



Annual Report 2016-2017

The Canadian Audit and Accountability Foundation is a not-for-profit organization dedicated to promoting and strengthening public sector performance audit, oversight, and accountability in Canada and abroad through research, education, and knowledge sharing.



CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION



Advancing Public Sector Audit, Oversight and Governance

2016-2017

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Joint Message from the Chair and CEO



JIM SYLPH, FCPA, FCA ICD.D
Chair, Board of Directors



JOHN REED, M.E.S
President and CEO

We are pleased to present the 2016-17 Annual Report to Members, during a year that has seen significant changes to the Foundation, but also a re-affirmation of the core principles on which we were founded.

Having just completed the second year of our five-year strategic plan, we have accomplished a great number of things, not the least of which was a refresh of a fundamental aspect of our identity – we have changed our name to the Canadian Audit and Accountability Foundation. This organization has existed since 1980 as the Canadian Comprehensive Auditing Foundation (and more recently as CCAF-FCVI), but following consultations with our members, the Board and senior management took the momentous decision that it was time to rebrand ourselves to something that reflects what we do, who we are, and identifies the core concept that we wish to promote – improved accountability to citizens.

To go along with this new name, you will also notice in the pages of this report that we now have a new logo representing the accountability relationship triangle of parliamentarians, government management, and the auditor, the key actors in accountability that we serve. We have also launched a new website to better support our members and stakeholders to access the products and services we offer them, and inform them of what we do. This whole process has served to remind us of those core principles of public service – improved accountability and better results for citizens, and why the work of the Foundation is so important.

This year's report is the first in which we have both served in our respective positions – Jim Sylph as Chair of the Board of Directors, and John Reed as President and Chief Executive Officer. We are both honoured by the support that our [Board members](#) and senior management team have extended to

us in our roles. In particular, we would like to acknowledge the commitment and leadership that past Chair Brian Bost has shown in the position over the last three years. We are grateful that he has continued to share his wisdom and experience as a Board member.

The past year has seen us deliver new products and services on a number of fronts. We introduced our newly updated *Effective Report Writing* course – delivering 9 offerings in 2016–17. This course continues to be in high demand and evaluation results have been excellent. We launched our inaugural Emerging Leaders’ Summit – a week long event bringing together an excellent group of auditors from offices across Canada. In our 37-year history, we have now delivered **over 400 courses to over 8000 auditors!** In addition, we delivered seven workshops for public accounts committees (PACs) in Canada and abroad in 2016–17. We have now delivered **over 60 workshops to PACs** over the past decade.

Our international program has also reached a turning point this past year. We are now wrapping up our five-year International Legislative Oversight Program, a program that has seen us graduate **28 Fellows**, train **16 management interns**, and hold **36 workshops** abroad for **over 800 participants**. During our 37-year history, we have now graduated **251 Fellows** in total from **53 countries**. Our

graduates have gone on to great success – **11 have become Auditors General or equivalent** and many more have gone on to hold senior management positions in their offices.

As we continue to deliver on our strategic plan, we remain focused on delivering the best value to our members. From consulting with and engaging them in the development of our Practice Guides and other products, to bringing them together at conferences, symposia, and other events, we are committed to supporting them in improving their effectiveness, and ultimately, supporting the greater public good.

We would like to acknowledge new members that have joined the Foundation and support its mission – the Auditors General (AGs) for the cities of Calgary, Edmonton, Toronto and Winnipeg. Our membership now includes the AGs/heads of Audit from **over 17 municipalities across Canada**. We would also like to acknowledge the crucial support we receive from the provincial/federal legislative audit community in Canada. Without their support, our work would not be possible.

Ultimately, our work, through our members’ support, is meant to improve the lives of citizens. Improved accountability, and more efficient and effective governments, means citizens receive better value for their tax dollars and receive better services from their governments. We believe the Foundation’s accomplishments, as outlined in this report, serve this accountability relationship, and the greater public good.

OUR VISION

To be recognized as a global knowledge leader in performance auditing.

OUR MISSION

To promote and strengthen public sector performance audit, oversight, and accountability in Canada and abroad through research, education and knowledge sharing.

New Name – New Website

2016-2017 saw us embark on an exciting journey towards a new name for the Foundation, 37 years following its inception as the Canadian Comprehensive Auditing Foundation.

CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION
*Advancing public sector audit,
oversight and governance*



FONDATION CANADIENNE
POUR L'AUDIT ET
LA RESPONSABILISATION
*Faire avancer l'audit, la surveillance et
la gouvernance dans le secteur public*

What the New Name Means

Our new name was carefully chosen. We chose to retain the words **“Canadian”** to give us a clear national identity and **“Foundation”** to reflect our not-for-profit status and research orientation.

Our selection of **“Accountability”** reflects a long-standing belief in the importance of accountability in the public sector: It has been a recurring and persistent theme through our 37 years of research and programming. We believe government is accountable to its citizens for the way it uses public resources and delivers public goods and services. Further, for accountability to work properly, we believe all parties to the parliamentary accountability relationship – oversight bodies, public sector departments and organizations, and auditors – play important and interdependent roles. These relationships are commonly portrayed in the “accountability triangle”. Our logo stylistically represents our commitment to the three corners of the accountability triangle.



A New Website

We have modernized and launched a new Website to better serve our members. It will now be easier than ever to find what you are looking for.

You can read more background on why we changed our name on the [website](#).



Strategic Plan 2015-2020

STRATEGIC GOAL #1

Research Methodology and Information Products

Advance knowledge, understanding and practice by undertaking research, developing methodology, and providing timely information, on practices and standards.

- 1.1 Undertake research that advances knowledge and innovation in performance auditing, oversight and accountability.
- 1.2 Develop and maintain methodology tools and information products to support performance auditors.
- 1.3 Develop and maintain methodology tools and information products to support members of oversight bodies.

STRATEGIC GOAL #2

Education and Professional Development

Strengthen the knowledge and skills of performance auditors and the oversight bodies they report to by providing learning and capacity building opportunities.

- 2.1 Develop, maintain, and deliver courses and online-based learning linked to professional standards and competencies for performance auditors in Canada.
- 2.2 Develop and deliver workshops and online-based learning to support the strengthening of oversight bodies in Canada.
- 2.3 Develop and deliver fellowships, mentoring, courses, and workshops to supreme audit institutions (SAIs) in selected developing countries.
- 2.4 Develop and deliver workshops and other support to oversight bodies in selected developing countries.
- 2.5 Support the implementation of performance measurement, reporting and quality assurance tools and methodology in audit organizations.

STRATEGIC GOAL #3

Knowledge Sharing and Networking

Foster networks and information exchange opportunities among our members, partners and stakeholders to encourage collaboration, knowledge sharing and discussion on issues of mutual interest.

- 3.1 Support and foster information exchange events and networking opportunities for audit practitioners, legislators and others to share knowledge, tools and expertise on issues and practices.
- 3.2 Strengthen collaboration, harmonization and knowledge sharing among development partners, SAIs and their regional associations.

STRATEGIC GOAL #4

Sustainability and Accountability

Maintain a sustainable organization that is adequately resourced and accountable to its members, partners and stakeholders.

- 4.1 Diversify sources and types of funding and in-kind support and forge collaborative partnerships in Canada and abroad.
- 4.2 Continuously build and strengthen human resources and organizational capacity.
- 4.3 Build awareness, understanding and use of products and services.
- 4.4 Develop and implement an organizational performance measurement and reporting framework.

Who We Work With

Our members, partners and stakeholders include:

Canadian legislative auditors, other performance auditors, and their organizations;

International supreme audit institutions (SAIs), including regional associations of SAIs;

Oversight bodies, senior public officials, and other users/preparers of performance information;

Professional bodies that provide standards, guidance and professional development to performance auditors;

Development agencies that support the application of our work in selected developing countries; and,

Academia and non-governmental organizations (NGOs).

Our Vision

To be recognized as a global knowledge leader in performance auditing.

Our Mission

To promote and strengthen public sector performance audit, oversight and accountability in Canada and abroad through research, education and knowledge sharing.

Our Values

Collaborating with members, partners and stakeholders;

Delivering high-quality products and services; and

Striving for innovation in everything we do.

Acknowledging our Members and Partners

Our members and partners play a crucial role in all aspects of the organization – from providing funding, to helping develop and contribute content to our programs and services and participating in our program delivery in both Canada and abroad. This results in programs and services that are relevant and pertinent to our members' communities. The strength of an organization like the Canadian Audit and Accountability Foundation lies in our ability to bring together a diverse community of stakeholders that are committed to advancing public sector audit, oversight and accountability in the public sector in Canada and abroad, and which ultimately benefits the greater public good.

