCAF helps strengthen Public Accounts Committees

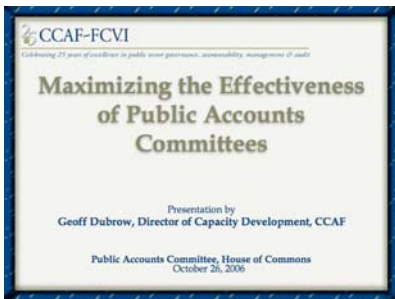
Public Accounts Committee Chair **Elwin Hermanson** wrapped up the committee meeting. “I think there's a consensus around the table that any way that we can improve, we should endeavour to strive for,” he said to CCAF's **Geoff Dubrow**. “And you've given us a lot of food for thought.”

Geoff, CCAF's Director of Capacity Development, had just spent an hour and a half discussing with committee members the results of CCAF research into what makes for an effective public accounts committee. He had converted the research findings into a draft strategy that committees could use to

strengthen their operations.

Saskatchewan was not his first presentation. Geoff had already appeared before:

- ◆ the Public Administration Committee of the National Assembly of Quebec (August 30, 2006);
- ◆ a joint session of the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors (September 11, 2006);
- ◆ members of the Legislative Assembly of British Columbia (October 3, 2006);
- ◆ the House of Commons Standing Committee on Public Accounts (October 24, 2006);
- ◆ Members of the House of Assembly of Nova Scotia (February 21, 2007);
- ◆ The Standing Committee on Public Accounts of the Legislative Assembly of Alberta (April 4, 2007).



CCAF's research results are not meant to sit on a shelf and gather dust. They're intended to lead to action. Through the Capacity Development business line, CCAF brings its research findings out to the communities that can benefit from them – with concrete ideas for implementation.

Elwin Hermanson understood perfectly how CCAF could contribute from its position as a neutral third-party. “I think if we are going to move in new directions, if we could do it on a consensus basis where both sides of the committee can come to agreement, it would be effective in the spirit of what Public Accounts Committee should do,” he told his committee members. And turning to Geoff Dubrow, he added, “So if we can accomplish that, then perhaps there'll be some tangible results of your visit.”

MONDAY, OCTOBER 23 TO WEDNESDAY, OCTOBER 25, 2006  
HALIFAX MARRIOTT HARBOURFRONT, HALIFAX, NOVA SCOTIA

### Internal auditors meet to discuss common issues

For the fourth year in a row, the heads of internal audit of Canada's federal, provincial and territorial governments met under the auspices of CCAF. The 2006 meeting took place in Halifax, Nova Scotia.



The event was hosted by **Pamela Muir**, Director, Management and Corporate Services, Service Nova Scotia and Municipal Relations, and **Musetta Thwaites**, Acting Director, Internal Audit and Risk Management Centre, Nova Scotia Department of Finance.

**Rick Kennedy**, Chief Internal Auditor and Assistant Deputy Minister, Ontario Ministry of Finance, co-chaired the meeting with **Musetta Thwaites** and CCAF Executive Director, **Michael Eastman**.

## GOVERNMENT INTERNAL AUDITORS COUNCIL OF CANADA PARTICIPANTS – FORUM 2006

**Marc Bégin**, directeur adjoint

Forum des responsables de la vérification interne, Québec

**Michael Eastman**, Executive Director

CCAF-FCVI

**David Fairbotham**, Executive Director, Internal Audit & Advisory Services

Office of the Comptroller General of British Columbia

**John Gunter**, Director, Government Audit Service,

Government of the Yukon Territories

**David Hill**, Director, Professional Services & Internal Audit Division

Office of the Comptroller General, Newfoundland & Labrador

**Jane Holatko**, Director, Internal Audit & Consulting Services

Manitoba Finance

**Fred Jaakson**, Acting Assistant Comptroller General, Internal Audit Sector

Office of the Comptroller General, Treasury Board of Canada, Secretariat

**Richard Kennedy**, Chief Internal Auditor & Assistant Deputy Minister

Ministry of Finance, Government of Ontario

**Pamela Muir**, Director, Financial Services

Service Nova Scotia and Municipal Relations

**Bob Shahi**, Director, Audit Bureau, Financial Management Board Secretariat

Government of the Northwest Territories

**Stephen Thompson**, Director, Audit and Consulting Services

Office of the Comptroller of New Brunswick

**Musetta Thwaites**, Acting Director, Internal Audit & Risk Management Centre,

Department of Finance, Nova Scotia

**Grace Wilk**, Acting Chief Internal Auditor, Internal Audit Services Branch

Department of Finance, Nunavut

**Heather Zomar**, Chief Internal Auditor

Government of Alberta

### COUNCIL SECRETARY

**Nicole Wieczorek**, Director of Training and CFO

CCAF-FCVI

2005 brought about the formalization of the group to create the Government Internal Auditors Council of Canada (GIACC). With a newly created logo and website, the GIACC is well positioned to be a significant choice for the public sector internal audit function in Canada.

At the Halifax meeting:

- ◆ **Bob Shahi** of the Northwest Territories and **Paul Wallis** of Ontario led a discussion of performance indicators for the internal audit function.
- ◆ **Fred Jackson**, Acting Assistant Comptroller General, Treasury Board of Canada Secretariat, made a presentation on the *Role of Audit Committees*.
- ◆ **Marc Bégin**, directeur adjoint, Forum des responsables de la vérification interne, Québec talked about *Internal Audit and the Political Element*.
- ◆ *Examining the Relationship between Internal and External Audit* was the title of a presentation by **Bonnie Lysyk**, former Deputy Auditor General and Chief Operating Officer, Office of the Auditor General of Manitoba.

There were other sessions as well. All in all, the three-day event marked the maturation of an organization that CCAF helped create just a few years ago, in the conviction that internal audit was an increasingly important element of the public sector accountability process. Now the key players have a forum through which they can find mutual support and enhance their professionalism.

