



2008-2009 Annual Report

CCAF-FCVI BOARD OF GOVERNORS



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Independent Consultant, Former Assistant Auditor General of Canada and Former Interim Commissioner of the Environment and Sustainable Development



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I am delighted and honoured to take on the responsibility of Chair of the Board of Governors of CCAF effective April 1, 2009. I remember well the founder of CCAF, **James J. Macdonell**, who was Auditor General of Canada when I joined his Office in 1977 and for whom I had the greatest respect and admiration.

As I look back over the Foundation's first 29 years, I am struck by the way in which it has grown and matured over that time. **J-P Boisclair** was a driving force for many years, and he was followed by **Michael McLaughlin** and then **Michael Eastman**.

I would particularly like to acknowledge the many contributions of Michael McLaughlin in recent years. Michael joined the Board in 2000, served as Interim Executive Director from October 2002 to December 2003, was elected Vice-Chair in 2004 and Chair in 2005. He was largely responsible for steering CCAF through turbulent times and, working closely with our Executive Director, for re-shaping the activities and programs of the Foundation to help meet the needs and challenges of the future.

On behalf of the Board, I would like to thank Michael McLaughlin most sincerely for his outstanding service to CCAF and to the public sector more generally.

I would also like to thank our hard-working Executive Director, Michael Eastman, and his talented staff at CCAF for the creativity, enthusiasm and dedication that they bring to their work on our behalf.

I am very proud of CCAF and the work it does both in Canada and abroad.

What started as an organization to promote comprehensive or performance auditing has grown into an organization that embraces all three elements of public sector accountability – legislative audit, parliamentary oversight and government management. This expansion of CCAF's work recognizes that effective legislative audit requires an interested and informed audience – parliamentary oversight, and a well-functioning and responsive auditee – government management. Research, training and workshops within Canada are dedicated to strengthening these three basic elements of public sector accountability.

The challenges going forward are to ensure that the Foundation's programs and activities within Canada continue to meet the needs of stakeholders, and that sufficient funding is available to enable these needs to be met.

CCAF has also been active internationally since its inception in 1980 through the fellowship program. This program is funded by the Canadian International Development Agency (CIDA) and supported by the Offices of the Auditors General of Canada, Québec and, in recent years, other provincial legislative audit offices. Under the program, auditors from developing countries are brought to Canada for nine months to study performance auditing, to see first hand how it is applied and to bring back knowledge gained for application in their countries. In the past two years, CCAF and CIDA identified the need to provide more support to graduate fellows after they return home, including strengthening the three basic elements of public sector accountability identified above.

The challenges going forward are to ensure that the Foundation's programs and activities carried out abroad strengthen the effectiveness of the fellowship program, are coordinated with development initiatives conducted by others and are appropriately financed and supported.

Over the past few months, Michael Eastman and I have been meeting with key stakeholders within Canada and abroad to discuss CCAF's programs and activities and the challenges and opportunities that lie ahead.

I would like to end by thanking those who have provided financial and other support to CCAF over the past year, in particular CIDA, the legislative auditors in the provinces, government officials, chairs and researchers of oversight committees and members of the accounting profession.

I am confident that, working together, we will continue to make significant contributions to the public sectors within Canada and abroad, and I look forward to being part of this important task.



Ronald C. Thompson, FCA
Chair, Board of Governors

SHARE YOUR THOUGHTS ON THE CHALLENGES WE FACE



In February 2008, CCAF's Board of Governors adopted a five-year Strategic Framework for the Foundation. The plan set out 4 high-level Strategic Goals, and then it identified a total of 14 Planned Results we would aim to meet by 2012-2013.

One year later, in February 2009, CCAF's Board reviewed the Foundation's progress against the plan, and examined issues and challenges as we move forward.

As you will read in this report, our progress has been solid, and we are on schedule or ahead of schedule in all areas. Rather than focus on that here, I thought I would note a few of the issues and challenges the Foundation is dealing with as we work to serve our members effectively. We would welcome your input on any of them.

In our **training** program, we work closely with the Canadian Council of Legislative Auditors (CCOLA) to develop courses and training that meet their needs. Over the past few years, we have established a reputation for quality training and learning events, and we are gradually building an inventory of courses and workshops. One of our most recent training events for the CCOLA community has been to work in collaboration with them to develop the agenda and speakers for their *Performance Audit Symposium*, which took place in April 2009. The symposium was well attended and positively evaluated and we look forward to bringing these types of learning events to the CCOLA community in the future.

Our **Innovation, Risk and Control** research program is making a timely contribution to discussion of this subject, particularly at the federal level. CCAF now needs to look ahead to identify our next major topics for research. In doing so, we need to ensure over time that the interests of our members are reflected in the choices we make.

Our work with the **internal audit** community has focused primarily on the *Government Internal Audit Council of Canada*, which CCAF co-founded and co-chairs. GIACC has proven to be a highly valuable forum for the heads of the internal audit function of Canada's federal, provincial and territorial governments. Our challenge going forward is to find ways to engage the broader community, in ministries and departments, and at the municipal level. One way is to adapt our courses for internal auditors, and we are doing that. Is there more we can do with our limited resources?

For many years CCAF has carried out research and practical projects in the area of **public performance reporting**. Over the past three years, this has been supported by the Alfred P. Sloan Foundation. We are particularly enthusiastic about the potential for Canadian governments to use new digital technologies to improve reporting to citizens and elected officials. We also believe that we are in a position to develop a set of public performance reporting principles for the digital age that will be well received by governments across Canada. The knowledge we have gained is ready to be leveraged and we need to be creative in doing so.

Internationally, CCAF is playing a significant role in helping our members and partners contribute to Canada's efforts to strengthen governance abroad. The challenge for us is to keep up with our members' willingness to get involved. Four Canadian audit offices are now hosting CCAF Fellows, six are mentoring counterpart audit offices in developing countries, and senior auditors from a number of audit offices are helping lead our workshops abroad. Making all this work logistically, and keeping our funder CIDA fully informed of our activities, has our international staff hoping.

We have an enviable reputation across the country as experts on what makes **public accounts committees** effective. Over the past few years, we have been expanding the borders of our knowledge by undertaking surveys and other research, and sharing our knowledge with committees in Canada and abroad.

These challenges are positive ones, the kind that any successful organization would expect to face in the normal course of events. If you have views on how our Foundation might deal with them, please let me know. Through the efforts of our dedicated Board of Governors, our hardworking staff, and our members, partners and other stakeholders in Canada and around the world, there are few challenges we cannot address effectively together.

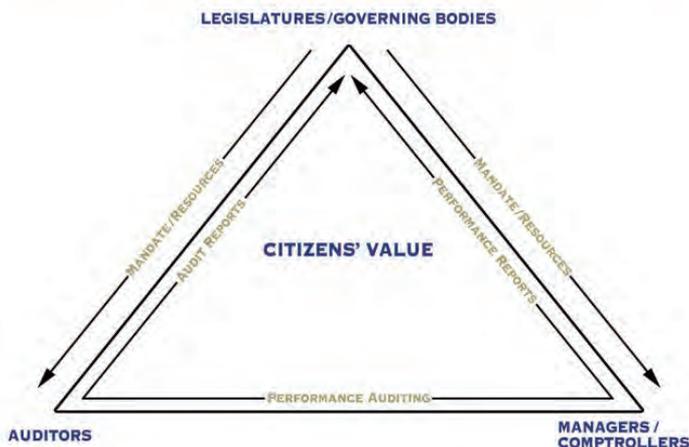


Michael P. Eastman, FCMA
Executive Director, CCAF-FCVI

CCAF is a non-profit Canadian research and educational Foundation. We provide a neutral forum where senior public sector managers, auditors and elected officials can actively and collectively study issues of mutual interest, share knowledge, and collaborate to strengthen public sector management, governance and accountability.

As the diagram below illustrates, these three groups are at the core of the public financial accountability process. In assisting all three to address common issues, CCAF plays a unique role.

PUBLIC MANAGEMENT, GOVERNANCE AND ACCOUNTABILITY



CCAF was created in 1980 to advance the concept of Performance (Value-for-Money) Audit within Canadian governments. Over time, the Foundation realized that effective public financial accountability involved not just auditors, but also managers and those responsible for governance. The focus of our work has expanded accordingly.

Our International Program was established in the year of our founding as an early priority initiative. Its focus, too, was initially on VFM auditing. In sharing our growing VFM knowledge beyond the Canadian community, we broadened our understanding of the principles involved and obtained a wider perspective on their application.

As the focus of our domestic work has evolved, so too has the focus of our international activities, which now engage those in our partner countries involved in the accountability process. The benefits to our domestic work of our involvement internationally remain as compelling now as they did at the time of CCAF's founding.