We continue to acknowledge and show appreciation to all our funding member organizations and partners for their continued support and contributions. In particular, we acknowledge those members below from the federal and provincial legislative audit community, whose combined funding provides a significant majority of the funding and in-kind support of the Foundation, as well as Global Affairs Canada, who provides funding for our international programming.



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada



Cour des
comptes



Global Affairs
Canada Affaires mondiales
Canada



Nova Scotia
Office of the Auditor General



Prince Edward Island
Office of the Auditor General

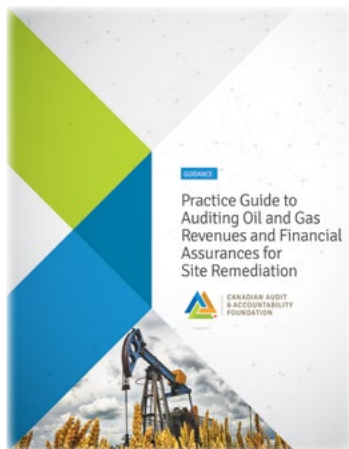


Research, Methodology & Information Products

Advancing knowledge, understanding and practice...

Good Practices for Performance Auditors – Our Practice Guide Series

We continue to provide our members with access to the latest information and guidance on a range of topics. Our Practice Guide series help performance auditors in planning, conducting and reporting on the results of their audits.



- Our latest Guides focus on audits of [oil & gas](#), and mining (release planned for September 2017).
- Following up on the successful release of our Guide on the topic of gender equality last year, our [new guide](#) on that topic was recently released.
- Members can also access Guides on auditing [oversight](#) and [efficiency](#).

Unique page views for all Practice Guides, Focus-Ons and Discussion Papers

7291
2016-2017

4505
2015-2016

Audit Topic Selection and Multi-year Planning – Understanding the Options

Our latest [discussion paper](#) focuses on the issue of how audit offices can land on an approach to selecting audit topics and multi-year planning to suit their needs and circumstance. Based on extensive research, this paper shares the experience and perspectives of 15 audit offices in Canada and internationally.

- Our [discussion papers](#) are available to everyone! Browse our website to find them on various topics including: auditing P3s; PAC-AG relationships; increasing the impact of environmental performance audits; and root cause analysis.



AUDIT NEWS



1410

Unique page views
for Audit News
Database and
Bulletin



52

Jurisdictions
included in Audit
News



5752

Documents in the
database



0.3

seconds to find

623

reports on health

Audit News – An Auditor’s Essential Resource

Sharing knowledge and understanding of what’s happening in the broader community is important to helping performance auditors carry out their audits. [Audit News](#) provides auditors with instantaneous access to almost 6000 audit reports and other documents from over 50 audit offices around the globe. *Audit news* can also be a valuable tool for researchers and others looking to compile data on a specific topic.

- Reports can be readily accessed by topic and other search criteria through the [Audit News Database](#).
- The [Bulletin](#) and [Focus On series](#) provide an overview and more detailed analysis of the documents in the database.

The [Performance Audit Guidance Inventory](#) provides a downloadable compendium linking users to best practice guides, discussion papers, checklists, self-assessment tools and other resources from around the world.

Parliamentary Oversight – Improving PAC Effectiveness

Since 2005, we have delivered a research program to support public accounts committees (PACs) in increasing their effectiveness. Our ‘box-set’ – [Parliamentary Oversight: Committee and Relationships](#) – bundles together guidance for PAC members, clerks and researchers, on topics including preparation for hearings, reporting and follow-up, and also includes a guide for witnesses. Members also have access to our key foundational work [The Attributes of an Effective Public Accounts Committee](#), as well as [Sharing International Practices](#).

Recently, we’ve released a new discussion paper – [Building and Sustaining Effective Auditor General – Public Accounts Committee Relationships](#).

In September 2017 we plan to launch a new publication *Accountability in Action* – This important ground-breaking publication identifies 15 good practices for PACs and will represent the benchmark for how PACs can and should become effective.