They will meet again in September 2007 – this time, hosted by **John Gunter**, Director of Government Audit Services, Government of Yukon in Whitehorse, Yukon.

TUESDAY, FEBRUARY 6, 2007  
CCAF BOARDROOM, OTTAWA, ONTARIO

## Performance Reporting Program enters new phase

They worked through the morning and over lunch. **Susan Jennings**, the Assistant Auditor General of BC, came from Victoria to represent the Performance Reporting Advisory Group of the Canadian Council of Legislative



Auditors. **Lee McCormack**, Executive Director of Results-based Management at the Treasury Board of Canada Secretariat, was there to provide a federal government perspective. **Wilson Campbell** of the Governmental Accounting Standards Board made the trip up from Washington, DC to lend his extensive experience in public performance reporting to the group.

**Ed Archer** of the Canadian Institute of Chartered Accountants was on the phone from Toronto. Former national business journalist **Chris Waddell** provided expertise on issues regarding the media. Carleton University Dean **Katherine Graham**, with her knowledge of the volunteer and NGO sectors, added an academic perspective.

The members of CCAF's Improved Public Performance Reporting Program Task Force met for the first time in February to guide and support this next phase of CCAF's ongoing work in the area of public performance reporting. Only Nova Scotia MLA **Graham Steele**, who was out of the country, was unable to participate.

### PERFORMANCE REPORTING TASK FORCE MEMBERS

**Ed Archer** is a Principal in Public Sector Accounting with the Canadian Institute of Chartered Accountants.

**Wilson Campbell** is a project director at the Governmental Accounting Standards Board in the United States.

**Katherine Graham** is the Dean of the Faculty of Public Affairs and Management at Carleton University.

**Susan Jennings** is the Assistant Auditor General of BC.

**Lee McCormack** is the Executive Director of Results-based Management at the Treasury Board of Canada Secretariat.

**Graham Steele** is the Member of the Legislative Assembly for Halifax Fairview. He has been a member of the Public Accounts Committee since 2002 and served as Chair from 2003-2005.

**Chris Waddell** is the Carty Chair in Business and Financial Journalism at the Carleton University School of Journalism and Communication.

**Michael Weir**, CCAF's former research associate for public performance reporting, is acting as an advisor to CCAF for the new program.

**Geoff Dubrow**, CCAF's Director of Capacity Development, told the task force members that many practitioners are concerned that commitment to public

A banner image for the 'Public Performance Reporting' section. It features a collage of images: a close-up of a hand holding a coin, a steam locomotive, a city skyline with a prominent dome (likely St. Basil's Cathedral), and two women looking at a laptop.

# Public Performance Reporting

performance reporting could be weakening in Canada, despite initial progress in a number of jurisdictions. He said some legislative auditors are finding only minor improvement in public performance reports, and such potential users as legislators, the media, NGOs and the public are not using the reports.

The goal of CCAF's Improved Public Performance Reporting Program, funded by the **Alfred P. Sloan Foundation** and project partners in Canada, is to realign public performance reporting with the needs of report users.

The Task Force offered very valuable advice to help CCAF achieve that goal. They highlighted the need to reach out to all users, including legislators and members of the public. They reinforced the importance of aligning the program's activities with the Canadian Institute of Chartered Accountant's Statement of Recommended Practice on Public Performance Reporting. They stressed the potential value of good practices research. They encouraged efforts to engage municipalities in the program.

These are a few of the projects that have been launched or are under consideration:

- ◆ a Public Performance Reporting web site containing CCAF research results, project findings, articles, program information, and links of interest
- ◆ a look back at the evolution of performance reporting in British Columbia, one of the most advanced jurisdictions in Canada in this area
- ◆ a study of effective performance reporting practices in several jurisdictions in Canada and abroad
- ◆ discussion groups with the users of Government of Alberta public performance reports (legislators, media, non-governmental organizations)
- ◆ feedback to the Canadian International Development Agency as it develops its first Annual Report on Development Results
- ◆ interviews with Ontario political journalists to identify their interest in and views regarding public performance reports

The Task Force will meet again later in 2007.

# TRAINING

WEEK OF MONDAY, JANUARY 15, 2007

EDMONTON, ALBERTA

## With help from many, audit training course is ready to go

John Williams had answered the call to help CCAF before. The Alberta Member of Parliament and former chair of the House of Commons Public Accounts Committee had sat on advisory groups, participated in conference panels, and written articles for CCAF.

Today, at CCAF's request, he was talking to public sector auditors about one of his favourite topics – the evolution of accountability in the Westminster system of government. The occasion was the third pilot offering of CCAF's new course on the *Fundamentals of Performance (Value-for-Money) Audit*.

In 2006, the Canadian Council of Legislative Auditors (CCOLA) gave CCAF a clear mandate – to develop a high quality, professional training program for public sector auditors, beginning with the *Fundamentals* course.

Getting that first course right was critical. It would set the tone for the rest of the program

### CCAF – CCOLA WORKING GROUP (AS AT MARCH 31, 2007)

**François Boisclair**

Director of "Value-for-Money" related services  
Vérificateur général du Québec

**Norma Glendinning**

Director  
Office of the Auditor General of British Columbia

**Brigitte Harris**

Manager, Training and Professional Development  
Office of the Auditor General of British Columbia

**Jane MacAdam**

Audit Director  
Office of the Auditor General of Prince Edward Island

**Vince Mazzone**

Audit Manager  
Office of the Auditor General of Ontario

**Elaine Morash**

Assistant Auditor General  
Office of the Auditor General of Nova Scotia

**Bill Rafuse**

Rafuse Consulting  
Halifax, Nova Scotia

**Norm Ricard**

Executive Director, Strategic Initiatives  
Office of the Auditor General of Manitoba

**Michael Stratford**

Audit Principal  
Office of the Auditor General of Alberta

#### CCAF REPRESENTATIVE

**Nicole Wiczorek**

Director of Training & Chief Financial Officer

and serve as the foundation for future courses. And because CCAF had been out of the training business for many years, the risks of putting on a less-than-satisfactory course were high.