In this report, we provide for our members an overview of our initiatives based on our four Strategic Goals for the period 2008-2009 to 2012-2013:

- Create and share knowledge about management, governance and accountability issues
- Build accountability capacities, with focus on audit
- Help strengthen participants in accountability process
- Manage CCAF Secretariat effectively

For each goal, our Strategic Framework identifies several Planned Results (14 in all) to be accomplished by 2012-2013. At the end of each section of this report, we list the relevant Planned Results so readers may assess our progress to date following the first year of this five-year planning period.

In carrying out activities to achieve our Planned Results, we aim to fulfil CCAF's mission: to provide exemplary thought leadership and to build both knowledge and capacity for effective governance and meaningful accountability, management and audit.

Our members, stakeholders and partners form an extensive and influential network of individuals and institutions. They include federal, provincial and municipal legislative auditors, elected officials, central agency officials, public sector controllers and internal auditors, including those from Canada's Territories, accountancy bodies, accounting firms, educational institutions, and our international partners, including the Canadian International Development Agency and our many partners abroad.

These individuals and organizations advance CCAF's mission in many ways. They help us generate and test new ideas. They give us access to their experts, their course materials and their facilities. They attend our courses. They host our international Fellows. They mentor counterparts in our international program partner countries. They fund core activities and special projects. They identify topics for the Foundation to examine. They help lead our workshops and symposiums, both in Canada and abroad. They serve as advisory committee members. They invite us to speak at their events. They speak at our events.

To everyone who contributed to CCAF in 2008-2009, thank you. This report is a salute to your efforts and your accomplishments.

INNOVATION, RISK AND CONTROL PROJECT PROVING TIMELY

Adalsteinn (Steini) Brown
Assistant Deputy Minister
Health System Strategy
Division
Government of Ontario

Frank Des Rosiers
Assistant Secretary
Priorities & Planning
Treasury Board of Canada
Secretariat

Yves Gauthier, FCA
Senior Vice-President and
Chief Financial Officer
Desjardins Securities

Michael McLaughlin, FCMA
President
McLaughlin Performance
Management Consultants Inc.

Errol S. Price, FCA, CMC
Deputy Auditor General
Office of the Auditor General
of British Columbia

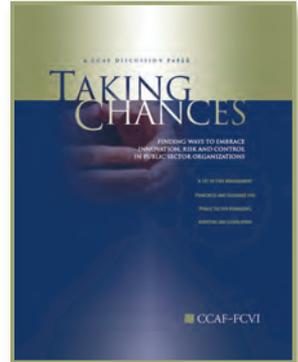
Charles-Antoine St-Jean, FCA
Partner
Ernst & Young

CCAF REPRESENTATIVE

Lee McCormack
Director of Research

Since early 2008, CCAF's major research focus has been on our *Innovation, Risk and Control* research project, led by Director of Research **Lee McCormack**. The aim of the project is "to identify practical ways for public sector organizations to reduce administrative rules to those that are necessary – while managing risks, creating room for innovation, and maintaining a robust environment of internal control."

The project has been moving ahead at a brisk pace. In October 2008, CCAF published the discussion paper *Taking Chances: Finding Ways to Embrace Innovation, Risk and Control in Public Sector Organizations*. The document set out five draft management principles and guidance on finding ways to embrace innovation, risk and control in public sector operations. It is available at: <http://www.ccaf-fcvi.com/english/research/irc/index.html>.



Innovation, Risk and Control: 3 Main Phases:

2008-09 Building Momentum

- Establish a presence
- Publish a document on principles and guidance
- Organize a "conference of senior officials"

2009-10 Consolidating the Principles and Identifying Best Practices

- Hold discussion groups in the provinces
- Publish the principles and guidance in final form
- Prepare case studies

2010-11 Embedding the Principles in Management and Audit Practice

- Write final case studies – plus three other possibilities (TBD)
 - Prepare audit guidance
 - Create costing model
 - Develop course curricula

In November 2008, CCAF hosted a symposium in Ottawa on Innovation, Risk and Control. Co-chaired by Auditor General of Canada **Sheila Fraser** and then-Secretary of the Treasury Board of Canada **Wayne Wouters**, the event attracted about 100 senior officials. The participants discussed how departments and central agencies could encourage innovation, better manage risk, reduce administrative rules and maintain a robust environment of internal control. The conference proceedings are available at <http://www.ccaf-fcvi.com/english/research/irc/index.html>.

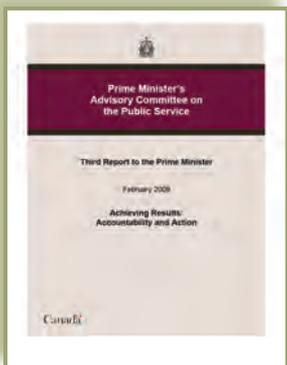


The five CCAF management principles and guidance are now being tested in many regional meetings, conferences and symposia across Canada, and will be published in final form in the fall of 2009. This advances the original planned publication date by several months. CCAF also

plans to develop case studies from federal and provincial jurisdictions illustrating leading practices related to the principles. Drafting of the first case studies will begin over the summer of 2009.

Interest in the topic of innovation, risk and control is growing, particularly as governments across the country implement economic stimulus programs to soften the impact of the global economic crisis.

In February 2009, the Prime Minister's Advisory Committee on the Public Service released its third report, *Achieving Results: Accountability and Action*. It recommended that, “Senior leaders and elected officials should be prepared to take informed risks to expedite decision making and action on identified priorities in order to deliver results to Canadians.” It also said, “Departments and agencies should be challenged to take decisive measures to address their own web of rules.” The advice and recommendations in the report (see <http://www.ccaf-fcvi.com/messages/02-26-09IRCReportRelease/>) are consistent with CCAF research.



CCAF's 5 Proposed Management Principles on Innovation, Risk and Control

1. Maintain Control: Management should prudently manage resources to achieve results
2. Encourage Innovation: Management should remove barriers and ensure that innovative projects are well managed
3. Act on Opportunity: Management should invest in a risk-smart culture
4. Reduce Red Tape: Management should eliminate unnecessary administrative rules and challenge the creation of new ones
5. Respect the Rules: All employees must respect the rules that exist

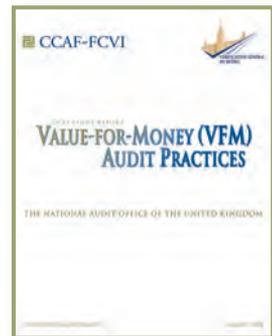
In June 2009, CCAF and the Public Policy Forum co-hosted a workshop on *Risk Management and Economic Stimulus Programming*. Public service program managers and auditors handling stimulus programs had an opportunity to discuss program performance expectations and the practice of risk management in the context of the current stimulus spending initiatives.



REVIEW OF VFM METHODOLOGIES

As part of our overall commitment to provide leadership and build audit capacity in Canada, CCAF recently reviewed the Value-for-Money (VFM) audit practices of the Auditor General of Ontario and the National Audit Office of the United Kingdom. The focus of this research project was the identification and analysis of 'best practices' as it relates to value-for money-audit within selected jurisdictions.

The project was sponsored by Québec Auditor General **Renaud Lachance**, and completed by CCAF Associate **Arn van Iersel**, a former acting Auditor General of British Columbia. It identified some significant policies and procedures as well as a number of important recently released VFM practice documents.



PUBLIC PERFORMANCE REPORTING ACTIVITY

CCAF has been involved in efforts to help Canadian governments improve their public performance reporting (PPR) for a decade. Since 2006 our PPR program has received funding under a three-year agreement with the **Alfred P. Sloan Foundation** of New York. The objective of the program is to realign performance reports with the needs of user groups including legislators, media, non-governmental organizations and citizens.

Much has been accomplished over the past three years, as can be seen from the dedicated CCAF performance reporting website we established (<http://www.performancereporting.ca/home.php>). Highlights from 2008-2009 include the following:

- In September 2008, CCAF and the Government of Alberta released the final report on consultations CCAF undertook in Alberta in late 2007 to solicit views on ways to improve public performance reports. (See http://www.performancereporting.ca/recent/sept2008_groups.php)
- Also in September, approximately 35 people met in Vancouver to discuss, from a Western Canadian perspective, ways to bring performance reporting more fully into today's digital age. The symposium was co-chaired by **Carol Bellringer**, Auditor General of Manitoba, and **Rob Fleming**, chair of British Columbia's Public Accounts Committee. The participants included senior representatives from Western Canadian legislative audit offices, public accounts committees and central agencies. They interacted with Canadian and international performance reporting experts, and went away with actionable ideas for encouraging improved performance reporting in their jurisdictions. A report on the event is available at: <http://www.ccaf-fcvi.com/messages/11-21-08PPRSymposium/>.
- With funding from Alberta Treasury Board, CCAF examined how new internet technologies could be applied to a web-based, citizen-engaged version of the Government of Alberta's government-wide performance report, *Measuring Up*. As a result, we developed 10 good practices for effective web-based and citizen-engaged performance reporting and applied them directly to *Measuring Up*, assessing the technical feasibility of each potential change.