TARGETS 2016-17

RESULTS 2016-17

Release two Practice Guides...	Released <i>Practice Guide to Auditing Oil and Gas Revenues and Financial Assurances on Site Remediation</i> – October 2016.	✓
	Substantially completed development of <i>Practice Guide to Auditing Revenues from Mining</i> – to be released Fall 2017.	–
Release two discussion papers...	Released <i>Audit Topic Selection and Multi-Year Planning</i> – December 2016.	✓
	AG-PAC Relationships substantially completed and released Spring 2017.	–
Release <i>Focus On</i> #4...	Focus on #4 release deferred to 2017-2018.	✗
Maintain and update <i>Audit News Database</i> ...	<i>Audit News</i> content increased by approximately 18%.	✓
Publish quarterly <i>Audit News Bulletin</i> ...	Released four <i>Audit News Bulletins</i> . Product was discontinued.	✓
Expand <i>Audit News</i> to cover new jurisdictions...	<i>Audit News</i> expanded to cover four new member jurisdictions.	✓
	New report published – <i>Performance Audit Guidance Inventory – A Compilation of Recent Audit Guidance Documents from Around the World</i> published in January 2017.	✓
Commence update / revision of parliamentary oversight core content...	Development of new study – <i>Accountability in Action</i> – substantially completed. To be published in September 2017.	–
Redesign parliamentary oversight section of website to increase accessibility of resources...	Completed and launched with new website May 2017.	✓
Develop and implement new capacity building tools for PACs...	Implemented a self-assessment tool for PACs in two jurisdictions.	✓
	Created and implemented a framework for assessing hearings on the Public Accounts.	✓
Continue consultations to identify topics for expanded research program...	Thought Leaders Forum planned in partnership with other organizations – originally planned for March 2017, but deferred – Event will be reconsidered for 2017-2018.	✗
Carry out research into municipal governance in support of municipal audit community...	Ongoing research work being carried out in partnership with CPA Canada, IIA Canada and others. Foundation is working with the municipal community to determine the most effective way to support their needs in future.	–

Education and Professional Development

Strengthening knowledge and skills of performance auditors and oversight bodies...

Success of the *Effective Report Writing* Course

Our [Effective Report Writing](#) course was in very high demand this year, representing 9 of the 16 courses we delivered. Developed by leading communications experts, representatives from the OAGs of Alberta, BC, Canada and New Brunswick, and the Foundation, deliveries have been supported by our cadre of Associates. This course was designed to reflect the ever-changing information landscape. It focuses on writing and organizing audit findings and improving reporting by using modern reporting techniques that will have maximum impact and make audit reports accessible to a broader audience.

WHAT PEOPLE ARE SAYING ...

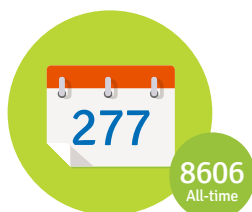
"This course will improve my written communication skills and will allow me to write better reports for my audience."

"Great workshop! Lots of great tips to increase the impact of our reports."

Performance
audit courses



Audit Professionals
trained



Overall positive
course assessment



Fellows
Graduated



Fellows' overall satisfaction
with the Program



Management
Interns



Management interns'
satisfaction with the Program



Building performance audit and oversight capacity abroad

We continued to support the supreme audit institutions (SAIs) of Cameroon, Ghana, Tanzania, and Vietnam, as we near the end of our [2012-2017 international program](#). In 2016, eight Fellows graduated in May, and in August we welcomed our final class of Fellows under this program.



Other highlights included a two-week internship program in Canada for SAI managers on audit selection and multi-year planning; performance audit training led by graduate Fellows in Vietnam and regional workshops in Africa where graduate Fellows demonstrated their knowledge and leadership as co-facilitators; and workshops for the parliamentary oversight committees of Tanzania and the National Assembly of Vietnam.

WHAT PEOPLE ARE SAYING ...

"I am ready to contribute to the development of performance audit in my SAI as well as the development of our society." – 2015-16 Fellow from Vietnam

"I can see very clearly my improvement. My audit plan project is a good example. I am proud that my coming audits will show improvements." – 2016-17 from Tanzania



A Busy Year for Parliamentary Oversight

Using our [renewed training materials and resources](#), we delivered tailored [Orientation workshops](#) to the public accounts committees (PACs), or equivalents, in Manitoba, New Brunswick, Newfoundland and Labrador, Vietnam and Tanzania.