So CCAF went once again to its source of strength – the members of the audit, management and governance communities it serves. The Human Resources Network of CCOLA helped CCAF put in place a process to identify and meet short and long-term audit training needs. Legislative audit offices across Canada gave CCAF access to their course materials. A CCAF – CCOLA Working Group (see box) guided the development of the training program. And high profile elected representatives such as John Williams helped ground the initiative in the real world.

Because the idea was to develop a course that was portable across Canada, CCAF enlisted the support of co-instructors to help bring a regional flavour to the course.

**Bonnie Lysyk**, formerly Deputy Auditor General and Chief Operating Officer with the Office of the Auditor General of Manitoba (in Ottawa); **Elaine Morash**, Assistant Auditor General at the Office of the Auditor General of Nova Scotia (in Halifax); and **Norma Glendinning**, Director, Performance Audit at the Office of the Auditor General of British Columbia (in Edmonton), joined lead instructor **Bill Rafuse**, president of Rafuse Consulting and a former Principal with the Office of the Auditor General of Canada, in the delivery of the pilots. Bill was also the lead consultant in helping CCAF develop this course. These individuals all brought their extensive knowledge and experience in VFM to the table during the three pilots.

Others contributed too.

In Ottawa, **Deanna Monaghan**, Managing Partner, Ernst & Young and a CCAF Governor, arranged for CCAF to use Ernst & Young Ottawa offices.

In Halifax, Nova Scotia MLA **Graham Steele** addressed participants about the role of politicians and Public Accounts Committees in the accountability cycle. KPMG allowed CCAF to use their Halifax offices for the course.

In Edmonton, Alberta Auditor General and CCAF Board Vice-Chair **Fred Dunn** provided the facilities. **Laurie Blakeman**, Member of the Alberta Legislature and Official Opposition House Leader, joined **John Williams** in addressing the course members.

CCAF's Director of Training **Nicole Wiczorek** oversaw the development of the *Fundamentals of Performance (Value-for-Money) Audit* course and coordinated the pilot offerings. She and course leader Bill Rafuse have now refined the course based on feedback from the pilots.

The course will be available to public sector auditors from across Canada in the fall of 2007. It will be followed by a second course: *Intermediate Performance (Value-for-Money) Auditing*.

In addition, as part of this new audit training program, KPMG will deliver across Canada an Annual Update on changes to accounting and auditing standards in the public sector. KPMG Partner and CCAF Governor **John Herhalt** has been instrumental in that initiative.



# INTERNATIONAL BUSINESS

THURSDAY, MAY 25, 2006

NATIONAL ARTS CENTRE, OTTAWA, ONTARIO

## International Fellows making the world a better place

The very first group of Fellows graduated from CCAF's International Assistance Program for Improved Governance and Accountability (the International Fellowship Program) in 1981. Now, 25 years later, seven new Fellows were joining their 168 predecessors in completing the prestigious program.

The graduation ceremony was a joyful one. Auditor General of Canada **Sheila Fraser** was there, as was **Diane Vincent**, Executive Vice-President of the Canadian International Development Agency, the program's funder. **François Boisclair** represented the Office of the Auditor General of Quebec. CCAF, which administers the program, was represented by **Marc Meloche**, Director of Strategic Planning and International Affairs, and Executive Director **Michael**

**Eastman**. Retired diplomat **Nick Hare**, the Chair of CCAF's International Committee, served as master of ceremonies for the event.

But the day belonged to the seven happy graduates: **Benoît Azodjilande** and **David Sohinto** (Benin), **Pauline Kane Fortune** (Cameroon), **José Alpizar Fallas** (Costa Rica), **Grace**

**Mugyabuso** and **James Ryoba** (Tanzania), and **Sirin Phankasam** (Thailand).

**Pauline Kane Fortune** and **David Sohinto** delivered short remarks of appreciation on behalf of the Fellows and their countries. **José Alpizar Fallas** then presented the annual *Friends of the Fellows Award* to **Ron Thompson**, Assistant Auditor General of Canada, for his many years of dedication to the program.



*Auditor General of Canada, Sheila Fraser, poses with the 2005-06 IFP Graduating Class.*



Increasing capacity in the area of performance/value-for-money/comprehensive auditing in the supreme audit institutions of participating developing countries, the program supports Canada's official Development assistive activities and objectives by strengthening democratic institutions abroad.

Graduates often advance to senior positions in their home countries. In fact, previous Fellows from Kenya, Senegal, Bhutan, Guyana, Thailand, Nepal and Sri Lanka have been or are currently head of the supreme audit institutions in their countries.

By the end of the 2006-07 academic year, the program will have trained 179 Fellows from 50 countries.



## 2006-2007 INTERNATIONAL FELLOWSHIP PROGRAM PARTICIPANTS



**Laurentine Ngwu**

Chief of Section in the Permanent Secretariat of the Financial and Budgetary Disciplinary Council, Supreme State Audit Office



**Sikoro Keita**

Auditor

Office of the Auditor General of Mali



**George Chabby Haule**

Executive Engineer/Performance Auditor

National Audit Office of Tanzania



**Sirikanchana Karikanchana**

Senior Human Resources Development Officer

Office of the Auditor General of Thailand

MONDAY, MARCH 19, 2007  
PARLIAMENT OF GHANA, ACCRA, GHANA

## CIDA funds pilot projects to strengthen democratic institutions

The Honourable **Samuel Sallas-Mensah**, chair of the Public Accounts Committee of the Parliament of Ghana, welcomed the CCAF's **Geoff Dubrow** to the Ghanaian Parliament

Geoff was there to discuss the potential for CCAF to lead a workshop aimed at strengthening the role of Ghana's Public Accounts Committee in compelling government action on the reports of the Auditor General of Ghana. CCAF's recent research on Public Accounts Committees and its work with Canadian Public Accounts Committees provide an excellent foundation for such a course.