PERFORMANCE REPORTING TASK FORCE

Carol Bellringer, FCA, MBA
Auditor General of Manitoba

Barbara Cohn-Berman, BA, MA
Vice-President and Director
Center on Municipal
Government Performance

John Doyle, MBA, CA
Auditor General of British
Columbia

Rob Fleming, BA
Chair, Public Accounts
Committee of British
Columbia

Katherine Graham, BA, MA
Dean of the Faculty of Public
Affairs and Management
Carleton University

John Herhalt, FCA, CISA
Partner, Global Chair,
Infrastructure, Government
and Health Line of Business
and Canadian National,
Industry Leader, Public Sector
KPMG LLP

Graham Steele, BA, LLB
MLA for Halifax Fairview
Legislative Assembly of Nova
Scotia

Chris Waddell, Ph.D.
Associate Director & Associate
Professor, Business and
Financial Journalism, School of
Journalism and
Communication
Carleton University

CCAF REPRESENTATIVE

Lee McCormack
Director of Research

- CCAF's deputy director of research and capacity development, **Chris Hyde**, has examined literally hundreds of performance reports from around the globe – from government departments and ministries, from non-profit corporations, and from major private sector firms. He is called upon regularly to share his knowledge.

In December 2008, Chris and **Marianne Farag** of the Office of the Auditor General of Manitoba gave a one-day workshop to staff of the Office of the Auditor General of Québec. In March and May 2009 he participated in Performance and Planning Exchange events in Ottawa.

In January 2009, he spoke to planners and program evaluators from a number of Ontario ministries at a meeting of the Performance Measurement/Program Evaluation Network in Toronto. In Edmonton in January, Chris and **Lee McCormack**, CCAF's Director of Research, spoke before the provincial government's Knowledge and Data Sharing ADM Committee. Their interactive presentation was hyperlinked to online best practices, providing live examples from more than 20 websites that are currently using Web 2.0 technologies to report government performance to citizens. A report on these two events is available at:

<http://www.ccaf-fcvi.com/messages/03-26-09PPRUpdate/>.

Based on the discussions at the Western Canada symposium and the results of our work in Alberta, CCAF will be updating our *Nine Principles for Better Performance Reporting*, which were published in 2003. **Lee McCormack** and **Chris Hyde** are leading this work and hope to have developed a discussion document on guidelines and principles for web-based, citizen-engaged public performance reporting in the latter part of the fiscal year.



PUBLIC POLICY AND GOVERNANCE PORTAL

CCAF is considering participating in a new web portal for those interested in issues of public policy and governance. The primary partners in the portal are Canada's leading public policy faculties and schools. CCAF has been invited to manage the portal's section dealing with Governance, Oversight, Innovation and Control.



The portal could prove to be a useful research tool. It would enable us to seek feedback on our draft documents, interact with students and professors, and generate discussion on issues of interest to us. The portal goes on line in the fall of 2009. We are currently assessing whether the benefits to the Foundation would exceed the costs.

STUDY OF COMPTROLLER PRACTICES ACROSS CANADA

At the annual meeting of the Canadian Council of Comptrollers in Québec City in August 2008, CCAF presented the results of our survey of comptrollership practices within Canada.

The primary purpose of the project was to provide comparative benchmarking information for Canadian comptrollers, based on what is happening in Canada, Australia, New Zealand and the United Kingdom. A key finding was that the comptrollership function differs substantially in structure and responsibilities in the various offices in Canada and when compared internationally.

At the request of the Council, CCAF is now carrying out two additional short discussion papers:

The Establishment of Accredited Training Offices for CA Students

At the time of the Comptrollership Review Report (July 2008) a number of Comptroller General Offices were considering becoming accredited training offices for CA students. This was seen as yet another way of attracting qualified accountants to the office and perhaps the broader public service. Offices were experiencing a serious shortfall in their ability to attract and retain accounting staff. It was felt that creating a CA training office would help to alleviate these staffing pressures. It was clearly not the whole answer but one of a number of possible strategies.

The establishment of CA accredited training offices is relatively new to Comptroller General Offices, with only two offices accredited to date. However, accreditation has been in place for most Auditor General Offices for many years, in some cases for 40 to 50 years. To assist Comptroller's General, CCAF conducted a brief survey that explored the challenges and opportunities involved in establishing a CA training office, and captured the advice of those that have training offices place.

The Potential Formation of Canadian Council of Comptrollers (CCOC) Sub Committees

The Canadian Council of Comptrollers (CCOC) was created as an initiative of the Federal, Provincial, and Territorial Comptrollers. The intent of the CCOC was to foster information sharing and co-ordination of efforts in areas of mutual interest. A secretariat was established which includes a full time person operating out of the Comptroller's office of Ontario. The secretariat is funded by contributions from each of the Canadian jurisdictions.

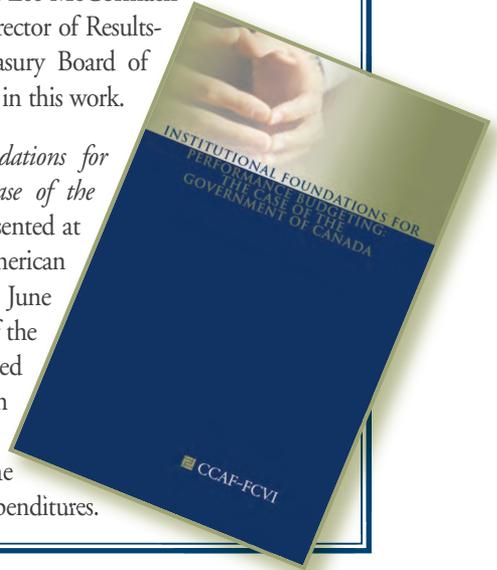
The Council has come a significant way in its relatively short existence. There is a considerable flow of information between the various jurisdictions, and where appropriate, co-ordination of efforts in areas such as responses to the Public Sector Accounting Board, and working with each other in the development of policy papers for consideration by the PSAB-Deputy Ministers Joint Working Group.

In carrying out its business the CCOC recognizes the independence of each Comptroller's Office and that there will always be differences of view and different needs from jurisdiction to jurisdiction.

CCAF Provides Performance Budgeting Overview

At the request of the World Bank, CCAF helped draft a paper on the generation and use of performance information in the Government of Canada. Director of Research **Lee McCormack** and **Bruce Stacey**, Executive Director of Results-based Management at the Treasury Board of Canada Secretariat, collaborated in this work.

The paper, *Institutional Foundations for Performance Budgeting: The Case of the Government of Canada*, was presented at a major conference of Latin American countries in Mexico City in June 2008. It provides an overview of the federal government's redesigned expenditure management system and its key feature, the annual strategic review of the government's direct program expenditures.



TRACKING OUR PROGRESS

CCAF will track and report on its' progress against this goal in future Annual Reports

Goal:

Create and share knowledge about management, governance and accountability issues

Planned Results by 2012-2013:

- Substantial contribution to the discussion of *innovation, risk and control*
- Publish CCAF principles, guidance and case studies
- Knowledge created is transmitted through CCAF capacity development activities
- Canadian public performance reports more closely aligned to the needs of users
- CCAF has selected and begun to work on one or more new research projects (*to include work in the area of Performance – VFM – audit*)

TRAINING PROGRAM NOW FIRMLY ESTABLISHED

CHAIR

Vince Mazzone
Director, Justice and Regulatory Portfolio
Office of the Auditor General of Ontario

Véronique Boily
Director, VFM Consulting Services
Vérificateur général du Québec

Angèle Borys
Principal, Support Services
Office of the Provincial Auditor of
Saskatchewan

Sandra Cohen
Director, Value for Money Audit Services
Office of the Auditor General of Manitoba

Mary-Jane Dawson
Principal
Office of the Auditor General of Alberta

Bill Drover
Manager, Professional Practice
Office of the Auditor General of
Newfoundland & Labrador

Jane MacAdam
Audit Director
Office of the Auditor General of Prince Edward
Island

Joe Martire
Principal, Professional Practices Group
Office of the Auditor General of Canada

Jennifer Paget
Manager of Training & Professional
Development
Office of the Auditor General of British
Columbia

Nicolette Reiss
Assistant Auditor General
Office of the Auditor General of Bermuda

Terry Spicer
Assistant Auditor General
Office of the Auditor General of Nova Scotia

Tania Wood-Sussey
Project Supervisor
Office of the Auditor General of New
Brunswick

CCAF has been involved in training delivery since 2006, when the Canadian Council of Legislative Auditors (CCOLA) asked CCAF to develop, in partnership with the community, a high quality, professional training program for public sector auditors. At the same time, CCAF was planning to expand our international program by, among other things, offering courses abroad. As a result of these two incentives, CCAF has launched and solidified an impressive and growing training program.