We also designed a new tool for PACs to help them assess their performance against the attributes of effective PACs. At the request of the Alberta PAC, we facilitated a special “self-assessment” workshop for them using this tool.

At the request of the Federal PAC, we assessed a hearing it held on the Public Accounts of Canada to help the committee improve future hearings on the Public Accounts. To support this, we created a new set of benchmark good practices, based on our existing body of knowledge, international research, and interviews with key stakeholders. This was carried out with support from the Office of the Auditor General of Canada, the Comptroller General of Canada, and Finance Canada.

WHAT PEOPLE ARE SAYING ABOUT OUR ORIENTATION WORKSHOP

“I really enjoyed this orientation. Before today all I knew about PAC was what it stood for. Now I feel I have an understanding of the committee, I would be able to contribute to committee and I am encouraged the committee emphasizes no politics.”

“This workshop should be given at the start of the every government first term.”

PAC Workshops in Canada



Overall positive workshop assessment



TARGETS 2016-17

RESULTS 2016-17

PERFORMANCE AUDIT IN CANADA

Deliver educational webinars...	Webinar on Audit Public-Private Partnerships delivered – September 27, 2016. 89% overall positive assessment from participants.	✓
	Co-led webinar delivered by IIA Canada on auditing efficiency.	✓
Deliver performance audit courses based on demand...	16 courses delivered – 3 Fundamentals of Performance Audit, 3 Evidence Collection and Analysis, 1 Advanced Performance Audit, 9 Effective Report Writing.	✓
Develop 1 new training module...	Developed content for Emerging Leaders Summit (leadership training), elements of which will be incorporated into core training offerings.	✓
Support Canadian Council of Legislative Auditors (CCOLA) Training Oversight Committee in developing PA competency profile and training curriculum and contribute to Audit Learning Network...	Attended sub-committee meetings and assisted in mapping curriculum to CCOLA competencies.	✓
	Provided input on newly developed competencies.	✓

PAC / OVERSIGHT IN CANADA

Deliver PAC workshops based on demand...	Five workshops delivered (Federal; Alberta; New Brunswick; Manitoba; Newfoundland and Labrador).	✓
Review and renew PAC workshops based on updated research and content...	Evaluated and revised curricula of workshops and developed list of modules for committees to select from tailored to their requirements.	✓
	Developed new workshop on reviewing and understanding the Public Accounts.	✓
Assess demand and feasibility of developing capacity building workshops for municipal-level oversight bodies...	Continued to work with the municipal community to ascertain demand. Ongoing.	–

INTERNATIONAL PROGRAMS

Complete 2015-16 Fellowship for 8 auditors...	Fellowships completed at the OAGs of Canada, Alberta and New Brunswick for Fellows from Cameroon (1), Ghana (2), Tanzania (1) and Vietnam (2).	✓
Commence 2016-17 Fellowship for 6 auditors...	Fellowships commenced at the OAGs of Canada, Quebec, Alberta and British Columbia for Fellows from Cameroon (2), Ghana (2), Tanzania (2) and Vietnam (2).	✓
Continue in-country Performance Audit (PA) training in 4 ILOP countries...	Held 3 PA courses in Vietnam led by graduate Fellows, and held Modules 2 and 3 of regional course with AFROSAI-E (participation from Tanzania and Ghana).	✓
	Met with SAI management and audit teams in Cameroon to follow up on audits; a course on Audit Report Review and Quality Control postponed to summer 2017 when the audits will be completed.	–
	Course for SAI regional offices in Ghana deferred – held in August 2017.	✗
Deliver management internships on audit topic selection and multi-year audit planning...	Four SAI managers, one from each of our countries of focus, completed two-week program in Ottawa and developed proposals to improve audit selection and planning processes at their SAI.	✓
Deliver support to PACs in Ghana and Tanzania and to Vietnamese National Assembly...	Delivered orientation workshop to members of the National Assembly's Budget and Finance Committee, departmental staff, and SAI managers.	✓
	Held oversight committee orientation workshop in Tanzania for 46 participants.	✓
	Workshop for the PAC in Ghana deferred – held in June 2017.	✗
Support implementation of INTOSAI Performance Measurement Framework (PMF) and follow up on quality reviews in Ghana and Tanzania...	Supported implementation of the PMF in Vietnam by providing quality assurance reviews of the SAI's draft assessment report, and provided training to the Fellows on the PMF.	✓
	Participated in follow-up quality review in Ghana.	✓
	Contributed to AFROSAI-E regional training on Quality Assurance.	✓

Knowledge Sharing and Networking

Fostering networks and information exchange opportunities...