The idea for the workshop was one of several that CCAF developed following an independent evaluation of CCAF's International Fellowship Program. The evaluation identified a need for complementary post-training support for Fellows and their SAI to improve their effectiveness, in particular in the area of value-for-money auditing in their countries.

### BREAKING NEWS!

#### CIDA FUNDS INTERNATIONAL PROGRAM FOR 5 MORE YEARS

*The Canadian International Development Agency informed CCAF in July 2007 that it would fund an improved and expanded International Assistance Program for another 5-year period.*

*Over the next five years, CCAF will:*

- ◆ *expand the number of Fellows trained by welcoming new Canadian provincial legislative audit office partners to the program*
- ◆ *strengthen the recruitment, assessment and selection process to ensure the countries and individuals chosen for participation in the program are best able to benefit from it*
- ◆ *strengthen post-graduate support, so that both graduate Fellows and their institutions have access to Canadian expertise as they work to harvest the benefits of the program*
- ◆ *strengthen evaluation and follow-up activities to ensure that the participating countries achieve maximum benefit from their involvement in the program*
- ◆ *identify and act on opportunities to collaborate with other Canadian institutions with similar mandates and capabilities.*

*The last 5-year contribution agreement with CIDA ended in June 2007.*



*Marc Meloche with the Management Team of the Kenya National Audit Office during an IFP Assessment and Recruitment mission in Nairobi, Kenya in March 2007. Note that Mrs. Priscilla Komora, the Controller and Auditor General of Kenya is seated to Marc's right. Mrs. Komora, recently appointed to this position, is a graduate "Fellow" of the IFP – Class of 1990-91.*

In response, CCAF sought CIDA funding to develop and deliver two sets of workshops: one for parliamentarians and their staff on strengthening parliamentary committees, and one for

representatives of the Supreme Audit Institution on strengthening linkages to the Public Accounts Committee and the legislature. CCAF proposed to deliver the workshops on a pilot basis in mid-2007 in two countries.

Other pilot initiatives being organized that have received funding from CIDA include a symposium on Forensic Auditing targeting former Fellows from the Americas region, to be held at the Costa Rican SAI's facility in spring 2007 - to be led by 2 senior representatives from the Office of the Auditor General of Canada; and, a symposium offering public sector governance and accountability awareness to key representatives from a country's public sector institutions that transact on a regular basis with its SAI. The latter symposium is based on CCAF's course on Governance, Accountability and Reporting on Performance, which is offered each year to incoming Fellows. In addition to building awareness, the symposium hopes to contribute to strengthening professional relations between these institutions and the SAI. This pilot symposium will take place in Benin in early summer 2007.

Another recommendation from the evaluation led CCAF to ask CIDA for funding to



*Antonine Campbell, Principal, International Relations, Office of the Auditor General of Canada and CCAF's Marc Meloche, Director of Strategic Planning and International Affairs outside the offices of the Ghana Audit Service during an IFP Assessment and Recruitment mission in Ghana in February 2007.*

strengthen the assessment, recruitment and selection process for the Fellowship Program. Changes to the process would allow CCAF to ensure the countries and individuals chosen for participation in the program are best able to benefit from it. Successful assessment and recruitment missions were conducted by a CCAF and Office of the Auditor General of Canada representative in December 2006 and February – March 2007 in St-Lucia, Guyana, Ghana and Kenya.

In the fall 2006, CIDA agreed to CCAF's request, contributing \$290,750 to CCAF on a one-time basis for pilot initiatives. CCAF is seeking ongoing funding for these initiatives in its proposal for a new five-year contribution agreement with CIDA, to renew and enrich its International Fellowship Program.

Which is what took Geoff to Ghana to meet Mr. Sallas-Mensah. The parliamentarian was all in favour of the concept for the workshop, and proposed ways to shape it for the particular needs of Ghana.

Geoff also met the Auditor General of Ghana, **Edward Dua Agyeman**, while in Accra. And on the same trip, he visited parliamentary and legislative audit officials in Tanzania. With these partners, CCAF is scheduling workshops in both countries for spring 2007.

### CCAF'S INTERNATIONAL COMMITTEE 2006–2007

Nick Hare, Chair

**Antonine Campbell**, Principal, International Relations  
Office of the Auditor General of Canada

**François Boisclair**, Director  
Auditor General of Québec

**Yves Gauthier**, Senior Vice-President and Chief Financial Officer  
Desjardins Securities Inc.

**Richard Smith**, Assistant Auditor General of Canada

**Michael P. Eastman**, Executive Director  
CCAF-FCVI

#### COMMITTEE SECRETARY

**Marc Meloche**, Director, Strategic Planning and International Affairs  
CCAF-FCVI



## MEMBERSHIP LIAISON AND COMMUNICATION

TUESDAY, OCTOBER 31, 2006

OFFICE OF THE AUDITOR GENERAL, FREDERICTON, NEW BRUNSWICK

### **Institutional Members provide ongoing input to CCAF**

When **Michael Eastman** was appointed Executive Director of CCAF in 2004, he made it a priority to develop close links with the foundation's institutional members – the legislative auditors, deputy heads and accounting firm executives who, through their organizational memberships, are critical to CCAF's future.

CCAF's institutional members are the Foundation's primary source of funding. They have every right to expect to benefit from CCAF's activities and to have input into CCAF's plans. For this reason, CCAF makes every effort to ensure the views of institutional members are not just welcomed, but actively solicited.

Many institutional members are represented on CCAF's Board of Governors. But to ensure CCAF had a close relationship with each institutional member, Michael Eastman created the Institutional Members Briefing Program. Through this program, every one of CCAF's institutional members receives a visit from a CCAF senior staff member at least once a year.

Board meetings and visits are not the only opportunity CCAF has to interact with its institutional members. For example, CCAF regularly participates in the annual joint conference of the Canadian Council of Legislative Auditors and the Canadian Council of Public Accounts Committees.