We did not do it alone. CCOLA members contributed greatly by offering us their own course materials, sitting on course development committees, participating in pilot offerings of new courses, and serving as course instructors. CCOLA itself has now established a formal training group to provide us ongoing guidance and input.

The courses we develop for the Canadian public sector audit community form the basis for the training we provide through our international program, which is funded by the Canadian International Development Agency.

Our course content reflects current best practices with a strong emphasis on standards. We have a faculty of qualified course instructors, with a good mix of active audit office staff, retired auditors and private sector consultants. For most courses we encourage attendance from a number of audit offices so that participants can share perspectives and experiences across jurisdictions.

Despite the relatively small size of the legislative audit community in Canada, we are finding we can increase the return on investment in our courses (and keep course fees low) by adapting courses for the internal audit community and the international community.

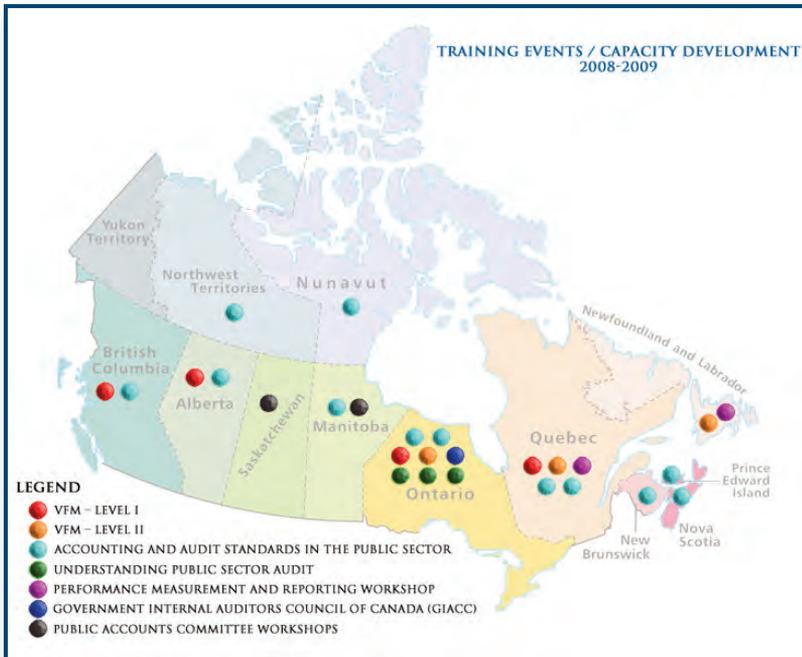
CCAF LIAISON

Nicole Wieczorek
Director of Training & Chief Financial Officer

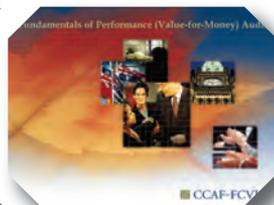
PORTFOLIO OF COURSES IS GROWING STEADILY

Under the leadership of Director of Training **Nicole Wieczorek**, CCAF is gradually building our portfolio of audit-related courses and workshops, which to date include the following:

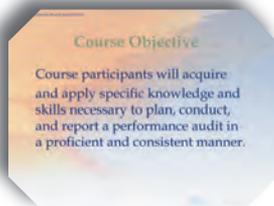
- Fundamentals of Performance (Value-for-Money) Audit
- Performance (Value-for-Money) Audit – Level II
- Accounting and Auditing Standards in the Public Sector *(in partnership with KPMG)*
- Understanding Public Sector Audit *(in partnership with PricewaterhouseCoopers)*
- Auditing for Wrongdoing, Fraud and Corruption and Introduction to Forensic Auditing
- Evidence Gathering and Analysis in Performance Audits
- Sampling for Performance Audits
- Accountability, Governance and Reporting on Performance
- Orientation to Performance Measurement and Reporting



The *Fundamentals of Performance (Value-for-Money) Audit* course has been available since Fall 2006. This past fiscal year, CCAF delivered it in Edmonton (July 2008), Toronto (October 2008), Guyana (October 2008), Québec (December 2008) and British Columbia (February 2009). We will offer it in Toronto in October 2009. [Agenda](#)



We completed the pilot testing for the *Performance (Value-for-Money) Audit – Level II* course in August 2008, and delivered it in Costa Rica (January 2009), Québec (February 2009) and Toronto and Tanzania (April 2009). It will be offered in Edmonton in October 2009. [Agenda](#)

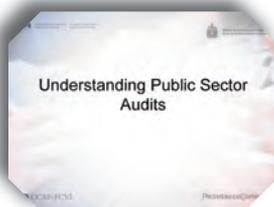


In partnership with KPMG, the one-day course on *Changes to Accounting and Auditing Standards in the Public Sector* is updated annually to reflect developments during the year. The 2008-2009 version was delivered 13

times in nine provinces and two territories between September 2008 and April 2009. CCAF would like to acknowledge the significant contributions of KPMG training associates from across Canada. In particular, we would like to recognize the development team of Andrew Newman (Ottawa), Luc Beaulieu (Montreal) and Katarina Gustaffson (Ottawa).



CCAF, in partnership with PricewaterhouseCoopers, has adapted the material from our Performance Audit courses to develop a course for public sector managers. The half-day session – *Understanding Public Sector Audit* – was delivered in pilot format in September 2008. The session aims to inform public sector managers about the performance audit process, and to advise them, through an expert panel, on how the audit process can be approached and managed. It includes information on where managers should focus their attention to ensure the organization gets value from the



process. An English offering was delivered in February, 2009, and further offerings will be scheduled for the Fall 2009. [Agenda](#)



Auditing for Wrongdoing, Fraud and Corruption and Introduction to Forensic Auditing is a five-day course introduced to provide enhanced post-graduate follow-up and support to Fellows of CCAF's international program. It was offered in Tanzania in April 2009.

Evidence Gathering and Analysis and *Sampling for Performance Audits* are two half-day seminars CCAF offers abroad as a supplement to our longer performance audit courses. They were delivered in Guyana in October 2008, Costa Rica in January 2009 and Tanzania in April 2009.



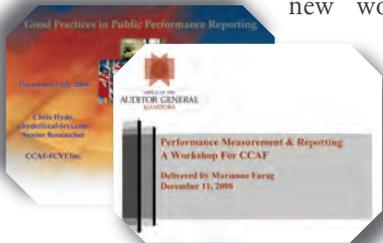
Accountability, Governance and Reporting on Performance is delivered annually in Canada to the Fellows participating in



CCAF's international program. We have also delivered the course in other countries – in Benin in 2007, and in Mali in November 2008.

Orientation to Performance Measurement and Reporting is a

new workshop that provides participants with an understanding of the topic through course material and hands-on experience. CCAF piloted a one-day version of the workshop in Newfoundland in July 2008 has since held the workshop in Quebec (December 2008). [Agenda](#)



Fundamentals of Performance (Value-for-Money) Audit course participants in Toronto, October 2008.



Fundamentals of Performance (Value-for-Money) Audit course participants in Québec, December 2008.