Bringing Communities Together

We have collaborated with the municipal audit community in recent years to foster increased outreach and discussion on issues of mutual interest.

Beginning with a first pan-Canadian municipal audit event in 2014, which saw participants from 16 municipalities across Canada gather together to discuss issues of mutual interest, we have continued this initiative by supporting the participation of municipal auditors general and their staff at the Canadian Council of Legislative Auditors' (CCOLA) Performance Audit Symposium in both 2015 and 2016.

We continue to support CCOLA and the Canadian Council of Public Accounts Committees (CCPAC) at their Annual Conference. At the 2016 event, held in Yellowknife, Director of Oversight Lesley Burns delivered a session for PAC members on optimizing their PAC's performance.



4/5

Average rating
of our sessions
CCPAC-CCOLA



76.5%

Performance Audit
Symposium participants
found our sessions useful/
very useful

Collaboration and Partnership - A Core Strength of our International Program

This year, we continued to engage many generous Canadian partners in program activities, including the OAG of New Brunswick as a first-time Fellowship host office. Our ongoing collaborations with INTOSAI, its regional associations, and other development partners again led to excellent training and knowledge sharing experiences for our partner SAIs. We are particularly excited to be participating in international efforts to help SAIs audit the United Nations Sustainable Development Goals. Within this context, we are positioning the Foundation as a global leader on auditing gender equality.



155

Participants trained in performance
audit and oversight courses abroad.

WHAT PEOPLE ARE SAYING ...

"The instructors' level of commitment as well as their attention to detail was rewarding for me. Also I benefited greatly from the presentations by the OAGs of the provinces and the visits to OAG Canada, Internal Audit Unit of Justice Canada, and the Public Accounts Committee in Ottawa. The knowledge I acquired from this experience will assist me to develop a comprehensive multi-year plan which would address most of the concerns of our key stakeholders in the delivery of our mandate." – Ghanaian internship participant



The photo above depicts the inaugural class of Emerging Leaders with their Auditors General (AG) or office representatives at the 2017 CCOLA Performance Audit Symposium in Toronto, ON.

Front Row (Left to Right) – Norm Ricard (AG MB), Judy Ferguson (Provincial Auditor SK), Carol Bellringer (AG BC), Tracey Janes (BC), Alexandre Boucher (CAN), Jason Shaw (SK), John Zabos (AB), Dianna Kane (NL), Stephanie Lewis (NL), Benjamin Janzen (MB), Jean Becker (AB), Sophie Gagné (QC), Sandra Cohen (Assistant AG NFLD), Guylaine Leclerc (AG QC).

Back row (Left to Right) – Stuart Barr (Assistant AG, CAN), Gabriel Botel (BC), Jeff Marson (NB), Melissa Miller (CAN), Lucie Després (CAN), Joëlle Paquet (QC), Justin Ellis (PEI), Stuart Smith (CAN), Jonathan Stoesz (MB), Emmanuel Caron (QC), Merwan Saher (AG Alberta), Jane MacAdam (AG PEI), Kim MacPherson (AG NB)

Emerging Leaders' Summit

In February, we launched the first ever Emerging Leaders' Summit. The success of this five-day retreat-style leadership Summit was in large part due to the caliber and quality of the individuals that participated. Developed and led by Foundation Associate Laurie Rose, and the Foundation's team, the Summit was attended by 18 participants from nine legislative audit offices across Canada. The week incorporated high-level leadership training, presentations from special guest speakers and working sessions on Innovation Challenges.

The objective of the Innovation Challenges, which participants worked on leading up to, during, and following the Summit week, was to provide a vehicle through which participants were able to contribute to innovation and evolution of practices within their offices and in the community at large, and in so doing, to apply the leadership skills they acquired during the Summit.

The Emerging Leaders' Innovation Challenge topics were as follows:

- **Topic 1: Engaging External Stakeholders**
- **Topic 2: Optimizing the Efficiency of Audits**
- **Topic 3: Demonstrating and Communicating Value**

In April, Emerging Leaders had the opportunity to present their challenge topics at the 2017 CCOLA Performance Audit Symposium.