At the most recent conference in September 2006 in Charlottetown, CCAF's **Michael Eastman** and **Geoff Dubrow** led a workshop (the John J. Kelly Forum) and unveiled the draft strategy for improving the effectiveness of PACs. Both legislative auditors and PAC members participated and provided feedback on the strategy.

Michael and Geoff also made a presentation at the Comptrollers Annual Conference in Niagara-on-the-Lake in August 2006.

Michael believes strongly that he and CCAF's senior staff must get out of the office and meet members in their own environment if they are to serve them

well. So in addition to the events mentioned above, CCAF staff participate frequently in conferences involving the governance, management and audit communities.



For example, Michael was a guest speaker at several chapters across Canada of the Financial Management Institute. In May 2006, he organized and led a panel (described above in the Message from the Chair) at the *Summit on Results-Based Management* in Victoria, and he chaired another conference in Victoria, this one on *Public Sector Performance Management*, in January 2007.

He made a presentation to a World Bank seminar on public sector auditing practices in Washington, D.C in May 2006. And in October 2006 he spoke at a conference on Best Practices in Internal Audit for the Public Sector in Gatineau, Quebec – a conference that was chaired by **Michael McLaughlin**, the chair of CCAF's Board of Governors.

These events allow CCAF to remain up-to-date on trends, to meet members of the community, and to familiarize others with the work of CCAF.

CCAF is at it again in 2007-2008, attending the Comptrollers' Conference in July in the Yukon, leading the John J. Kelly Forum at the annual joint conference of the Canadian Council of Legislative Auditors and the Canadian Council of Public

Accounts Committees in August in Victoria, and participating in numerous other events throughout the year.



FRIDAY, MAY 12, 2006

OFFICE OF NORM STERLING, MPP, CARLTON PLACE, ONTARIO

## CCAF brings members exclusive news and information

First elected in 1977. Re-elected in 1981, 1985, 1987, 1990, 1995, 1999 and 2003. Former Ontario Minister of the Environment, Minister of Intergovernmental Affairs, Minister of Transportation and Attorney General. And since 2003, chair of the Standing Committee on Public Accounts of the Ontario Legislature.



From a journalistic perspective, this was a “scoop”.

**Norm Sterling**, one of the longest-serving members of the Legislative Assembly of Ontario, was proposing a radical rethinking of the role of public accounts committees. And he was doing so in a relaxed interview in his office with CCAF Executive Director **Michael Eastman** and CCAF Associate **Greg Gertz**.

“When the Auditor General finds a problem with a program,” Mr. Sterling said, “I would like the committee to direct the responsible department or agency to collect specific information related to the program.”

“The committee should determine what information it needs to provide effective oversight of the program. This information could include performance relative to targets, comparisons to other jurisdictions, and so on. Then this information, once collected, should be released to the public, perhaps through a Web site that is not controlled by the government.”

The average Canadian may not care much about public accounts committees. But CCAF knew that its members would be very interested. It wrote up the interview and made it available to its members through its website.

That wasn't the only information CCAF provided its members in 2006-2007. There was news of appointments: **Luc Lavoie** as executive director of IIA-Canada; **Harvey Mead** as Commissioner for Sustainable Development and Assistant Auditor General of Québec; **Ken Gabora** as Director of Internal Audit at Saskatchewan Finance; **Bruce Bennett** as Ontario Controller; **Cheryl Wenezenki-Yolland** as Comptroller General for the Province of British Columbia; **Richard Kennedy** as Ontario's Chief Internal Auditor and Assistant Deputy Minister;



**Doug Lynkowski** as Alberta's Controller; **Carol Bellringer** as Manitoba's Auditor General.

There were exclusive articles on important topics by senior members of the community. For example:

- ◆ *Many Ways for Internal, Legislative Audit to Cooperate* by former Manitoba Deputy Auditor General **Bonnie Lysyk**.
- ◆ *The Independent Audit Committee* by CCAF Treasurer **Roxanne Anderson** and her colleague at PricewaterhouseCoopers, **Claire Lake**.
- ◆ An interview with Ontario Deputy Finance Minister **Colin Andersen** on *Ontario's New Approach to Risk Management*.
- ◆ An interview with **Susan Jennings**, Assistant Auditor General in the Office of the Auditor General of British Columbia, and **Ronda White**, Assistant Auditor General in the Office of the Auditor General of Alberta, on *Auditing Performance Reports: Exploring New Territory*.
- ◆ An interview with **Terry Paton**, Chair of the Canadian Institute of Chartered Accountants' Public Sector Accounting Board (PSAB) and **Tim Beauchamp**, Director, Public Sector Accounting about the PSAB work program (*PSAB Work Provides Glimpse Into Future*).
- ◆ *Governance, Accountability On FMI Conference Agenda*, an interview with Financial Management Institute President **Jean Laporte** in advance of FMI's national conference.

There were reports from events in which CCAF participated, including such conferences as *Performance Measurement in Healthcare* (May 2006, Vancouver); *Re-energize: The 2006 Summit on Results-Based Management* (May 2006, Victoria); *Best Practices in Internal Audit for the Public Sector* (October 2006, Gatineau, Quebec); and *Adopting Best Practices in Public Sector Performance Management* (January 2007, Victoria).

In all, over the course of the 2006-2007 year, CCAF published 48 Communiqués for its members – up from 7 in 2003-2004, 14 in 2004-2005, and 31 in 2005-2006. Not the Globe and Mail, perhaps, but a solid source of information for the public sector governance, management and audit community in Canada.