Brian Aiken
Assistant Comptroller General, Internal Audit
Office of the Comptroller General of Canada, Treasury
Board of Canada, Secretariat

Ted Doane
Executive Director, Internal Audit Department
Department of Finance, Nova Scotia

Michael Eastman
Executive Director
CCAF-FCVI

Ken Gabora
Director, Internal Audit
Ministry of Finance, Saskatchewan

Pierre Gagné
Président
Forum des responsables de la vérification interne

John Gunter
Director, Government Audit Service
Government of the Yukon Territories

David Hill
Director, Professional Services and Internal Audit Division
Office of the Comptroller General, Newfoundland &
Labrador

Jane Holatko
Director, Internal Audit & Consulting Services
Manitoba Finance

Richard Kennedy
Chief Internal Auditor & Assistant Deputy Minister
Ministry of Finance, Government of Ontario

Luc Lavoie
Executive Director
The Institute of Internal Auditors-Canada

Stuart Newton
Executive Director, Audit and Technical Services
Internal Audit and Advisory Services, Ministry of Finance
British Columbia

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

Grace Wilk
Audit Manager and Acting Chief Internal Auditor,
Internal Audit Services Branch
Department of Finance, Nunavut

Heather Zomar
Chief Internal Auditor, Corporate Internal Audit Services
Alberta Treasury Board Ministry

COUNCIL SECRETARY
Nicole Wieczorek
Director of Training and Chief Financial Officer
CCAF-FCVI

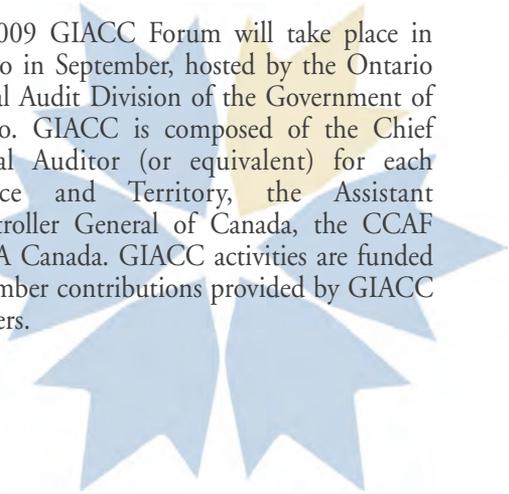
INTERNAL AUDITORS INCREASE THEIR COLLABORATION

Members of the Government Internal Auditors Council of Canada (GIACC) identified a number of topics on which they plan to exchange information and areas in which they could provide mutual support at their annual National Forum in Ottawa, October 20-22, 2008.

The Forum was co-chaired by **Richard Kennedy**, Chief Internal Auditor and Assistant Deputy Minister, Ontario Ministry of Finance; **Brian Aiken** of the Office of the Comptroller General of Canada, which hosted the meeting; and CCAF's **Nicole Wieczorek**, Secretary of the Council. A report on the meeting is available at http://www.ccaf-fcvi.com/english/updates/IA_Forum2008.html.

Among the topics discussed were Enterprise Risk Management and Internal Controls over Financial Reporting. A report on the meeting is available at (See link <http://www.ccaf-fcvi.com/english/updates/InternalControls03-30-09.html>).

The 2009 GIACC Forum will take place in Toronto in September, hosted by the Ontario Internal Audit Division of the Government of Ontario. GIACC is composed of the Chief Internal Auditor (or equivalent) for each Province and Territory, the Assistant Comptroller General of Canada, the CCAF and IIA Canada. GIACC activities are funded by member contributions provided by GIACC members.





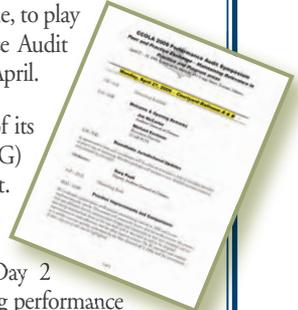
GIACC Members at their annual National Forum in Ottawa, October 2008.



CCAF Helps develop program for Performance Audit Symposium

CCAF was pleased to be asked, for the first time, to play a lead role in planning the 2009 Performance Audit Symposium, which took place in Toronto in April.

We worked with the feedback received through a CCOLA survey of its members and with the CCOLA Training Oversight Group (TOG) mentioned earlier in this report to develop an agenda for the event. Day 1 featured roundtable updates from each jurisdiction, sessions on practice improvements and implementing an Audit Logic Matrix, and a panel on Managing Government Economic Spending. Day 2 provided concurrent sessions on planning, conducting, and reporting performance audits in each of six program areas – Health, Infrastructure, Education, Governance, Justice, and Environment.



TRACKING OUR PROGRESS

CCAF will track and report on its' progress against this goal in future Annual Reports

Goal:

Build accountability capacities, with focus on audit

Planned Results by 2012-2013:

- CCAF is the primary [performance audit] training & events organization for the public sector audit community*
 - * if resources are limited, CCAF will ensure that its primary focus and initial offerings are aimed at the CCOLA community's requirements*
- Training and events offer the opportunity to interact with other jurisdictions and other communities (i.e. politicians, comptrollers and internal audit)
- CCAF can offer 5 audit courses/events, Annual Update, and workshops and seminars related to audit
- A curriculum for audit training is in place, supported by CCOLA / Comptroller – IA communities
- The internal audit community has a strong network

HELPING PUBLIC ACCOUNTS COMMITTEES IS A MAJOR FOCUS OF ACTIVITY

Len Derkach, MLA – Russell
Chair, Public Accounts Committee
Legislative Assembly of Manitoba

Rob Fleming, MLA – Victoria-Swan Lake
Chair, Standing Committee on Public Accounts
Legislative Assembly of British Columbia

Nancy Ford
Coordinator for Committees
National Assembly of Québec

Craig James
Clerk Assistant and Clerk of Committees
Legislative Assembly of British Columbia

Maureen MacDonald, MLA – Halifax-Needham
Chair, Standing Committee on Public Accounts
Legislative Assembly of Nova Scotia

Shawn Murphy, MP, PC – Charlottetown
Chair, Standing Committee on Public Accounts
House of Commons

Alex Smith
Analyst
Library of Parliament

Norm Sterling, MPP – Carleton- Mississippi Mills
Chair, Standing Committee on Public Accounts
Legislative Assembly of Ontario

Éric Thomassin
Clerk, Public Administration Committee
National Assembly of Québec

Harry Van Mulligen, MLA – Regina-Douglas Park
Legislative Assembly of Saskatchewan

CCAF's knowledge of public accounts committees (PACs) dates back to the Foundation's earliest days. Our first major research project examined the role of Canadian public accounts committees and legislative auditors, and led to the publication of a report in 1981.

Since 2006, CCAF has met with members of PACs across the country at their invitation to share the results of CCAF research into what makes for an effective committee.

In September 2008, at the joint annual meeting of the Canadian Council of Public Accounts Committees (CCPAC) and the Canadian Council of Legislative Auditors (CCOLA), CCAF presented the results of a survey of public accounts committees in Canada. The survey, conducted by CCAF with assistance from the World Bank Institute and KPMG, focused on committee powers and actual committee practices.

Antonine Campbell, Director, Parliamentary and International Programs, is leading our research on the *Attributes of an Effective PAC*. We will present the *Attributes* at the September 2009 CCPAC-CCOLA meeting in Edmonton.

At the provincial level, CCAF was invited to conduct an orientation session for the Saskatchewan Public Accounts Committee in January 2009. We also met with Manitoba and Nova Scotia committee members in October 2008 and March 2009 respectively.

At the suggestion of our CCAF PAC Advisory Committee, we are looking at the possibility of developing a curriculum for the orientation of new PAC members.

CCAF REPRESENTATIVE

Antonine Campbell, CA
Director, Parliamentary and International Programs

TAKING CANADIAN KNOWLEDGE ABROAD – AND LEARNING THERE TOO

Many other countries with Westminster systems of government have public accounts committees, including many of the partner countries in CCAF's international program. The Foundation has recently begun using its extensive knowledge of such committees to help improve cooperation between partner national audit offices and their counterpart oversight committees.



In 2007-2008, CCAF conducted workshops for national audit offices and parliamentary oversight committees in Tanzania, Ghana, Saint Lucia and Guyana, and in May 2008 for the PAC and Office of the Auditor General of Bangladesh (with funding from the World Bank Institute).

In 2008-2009, we worked with Saint Lucia to further strengthen the audit office–PAC relationship. Saint Lucia's Director of Audit (graduate CCAF Fellow 2008) met with the PAC Chair in Nova Scotia and attended a PAC

meeting to observe the interaction between the Auditor General's office and the provincial PAC. CCAF provided information requested by Saint Lucia's PAC, and met with the Saint Lucia PAC Chair to discuss progress. In March 2009, we met with Kenya's PAC and its Public Investments Committee.

In Tanzania in May 2009, CCAF Chair **Ron Thompson** spoke at the East Africa Public Accounts Committees annual conference regarding well functioning PACs and the relationship between the Auditor General and the PAC.

These interactions at the international level provide CCAF with enhanced insight into the nature of Canada's committees and their relationships with audit offices.