# CCAF's INSTITUTIONAL MEMBERS & FUNDING PARTNERS

## (AS AT MARCH 31, 2007)



ALBERTA  
OFFICE OF THE AUDITOR GENERAL



NEW BRUNSWICK  
OFFICE OF THE AUDITOR GENERAL

THE ALFRED P. SLOAN FOUNDATION



NEWFOUNDLAND  
OFFICE OF THE AUDITOR GENERAL



BRITISH COLUMBIA  
OFFICE OF THE AUDITOR GENERAL



NOVA SCOTIA  
OFFICE OF THE AUDITOR GENERAL



CANADA  
OFFICE OF THE AUDITOR GENERAL



NOVA SCOTIA  
TREASURY AND POLICY BOARD



CANADIAN AIR TRANSPORT SECURITY  
AUTHORITY (CATSA)



ONTARIO  
MINISTRY OF FINANCE



CANADIAN INSTITUTE OF CHARTERED  
ACCOUNTANTS (CICA)



ONTARIO  
OFFICE OF THE AUDITOR GENERAL



CANADIAN INTERNATIONAL  
DEVELOPMENT AGENCY (CIDA)



PRICEWATERHOUSECOOPERS



GOVERNMENT OF THE NORTHWEST  
TERRITORIES



PRINCE EDWARD ISLAND  
OFFICE OF THE AUDITOR GENERAL



GOVERNMENT OF NUNAVUT



QUÉBEC  
VÉRIFICATEUR GÉNÉRAL DU QUÉBEC



INFRASTRUCTURE CANADA



QUÉBEC  
SECRÉTARIAT DU CONSEIL DU TRÉSOR



KPMG CANADA



SASKATCHEWAN  
OFFICE OF THE PROVINCIAL AUDITOR



MANITOBA  
OFFICE OF THE AUDITOR GENERAL



TREASURY BOARD OF CANADA / OFFICE  
OF THE COMPTROLLER GENERAL



## CCAF SECRETARIAT

As is evident from the above, CCAF's success is in large part due to the strong and generous efforts of the foundation's many members and friends. Coordinating, focusing and administering these efforts is the role of CCAF's small staff contingent. Without them, CCAF would accomplish little.

### CURRENT CCAF SECRETARIAT

**Michael P. Eastman, FCMA**  
Executive Director

**Lynne Casiple-Lueck**  
Computer Specialist / Webmistress

**Geoff Dubrow**  
Director, Capacity Development

**Chris Hyde**  
Research Associate, Capacity Development

**Caroline Jorgensen**  
Senior Manager, International Programs

**Marc Meloche**  
Director, Strategic Planning and International Affairs

**Veronica Moore**  
Bookkeeper / Training Administrator

**Sanja Ristic**  
Research Assistant, Capacity Development

**Jacqueline Teasdale**  
Receptionist / Administrative Assistant

**Carine Turay**  
Administrative Assistant, International Programs

**Nicole Wieczorek**  
Director of Training and Chief Financial Officer & Secretary,  
Government Internal Audit Council of Canada (GIACC)

## MANAGEMENT REPORT TO MEMBERS

CCAF-FCVI financial statements for the year ended March 31, 2007, together with the auditor's opinion thereon are presented in this report.

The purpose of the Management Report to Members is to let readers see CCAF financial statements through the eyes of CCAF's management and Board and to explain any significant items, fluctuations or changes in policies affecting the presentation of our financial statements.

CCAF's Audit Committee has three members – two CCAF Board members and one external member, the latter which is appointed by the Board and is not an employee of the CCAF. The Chair of CCAF's Board is an unofficial member of the Audit Committee. The Audit Committee meets with management and the external auditor several times before and throughout the audit to discuss issues related to the audit, internal controls and financial and reporting issues. At each meeting, as required and determined by the Chair of the Audit Committee, the Audit Committee and the external auditor hold an in-camera session without management's presence. The Audit Committee reports on the results of the audit to the Board and recommends approval to publish audited financial statements. The Audit Committee also recommends the engagement or reappointment of the external auditors.

As we did last year, we continue to make headway in generating increases in our membership and contributions – membership and funding contributions are the lifeblood of most non-profit organizations and CCAF is no different. These contributions allow us to continue providing value to our members and stakeholders through our research, capacity development and training activities, all of which are aimed at strengthening public sector accountability, governance, management and audit.

2006 saw us complete two significant research projects – our research in strengthening public accounts committees and our research in the area of Users and Uses of public performance report. These research projects were in great measure, carried out by utilizing senior government employees, obtained through secondment or interchange agreements at 50% salary cost. The decrease in Research contributions (which include the 50% salary contribution of government departments) is directly related to the completion of these two projects.

2007 also saw us re-enter the training business. The development and pilot testing of our “Fundamentals of Performance (Value for Money) Audit” course saw us re-engage in this business line successfully. We will be moving forward with scheduled offerings of the course as well as with our development of an advanced level course in the 2007-2008 fiscal year. We are doing this in support of Canada's legislative audit community, our primary funders, but also plan to adapt the course for all public sector auditors once we have met the needs of the afore-mentioned group.

Research and capacity development continue to be a significant part of our raison d'être and CCAF is finding innovative ways to support its activities and projects in this area. We are pleased to welcome the support of the Alfred P. Sloan Foundation for our research and capacity development program aimed at improving public sector performance reports. This funding along with matching funds secured from participating public sector partners ensures that we maintain our presence in this important area.

Another significant change is in the levels shown on our financial statements with respect to General Salaries Expense. This year, decreases are related to the departure of a long-time staff member as well as the realignment of our business lines to reflect our reentry into the training business. With this realignment comes a change in the way we allocate our staff time to support our activities.

All in all, we are coming off a very successful and productive year. Our significant challenge this year, one that we are engaging our key stakeholders and board on, is the next steps for our research program. We will certainly keep our members apprised as we move forward in this important area.

The external auditors for CCAF, Welch and Company, have reported to the Audit Committee that there were no deficiencies in CCAF internal controls. The financial statements that follow in this report have been audited in accordance with Canadian generally accepted auditing standards.