PROPOSAL UNVEILED FOR AN INTERNATIONAL CONTROLLERS ORGANIZATION

CHAIR

Nick Hare, BA, B.SS
Former Canadian Ambassador

François Boisclair, MPA
Director of studies
Vérificateur général du Québec

Yves Gauthier, FCA
Senior Vice-President and
Chief Financial Officer
Desjardins Securities

Adriel Gionet, CA
Director, International Relations
Office of the Auditor General of
Canada

Marc Meloche
Senior Policy Advisor, Office of the
Assistant Deputy Minister
Indian and Northern Affairs

Errol S. Price, FCA, CMC
Deputy Auditor General
Office of the Auditor General of
British Columbia

Ed Ryan, B. Comm, CFE, DIFA
Assistant Auditor General
Office of the Auditor General Alberta

Jocelyne Therrien, MA
Senior Principal, Parliamentary and
International Relations
Office of the Auditor General of
Canada

**OFFICE FOR DEMOCRATIC
GOVERNANCE REPRESENTATIVE**
Victoria Sutherland
Manager, Public Institutions and
Elections Section (PIES)
Canadian International Development
Agency (CIDA)

EX-OFFICIO
Antonine Campbell, CA
Director, Parliamentary and
International Programs,
CCAF-FCVI

Michael Eastman, FCMA
Executive Director, CCAF-FCVI

COMMITTEE SECRETARY
Caroline Jorgensen
Deputy Director, International
Programs, CCAF-FCVI

CCAF was a member of a small steering committee that examined the possibility of launching a new international organization for public sector controllers, accountants and treasurers. The committee developed and presented a proposal that was discussed at the International Consortium on Governmental Financial Management conference in Miami, Florida in May 2009.

Possible roles for the new body could include capacity development programs, sharing of good practices, exchanges of technical expertise, and support for the implementation of professional standards.

Reaction to the general concept, both at the conference and in earlier discussions, was positive. The next step will be to approach possible donors to seek start-up funding for the organization.

STRONG PARTNERSHIPS UNDERLIE CCAF'S INTERNATIONAL PROGRAM

Since 1980, CCAF and its partners have collaborated to strengthen audit institutions in developing countries. They do this by providing training in Canada for "CCAF Fellows" from a small number of countries, and by providing post-graduate support for the Fellows and their audit offices abroad.

CCAF's partners in the International Legislative Audit Assistance Program include the Offices of the Auditors General of Canada, Québec, Alberta and British Columbia. Legislative audit offices in Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia and Saskatchewan also

International Program Components

- Assessment and recruitment
- Fellowships
- Capacity development and post-graduate workshops
- Partnering with provincial Auditors General
- Cooperation with other capacity building partners



provide advice and support to counterparts in participating countries. The program is funded by the Canadian International Development Agency (CIDA).

CCAF CONDUCTS FIVE ASSESSMENT AND RECRUITMENT MISSIONS

CCAF carefully assesses both prospective participating audit offices and individual candidates. It does this through “recruitment and assessment” missions to the countries involved.

In 2008-2009, CCAF conducted five such missions: to Tanzania, Mali, Barbados, Costa Rica and Kenya. Missions to Thailand and Vietnam were completed the previous year.

SEVEN FELLOWS GRADUATE, SEVEN MORE BEGIN PROGRAM

The individuals selected during CCAF’s recruitment missions come to Canada for ten months as CCAF Fellows to learn about performance auditing and related topics.

Seven Fellows graduated from the program in May 2008. Candidates from Bénin and Mali were placed at the Office of the Auditor General of Québec, and the others – from Ghana (2), Kenya, Mali, Saint Lucia and Guyana – at the Office of the Auditor General of Canada.

In August 2008, seven more Fellows started the program – one each from Ghana, Kenya, Saint Lucia, Guyana and Thailand, and two from Vietnam. The Vietnamese Fellows did their placements at the Office of the Auditor General of Alberta, and the others at the Office of the Auditor General of Canada. Their graduation ceremony took place in June 2009.

Since the program began in 1980, 193 Fellows from 51 countries have graduated.



Fellowship placements at the Office of the Auditor General of Alberta



Fellowship placements at the Office of the Auditor General of Canada

2008-2009 FELLOWSHIP PROGRAM PARTICIPANTS



Chandrawattie (Chandra) Samaroo
Audit Office of Guyana



Lucy Kabura Machungo
Kenya National Audit Office



Kittima (Jane) Hanthaipholdee
Office of the Auditor General of Thailand



Phuong Anh Nguyen
State Audit Office of Vietnam (SAV)



Duong Tan Cao
State Audit Office of Vietnam (SAV)



Lenus Deterville
Office of the Director of Audit of Saint Lucia



Jacob S. Essilfie
Ghana Audit Office:

Auditor General Highlights Fellows Program

Auditor General of Canada **Sheila Fraser** told members of the House of Commons Standing Committee on Public Accounts about the ongoing success of the international program CCAF administers during an appearance on April 23, 2009.

Member of Parliament Terence Young said to Ms. Fraser, "It is my understanding that you enjoy an outstanding reputation internationally. Is that right?" In response, Ms. Fraser said, "Yes, I think the office is very well recognized and has always been very well recognized. One of the programs I'll mention is the Fellows program." She then described the program and noted it has been in existence for about 25 years. Of the CCAF program's graduates, she said, "some are now actually the auditor general in their country."

INTERNATIONAL CAPACITY DEVELOPMENT ACTIVITY IS AT A HIGH LEVEL

CCAF reinforces the in-Canada training of its Fellows with post-graduate support. This support includes training sessions delivered abroad and ongoing access for Fellows to CCAF's research, networks and expertise.

In 2008-2009, CCAF conducted six regional training workshops for graduate Fellows and selected other audit office staff (a total of 216 participants from 10 countries) from the Americas.

- *Fundamentals of Performance (Value-for-Money) Audit* – Guyana, October 2008
- *Performance (Value-for-Money) Audit – Level II* – Costa Rica, January 2009
- *Evidence Gathering and Analysis in Performance Audits* – Guyana, October 2008 and Costa Rica, January 2009
- *Sampling in Performance Audits* – Guyana, October 2008 and Costa Rica, January 2009

In April 2009, four additional workshops were held in Tanzania for auditors from English-speaking African countries.

Unless developing country audit offices have effective relationships with the other participants in the accountability process – such as parliamentary oversight committee members and government executives – their work is of limited value. For this reason, CCAF supports participating national audit offices by engaging these other groups.

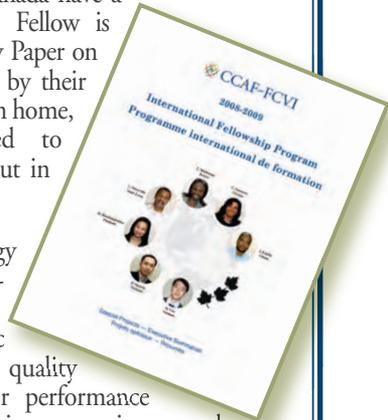
In November 2008, CCAF conducted a symposium on *Accountability, Governance and Reporting on Performance* in Mali. Participants attended from the full spectrum of institutions involved in government accountability. The symposium was an adaptation of a similar one CCAF delivered in Benin in June 2007.

The Foundation also worked with Guyana, Kenya, Saint Lucia and Tanzania during the year to further strengthen audit office–oversight committee relationships.

A Focus on Action

To ensure their studies in Canada have a strong practical focus, each Fellow is required to develop a Strategy Paper on a topic approved in advance by their home office. Upon their return home, the Fellows are expected to implement the strategy set out in their paper.

Examples of recent strategy paper topics include a risk-based approach to selecting potential audits, strategic planning, implementing a quality management framework for performance audits, integrating and reporting on environmental issues in performance audits, and developing a knowledge management framework for an audit office.



PROVINCIAL AUDITORS GENERAL MENTOR “TWINS” ABROAD

One of the most innovative and successful new components of the International Legislative Audit Assistance Program has been the matching up of Canadian provincial auditors general with counterparts in participating national audit offices abroad.

In 2008-2009, CCAF facilitated the creation of mentor relationships between:

- Manitoba and Kenya
- British Columbia and Barbados
- New Brunswick and Tanzania
- Newfoundland & Labrador and Guyana.



These joined arrangements that began the previous year between Nova Scotia/Saint Lucia and Alberta/Vietnam. Two more possible mentoring relationships are in the planning stages



The Canadians serve as mentors and technical advisors to the participating foreign audit offices, providing input into the scoping and planning of performance audits, step-by-step advice on the conduct of audits, assistance in the drafting of findings and recommendations, and guidance on relationships with public accounts committees.



Newfoundland Audit Office Visit Makes News in Guyana

The twinning arrangement between the Audit Office of Guyana and the Office of the Auditor General of Newfoundland and Labrador was featured in the Stabroek News, the most popular newspaper in Guyana.

The April 13, 2009 article (<http://www.stabroeknews.com/2009/news/local/04/13/newfoundland-team-to-enhance-value-for-money-auditing/>) described an upcoming visit by **John Noseworthy**, Auditor General of Newfoundland and Labrador, and one of his directors, **David White**. It said the two would “review the current status of the Value for Money (VFM) audits in progress and provide assistance where necessary to ensure that these audits are effective and tailored to meet local needs.”

The article credits CCAF with establishing the twinning arrangement as part of the Foundation’s international program.

New Canadian Participants Join Fellowship Component

The Offices of the Auditors General of Canada and Québec have hosted Fellows for many years. In 2008-2009, the Office of the Auditor General of Alberta hosted Fellows for the first time, and next year the Office of the Auditor General of British Columbia will do the same.