Michael Eastman  
Executive Director



Nicole Wiczorek  
Chief Financial Officer



**FINANCIAL STATEMENTS**

**For**

**CCAF-FCVI INC.**

**For year ended**

**MARCH 31, 2007**





### AUDITORS' REPORT

To the members of

**CCAF-FCVI INC.**

We have audited the statement of financial position of the CCAF-FCVI Inc. as at March 31, 2007 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Welch + Company LLP*


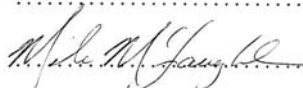
CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

Ottawa, Ontario  
May 7, 2007.

**CCAF-FCVI INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2007**

	<u>2007</u>	<u>2006</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 318,011	\$ 251,437
Accounts receivable	95,063	53,174
Prepaid expenses	14,277	24,665
Guaranteed investment certificate (at cost) - 3.75%, matures July 2007	<u>600,000</u>	<u>-</u>
	1,027,351	329,276
<b>EQUIPMENT AND LEASEHOLD IMPROVEMENTS - note 4</b>	<u>8,703</u>	<u>5,488</u>
	<u>\$ 1,036,054</u>	<u>\$ 334,764</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 269,226	\$ 159,858
Deferred revenue - note 5	32,513	16,397
Unexpended International program funds - note 6	379,025	27,647
Unexpended Public Performance Reporting program funds - note 7	<u>155,556</u>	<u>-</u>
	<u>836,320</u>	<u>203,902</u>
<b>NET ASSETS</b>	<u>199,734</u>	<u>130,862</u>
	<u>\$ 1,036,054</u>	<u>\$ 334,764</u>

Approved on behalf of the Board:

  
 ..... Director  
  
 ..... Director

(See accompanying notes)

**CCAF-FCVI INC.**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>REVENUE</b>		
Membership fees and contributions	\$ 1,057,708	\$ 1,016,976
Research contributions	41,043	186,335
Net revenue (expense) from publications and conferences - note 8	15,778	(27,116)
Interest and other	<u>27,874</u>	<u>5,825</u>
	<u>1,142,403</u>	<u>1,182,020</u>
<b>PROGRAM EXPENSES</b>		
Research and capacity development	498,746	682,450
Communications and stakeholder relations	195,072	236,606
Training	<u>130,115</u>	<u>2,930</u>
	<u>823,933</u>	<u>921,986</u>
<b>GENERAL EXPENSES</b>		
Non-program salaries and benefits - note 9	92,654	243,160
Rent	75,623	73,292
Board and executive meetings	22,138	18,669
Office and general operating costs	49,345	61,260
Amortization	<u>9,838</u>	<u>9,301</u>
	<u>249,598</u>	<u>405,682</u>
	<u>1,073,531</u>	<u>1,327,668</u>
<b>NET REVENUE (EXPENSE)</b>	68,872	(145,648)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>130,862</u>	<u>276,510</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 199,734</u>	<u>\$ 130,862</u>

(See accompanying notes)

**CCAF-FCVI INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating activities</b>		
Net revenue (expense)	\$ 68,872	\$ (145,648)
Items not requiring a current outlay of cash:		
Amortization	<u>9,838</u>	<u>9,301</u>
	78,710	(136,347)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(41,889)	96,772
Decrease in prepaid expenses	10,388	1,963
Increase in accounts payable and accrued liabilities	109,368	72,199
Increase (decrease) in deferred revenue	<u>16,116</u>	<u>(78,766)</u>
Net cash provided by (used in) operating activities	<u>172,693</u>	<u>(44,179)</u>
<b>Investing activities</b>		
Purchase of equipment	(13,053)	-
Purchase of guaranteed investment certificate	<u>(600,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(613,053)</u>	<u>-</u>
<b>Financing activities</b>		
International program funds advanced - net of expenditures	351,378	(2,813)
Public Performance Reporting program funds advanced - net of expenditures	<u>155,556</u>	<u>-</u>
	<u>506,934</u>	<u>(2,813)</u>
<b>NET CASH FLOWS</b>	66,574	(46,992)
<b>CASH, BEGINNING OF YEAR</b>	<u>251,437</u>	<u>298,429</u>
<b>CASH, END OF YEAR</b>	<u>\$ 318,011</u>	<u>\$ 251,437</u>

(See accompanying notes)

**CCAF-FCVI INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2007**

**1. AUTHORITY AND OPERATIONS**

The Foundation was established in 1980 by letters patent under the provision of Part II of the Canada Corporations Act.

The Foundation provides thought leadership and builds both knowledge and capacity for effective governance and meaningful accountability, management and audit. The focus for, and beneficiary of, the Foundation's work is the public sector. The Foundation's principal activities are research, education, and other capacity-building support programs in the following areas: governance information and related governance and accountability practices; integrated (non-financial & financial) performance information used to report publicly or to support strategic and business planning and results improvement; comptrollership and related management approaches and practices comprising performance information, risk, control and ethics; performance auditing, including but not limited to, audits of performance information reported to governing bodies and/or the public; and, auditing of stewardship, management, comptrollership and other results-oriented management practices.

The Foundation was organized and is operated for the purposes outlined above and as such is not taxable under the Income Tax Act of Canada.

**2. ACCOUNTING POLICIES**

*a) Membership fees contributions and publication revenues*

Membership fees and publication revenues are taken into revenue in the year which they are earned. Contributions have been recorded using the deferral method of accounting for contributions. Under the deferral method, contributions are taken into revenue in the year in which they are earned.

*b) Development costs*

The Foundation develops courses and publications for the purposes outlined in note 1. Fees charged for the use and purchase of such items are generally set such that only direct costs are recovered. All costs related to development of courses and publications are expensed in the year incurred.

*c) Publications*

Due to the uncertainty of recovering direct costs incurred in the printing of publications, such costs are expensed in the year incurred.

*d) Equipment and leasehold improvements*

Furniture, office equipment and leasehold improvements are stated at acquisition cost.

Amortization of furniture and office equipment is provided on the straight-line basis over a three year period. Amortization of leasehold improvements is provided on a straight-line basis over the expected remaining term of the lease.

*e) Contributions in kind*

Contributors provide a significant amount of time and absorb costs related to certain activities of the Foundation. Because of the difficulty in determining their fair value and completeness, contributions in kind are not recorded in the financial statements.

*f) Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.



**CCAF-FCVI INC.**  
**NOTES TO FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2007**

**3. FINANCIAL INSTRUMENTS**

The Foundation's financial instruments consist of cash, guaranteed investment certificate, accounts receivable, accounts payable and accrued liabilities as well as international and Public Performance Reporting program funds payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short term nature.

**4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

The equipment, leasehold improvements and related accumulated amortization are as follows:

	<u>2007</u>	<u>2006</u>
Furniture, office equipment and leasehold improvements	\$ 103,581	\$ 90,528
Accumulated amortization	<u>94,878</u>	<u>85,040</u>
	<u>\$ 8,703</u>	<u>\$ 5,488</u>

**5. DEFERRED REVENUE**

Deferred revenue consists of various operating and research contributions related to periods subsequent to the year end as summarized below:

	<u>Operating</u>	<u>Research</u>	<u>Total</u>
Balance, March 31, 2006	\$ 16,397	\$ -	\$ 16,397
Recognized as revenue in the year	(16,397)	-	(16,397)
Received in year and applicable to subsequent periods	<u>14,063</u>	<u>18,450</u>	<u>32,513</u>
Balance, March 31, 2007	<u>\$ 14,063</u>	<u>\$ 18,450</u>	<u>\$ 32,513</u>

**CCAF-FCVI INC.**

**NOTES TO FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED MARCH 31, 2007**

**6. INTERNATIONAL PROGRAM FUNDS**

The Foundation coordinates a program designed to improve the process of public sector governance in developing countries. International program costs are funded by the Canadian International Development Agency (CIDA), with in-kind contributions from the Offices of the Auditors General of Canada and Québec and participating Supreme Audit Institutions. The current contributions agreement with CIDA, which expires September 30, 2007, provides for funding to the end of the contract of up to \$383,000. CIDA pays the direct costs associated with this program and makes a contribution to the Foundation's general overhead. Management is currently negotiating with CIDA for a 5 year renewal of this contract.

The financial activities of the international program consist of the following:

	<u>2007</u>	<u>2006</u>
a) Revenues and expenses		
Program revenues	\$ 369,678	\$ 356,854
Direct expenses	193,130	242,804
Administrative expenses	<u>176,548</u>	<u>114,050</u>
	<u>\$ 369,678</u>	<u>\$ 356,854</u>
b) Flow of program funds		
Unexpended funds at beginning of year	\$ 27,647	\$ 30,460
Advances received from CIDA	721,056	354,041
Expenditures for year	<u>369,678</u>	<u>356,854</u>
Unexpended funds at end of year	<u>\$ 379,025</u>	<u>\$ 27,647</u>

**7. PUBLIC PERFORMANCE REPORTING FUNDS**

The Foundation is currently coordinating a program which involves pilot projects being performed in an effort to achieve a higher level of public performance reporting. The program costs are funded by the Alfred P. Sloan Foundation (APSF) and require a matching of contributions (either cash or in-kind) from various Canadian jurisdictions in order to receive the grant funding. The current contributions agreement with APSF, which expires June 30, 2009, provides for funding of \$150,000 USD annually.

The financial activities of the program consist of the following:

a) Revenues and expenses	
Program revenues	\$ 53,044
Program expenses	<u>\$ 53,044</u>
b) Flow of program funds	
Unexpended funds at the beginning of the year	\$ -
Advances received from APSF	169,500
Advances of cash received from Canadian jurisdictions	<u>39,100</u>
	208,600
Expenditures for the year	<u>53,044</u>
Unexpended funds at the end of the year	<u>\$ 155,556</u>

**CCAF-FCVI INC.**  
**NOTES TO FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2007**

**8. NET REVENUE (EXPENSE) FROM PUBLICATIONS AND CONFERENCES**

Net revenue from the above activities consists of the following and includes only direct costs.

	2007			2006		
	Revenue	Expenses	Net	Revenue	Expenses	Net
Conferences	\$ -	\$ -	\$ -	\$ 157,259	\$ 191,626	\$ (34,367)
Publications	17,476	1,698	15,778	7,441	190	7,251
	<u>\$ 17,476</u>	<u>\$ 1,698</u>	<u>\$ 15,778</u>	<u>\$ 164,700</u>	<u>\$ 191,816</u>	<u>\$ (27,116)</u>

**9. SALARIES AND BENEFITS**

The total amount of salaries and benefits was \$718,451 (2006 - \$930,231). Salaries are allocated to various operational areas as outlined in the following table.

	2007	2006
Research and capacity development	\$ 376,615	\$ 449,241
Training	44,980	-
International program	58,000	58,000
Stakeholder relations and communications	146,202	179,830
Non-program salary expense	92,654	243,160

Salaries expense has been shown net of a grant received in the year in the amount of \$4,450.

**10. MEMBERSHIP FEES AND CONTRIBUTIONS**

The Foundation derives approximately one third of its membership revenue from a single member.

**11. COMMITMENTS**

*Lease*

The Foundation has entered into a lease agreement for office premises with the following annual commitments. The lease expires February 28, 2010.

2008	\$ 74,342
2009	76,562
2010	72,117

**12. COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform to the presentation adopted for the current year.

**13. SUBSEQUENT EVENT**

In June 2007, CCAF's Board of Governors formally recognized an allowance to be paid to two long-term employees in lieu of pension benefits occurring prior to the implementation of an RRSP contribution matching program in 2005. An amount of approximately \$32,000, which was calculated based on the number of years of service of these two employees, will be charged to operations in fiscal 2008.

*CCAF's vision is the achievement of excellence in public sector governance, management and accountability.*



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Ottawa (Vanier), ON  
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