Two municipal audit offices are also engaged in the program. Edmonton's Auditor, **David Wiun**, took two Vietnamese Fellows for a three-week placement; the Auditor General of Ottawa, **Alain Lalonde**, provided a two-week program for Fellows studying at the Office of the Auditor General of Canada. These placements involved presentations on the operation of the City of Ottawa's Fraud and Waste Hotline and visits to such locations as water and waste treatment plants, paramedic facilities, and police and fire departments.

With this range of partners, the program provides Fellows with a comprehensive overview of audit issues at the federal, provincial and municipal levels. This is important because most national audit offices in developing countries are responsible for conducting audit at all levels of government.



Municipal study terms at the Offices of the Auditors General of Ottawa and Edmonton

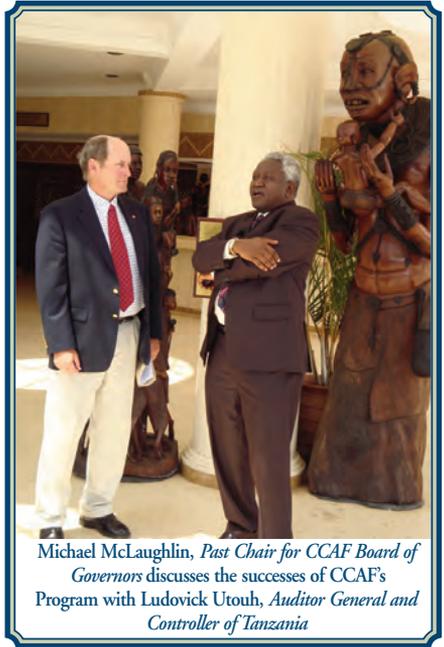
COOPERATION WITH PARTNERS

CCAF works closely with CIDA and other donors to ensure our international program initiatives are complementary to those of other organizations supporting supreme audit institutions in developing countries.

In October 2008, CCAF's Director, Parliamentary and International Programs, **Antonine Campbell**, attended an international meeting to improve global donor cooperation for funding capacity building activities for the audit community. She also attended technical and planning meetings of the African Organisation of English-speaking Supreme Audit Institutions in November 2008. Executive Director **Michael Eastman** attended the planning meeting of the Caribbean Organization of Supreme Audit Institutions in February 2009.

CCAF also met during the year with the United Kingdom-based Chartered Institute of Public Finance and Accountancy, which trains public sector accountants and auditors in developing countries.

At CIDA's request, CCAF's former Chair **Michael McLaughlin** is researching good practices in sharing information and providing capacity development assistance to supreme audit institutions in developing countries. The study will emphasize recipient viewpoints of how donor programs could be improved. The project will be completed by early 2010.



Michael McLaughlin, Past Chair for CCAF Board of Governors discusses the successes of CCAF's Program with Ludovick Utouh, Auditor General and Controller of Tanzania

TRACKING OUR PROGRESS

CCAF will track and report on its' progress against this goal in future Annual Reports

Goal:

Help strengthen participants in accountability process

Planned Results by 2012-2013:

- Canadian PACs demonstrate increased impact and effectiveness
- Success of International Program leads CIDA to renew CCAF funding in 2012



The Palms is a Nursing Home for the indigent that is Government owned and operated that was audited by John Noseworthy and David White while in Guyana



Guyana Audit Office



Quality Assurance Training participants, September 2008



At the Office of the Auditor Genral of Alberta



At the Office of the Auditor Genral of British Columbia

NEW CCAF WEBSITE IS ON THE WAY

In all our program areas, we are using communication tools and techniques to enhance our dialogue with our stakeholders and build awareness of and support for our activities.

These include our Annual Report to Members; a special annual report to CIDA on the international program; regular written reports to Canadian Council of Legislative Auditors (CCOLA) and the Canadian Council of Comptrollers; e-mailed articles and information items for members; reports on the results of our studies, forums and symposiums; etc.

Our website is another important communications vehicle. It introduces the Foundation to those who do not know us, enables people to download or order our publications, provides links to member websites, and serves as the repository of our current research documents, our recent *Updates* and articles for members, and archival information. It also provides restricted access to some material for members, for our Governors, and for members of the Government Internal Auditors Council of Canada.

The website is also an important resource for our international program participants. It links them to CCAF research, lists graduate Fellows, provides copies of recent strategic papers, and serves as a networking tool for participating international audit offices.

In 2008, CCAF started work on a much needed major overhaul of our website. The upgrade will include a new “look and feel” for the site, the use of new digital technologies to improve navigation and accessibility, and the introduction of tools to facilitate dialogue with and encourage feedback from our members and stakeholders.

Our objective is to have the new site up by the end of 2009.

TRACKING OUR PROGRESS

CCAF will track and report on its' progress against this goal in future Annual Reports

Goal:

Manage CCAF Secretariat effectively

Planned Results by 2012-2013:

- CCAF has adequate human and financial resources to meet members' needs
- Partnerships with other organizations and effective use of associates are helping CCAF fulfill its mission
- CCAF has strong leadership in senior staff positions

CCAF's INSTITUTIONAL MEMBERS & FUNDING PARTNERS

(AS AT APRIL 1, 2009)



ALBERTA
OFFICE OF THE AUDITOR GENERAL



GOVERNMENT OF THE NORTHWEST
TERRITORIES



THE ALFRED P. SLOAN FOUNDATION



NOVA SCOTIA
OFFICE OF THE AUDITOR GENERAL



BRITISH COLUMBIA
OFFICE OF THE AUDITOR GENERAL



GOVERNMENT OF NUNAVUT



CANADA
OFFICE OF THE AUDITOR GENERAL



ONTARIO
MINISTRY OF FINANCE



CANADIAN INSTITUTE OF CHARTERED
ACCOUNTANTS (CICA)



ONTARIO
OFFICE OF THE AUDITOR GENERAL



CANADIAN INTERNATIONAL
DEVELOPMENT AGENCY (CIDA)



PRICEWATERHOUSECOOPERS



ERNST & YOUNG



PRINCE EDWARD ISLAND
OFFICE OF THE AUDITOR GENERAL



KPMG CANADA



QUÉBEC
VÉRIFICATEUR GÉNÉRAL DU QUÉBEC



LCBO – INTERNAL AUDIT SERVICES



QUÉBEC
SECRÉTARIAT DU CONSEIL DU TRÉSOR



MANITOBA
OFFICE OF THE AUDITOR GENERAL



SASKATCHEWAN
OFFICE OF THE PROVINCIAL AUDITOR



NEW BRUNSWICK
OFFICE OF THE AUDITOR GENERAL



TREASURY BOARD OF CANADA / OFFICE
OF THE COMPTROLLER GENERAL



NEWFOUNDLAND
OFFICE OF THE AUDITOR GENERAL

CURRENT CCAF SECRETARIAT

Michael P. Eastman, FCMA
Executive Director

Antonine Campbell, CA
Director, Parliamentary and International Programs

Lynne Casiple-Lueck
Computer Specialist / Webmistress

Barbara Dumont
Program Officer, International Programs

Kimberly Ellis
Deputy Director of Administration

Micheline Gagnon-Vaillancourt
Administrative Assistant, International Programs

Chris Hyde
Deputy Director of Research and Capacity Development

Autumn Jonssen
Research Assistant

Caroline Jorgensen
Deputy Director, International Programs

Lee McCormack
Director of Research

James Oulton
Research Assistant, Innovation, Risk and Control

Carine Turay
Training and Administrative Coordinator

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

FINANCIAL STATEMENTS

For

CCAF-FCVI INC.

For year ended

MARCH 31, 2009

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, 2009 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



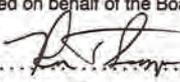
Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
May 8, 2009.

CCAF-FCVI INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 280,217	\$ 139,359
Accounts receivable	101,149	161,363
Prepaid expenses	23,049	14,532
Guaranteed investment certificates - note 4	<u>1,100,000</u>	<u>700,000</u>
	1,504,415	1,015,254
EQUIPMENT AND LEASEHOLD IMPROVEMENTS - note 5	<u>2,485</u>	<u>10,477</u>
	<u>\$ 1,506,900</u>	<u>\$ 1,025,731</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 387,634	\$ 350,633
Deferred revenue - note 6	57,693	46,732
Unexpended International program funds - note 7	442,245	28,058
Unexpended Public Performance Reporting program funds - note 8	<u>176,164</u>	<u>195,234</u>
	<u>1,063,736</u>	<u>620,657</u>
NET ASSETS	<u>443,164</u>	<u>405,074</u>
	<u>\$ 1,506,900</u>	<u>\$ 1,025,731</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, 2009

	<u>2009</u>	<u>2008</u>
REVENUE		
Membership fees and contributions	\$ 1,049,245	\$ 1,048,856
Research and other contributions	218,926	69,612
Net revenue from publications and training courses - note 9	41,050	89,728
Interest	20,769	43,541
	<u>1,329,990</u>	<u>1,251,737</u>
PROGRAM EXPENSES		
Research and capacity development	666,825	464,807
Stakeholders engagement and communications	142,599	194,628
Training	240,536	178,457
	<u>1,049,960</u>	<u>837,892</u>
GENERAL EXPENSES		
Corporate and support services	150,271	133,082
Overhead and operating	181,272	154,819
Amortization	7,992	9,150
Recovery of overhead - note 7	(97,595)	(88,546)
	<u>241,940</u>	<u>208,505</u>
	<u>1,291,900</u>	<u>1,046,397</u>
NET REVENUE	38,090	205,340
NET ASSETS AT BEGINNING OF YEAR	<u>405,074</u>	<u>199,734</u>
NET ASSETS AT END OF YEAR	<u>\$ 443,164</u>	<u>\$ 405,074</u>

(See accompanying notes)

CCAF-FCVI INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Net revenue	\$ 38,090	\$ 205,340
Items not requiring a current outlay of cash:		
Amortization	<u>7,992</u>	<u>9,150</u>
	46,082	214,490
Changes in assets and liabilities:		
Increase (decrease) in accounts receivable	60,214	(66,300)
Decrease in prepaid expenses	(8,517)	(255)
Increase in accounts payable and accrued liabilities	37,001	81,407
Increase in deferred revenue	<u>10,961</u>	<u>14,219</u>
Net cash provided by operating activities	<u>145,741</u>	<u>243,561</u>
Investing activities		
Purchase of equipment	-	(10,924)
Purchase of guaranteed investment certificate - net	<u>(400,000)</u>	<u>(100,000)</u>
Net cash used in investing activities	<u>(400,000)</u>	<u>(110,924)</u>
Financing activities		
International program funds advanced (expended) - net	414,187	(350,967)
Public Performance Reporting program funds advanced (expended) - net	<u>(19,070)</u>	<u>39,678</u>
	<u>395,117</u>	<u>(311,289)</u>
NET CASH FLOWS	140,858	(178,652)
CASH, BEGINNING OF YEAR	<u>139,359</u>	<u>318,011</u>
CASH, END OF YEAR	<u>\$ 280,217</u>	<u>\$ 139,359</u>

(See accompanying notes)

CCAF-FCVI INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

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. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Significant Accounting Policies

a) *Membership fees, training revenues, publication revenues and contributions*

Membership fees, training revenues 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 publications are generally set such that only direct costs are recovered. All costs related to development of the publications are expensed in the year incurred. Development costs related to courses are expensed as incurred unless recovery of those costs is certain at the time of development.

c) *Publications*

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

CCAF-FCVI INC.

NOTES TO FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2009

2. **SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS** - Cont'd.

Significant Accounting Policies - Cont'd.

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) *Investments*

The Foundation classifies its investments as held for trading and has recorded them at fair value. Term deposits are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments. The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments, if any, are included in the cost of the investment. Investment management fees are expensed as incurred.

f) *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.

Other Matters

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.

3. **FINANCIAL INSTRUMENTS**

The Foundation's financial instruments consist of cash, guaranteed investment certificates, 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.

The organization continues to apply The Canadian Institute of Chartered Accountants Handbook (CICA) Sections 3861 and has not adopted Sections 3862 and 3863.

CCAF-FCVI INC.
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2009

4. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed Investment Certificates consist of the following:

	<u>2009</u>	<u>2008</u>
Cashable GIC - 2.5%, due July 16, 2009	\$ 100,000	\$ -
Cashable GIC - 2.5%, due July 27, 2009	500,000	-
Cashable GIC - 0.25%, due March 25, 2010	500,000	-
Redeemed in year	<u>-</u>	<u>700,000</u>
	<u>\$ 1,100,000</u>	<u>\$ 700,000</u>

5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

	<u>2009</u>	<u>2008</u>
Furniture, office equipment and leasehold improvements	\$ 114,505	\$ 114,505
Accumulated amortization	<u>112,020</u>	<u>104,028</u>
	<u>\$ 2,485</u>	<u>\$ 10,477</u>

6. 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, 2008	\$ 21,675	\$ 25,057	\$ 46,732
Recognized as revenue in the year	(21,675)	(25,057)	(46,732)
Received in year and applicable to subsequent periods	<u>27,693</u>	<u>30,000</u>	<u>57,693</u>
Balance, March 31, 2009	<u>\$ 27,693</u>	<u>\$ 30,000</u>	<u>\$ 57,693</u>

CCAF-FCVI INC.

NOTES TO FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2009

7. INTERNATIONAL PROGRAM FUNDS

The Foundation coordinates a program designed to increase capacity in the area of performance/value-for-money/comprehensive auditing in the supreme audit institutions of participating 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, Québec, Alberta and participating supreme audit institutions. The current five year contribution agreement with CIDA continues until November 30, 2012. CIDA pays the direct costs associated with this program and makes a contribution to the Foundation's general overhead.

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

	<u>2009</u>	<u>2008</u>
a) Revenues and expenses		
Program revenues	\$ 1,145,427	\$ 994,532
Program expenses	\$ 1,145,427	\$ 994,532
b) Flow of program funds		
Unexpended funds at beginning of year	\$ 28,058	\$ 379,025
Repayment to CIDA at expiry of previous agreement	-	5,182
	<u>28,058</u>	<u>373,843</u>
Advances received from CIDA	1,573,360	648,747
	<u>1,601,418</u>	<u>1,022,590</u>
Expenditures for year	1,159,173	994,532
	<u>1,159,173</u>	<u>994,532</u>
Unexpended funds at end of year	\$ 442,245	\$ 28,058

8. 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 contribution agreement with APSF, which is in the final year of a three year program, provides for funding of \$150,000 USD annually. The financial activities of the program consist of the following:

	<u>2009</u>	<u>2008</u>
a) Revenues and expenses		
Program revenues	\$ 177,606	\$ 144,302
Program expenses	\$ 177,606	\$ 144,302
b) Flow of program funds		
Unexpended funds at the beginning of the year	\$ 195,234	\$ 155,556
Advances received from APSF	158,536	158,490
Advances of cash received from Canadian jurisdictions	-	25,490
	<u>353,770</u>	<u>339,536</u>
Expenditures for the year	177,606	144,302
	<u>177,606</u>	<u>144,302</u>
Unexpended funds at the end of the year	\$ 176,164	\$ 195,234

CCAF-FCVI INC.
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2009

9. NET REVENUE FROM PUBLICATIONS AND TRAINING COURSES

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

	<u>2009</u>			<u>2008</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Publications	\$ 2,063	\$ 161	\$ 1,902	\$ 1,687	\$ 292	\$ 1,395
Training courses	<u>193,067</u>	<u>153,919</u>	<u>39,148</u>	<u>292,900</u>	<u>204,567</u>	<u>88,333</u>
	<u>\$ 195,130</u>	<u>\$ 154,080</u>	<u>\$ 41,050</u>	<u>\$ 294,587</u>	<u>\$ 204,859</u>	<u>\$ 89,728</u>

10. SALARIES AND BENEFITS

The total amount of salaries and benefits was \$953,008 (2008 - \$714,770). Salaries are allocated to various operational areas as outlined in the following table.

	<u>2009</u>	<u>2008</u>
Research and capacity development	\$ 416,882	\$ 245,691
Training	166,555	138,387
International program	195,625	130,598
Stakeholder relations and communications	83,117	130,690
Non-program salary expense	90,829	69,404

11. MEMBERSHIP FEES AND CONTRIBUTIONS

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

12. COMMITMENTS

Lease

The Foundation has entered into a lease agreement for office premises that expires February 28, 2013 with the following annual commitments.

2010	\$ 76,573
2011	78,869
2012	81,238
2013	76,505

The Foundation has also entered into residential leases as a part of the international program with the following annual commitments. The leases expire June 30, 2012.

2010	\$ 14,850
2011	15,540
2012	16,170
2013	4,080

CCAF-FCVI INC.

NOTES TO FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2009

13. COMPARATIVE FIGURES

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

14. CAPITAL DISCLOSURES

The Foundation defines its capital as its net assets and is not subject to external restrictions on its capital. The foundation's objective when managing its capital is to hold sufficient net assets to maintain the stability of its financial structure enabling it to focus its efforts on serving its members..

15. RELATED PARTY TRANSACTIONS

During the year, instructor's fees totalling approximately \$45,000 were paid to two board members.

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



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