WHAT PEOPLE SAID ...

"Thank you thank you thank you for all the time and effort that went into the training. I truly feel like it was a gift to be able to participate."

"A better understanding of myself as a leader, including my strengths and areas of improvement, so that I can challenge myself and those who I am working with to reach their full potential."

"The opportunity to work on the innovation challenge with co-workers was excellent. It was a great opportunity to meet colleagues across Canada, which will serve all of us in the years ahead."

TARGETS 2016-17

RESULTS 2016-17

Plan and convene Emerging Leaders' Summit for performance auditors in Canada...	18 participants from 9 federal and provincial legislative audit offices attended the five-day leadership Summit in Ottawa. All participants rated the event very good to excellent.	✓
Support CCOLA's Performance Audit Symposium...	Supported planning and delivery of April 2016 event and planning for 2017 event. Sessions delivered were positively rated.	✓
Support CCPAC-CCOLA Annual Conference...	Supported host jurisdiction (NWT) in planning event. Sessions delivered were positively rated.	✓
Foster networking opportunities for Canadian municipal auditors general...	Supported the participation of Canadian municipal auditors at the annual CCOLA performance audit symposium in April 2016.	✓
Support CCOLA Collaborative Audit on Climate Change...	Ongoing as requested throughout the year.	✓
Continue Ronald C. Thompson Memorial Scholarship Award initiatives...	Award issued for 2015-16 to Betsaleel Joseph.	✓

INTERNATIONAL PROGRAMS

Continue participation in INTOSAI and SAI regional association information exchange activities...	Presented at the annual meetings of AFROSAI-E (2) and CREFIAF (1) and attended INCOSAI.	✓
	Collaborated with AFROSAI-E to hold regional training events.	✓
Coordinate with international partners in development of new international program proposal...	Developed proposal and submitted it to Global Affairs Canada, having consulted with international partners including AFROSAI-E, CREFIAF, and program delivery partners.	✓
Support one ILOP country in participating in Working Group on Extractive Industries annual meeting...	Supported Vietnam's participation in the meeting in Kenya.	✓
Contribute to review of IDI performance audit international standards handbook to integrate gender equality, human rights and references to Sustainable Development Goals...	Contributed guidance on auditing gender equality to the IDI performance audit handbook.	✓
	Collaborated with INTOSAI and IDI to develop guidance and training on auditing the implementation of the SDGs. Will soon publish a Practice Guide focused on auditing SDG 5, Gender Equality.	✓

Sustainability and Accountability

Maintaining a sustainable, adequately resourced, and accountable organization...

Ronald C. Thompson Memorial Scholarship Award – Recognizing the Leaders of Tomorrow

We were pleased to recognize Heather Ogilvie (2017) and Betsaleel Joseph (2016) as the most recent recipients of the Award.

Working in partnership with Carleton University, we have endowed this award in recognition of outstanding students enrolled in the Bachelor of Commerce program with a concentration in Accounting, with preference to those demonstrating an interest in auditing and a commitment to public service.

[Read more about the Award...](#)



Welcome New Members

We were pleased to welcome 4 new member organizations who joined the Foundation in 2016-17. They join over [30 other organizations](#) who support the mission and vision of the Foundation and ultimately the greater public good through improved public sector performance and accountability.



Communications to Members



Meet our Team

We deliver on our mission through a dedicated team and professional cadre of [staff](#) and [associates](#). Our team has a wide range of professional experience, technical skill, specialized experience and a strong and intimate understanding of the issues that matter to our members, partners and stakeholders.



[MEET OUR TEAM OF ASSOCIATES...](#)

TARGETS 2016-17

RESULTS 2016-17

Continue to implement HR plan...	President and CEO recruited – July 2016.	✓
	Vice-President, Products and Services recruited began role in Spring 2017.	✓
Recruit new Associates, as required...	New Associates recruited to fill programming expertise needs.	✓
Secure in-kind resources from stakeholders, as required...	Course deliveries and product development carried out with in-kind support from member communities.	✓
	Continued and significant in-kind support received from participating federal and provincial legislative audit offices, and municipal audit organizations for international Fellowships and Internships in Canada and in-country program deliveries to our focus countries.	✓
Secure appropriate infrastructure (IT; premises)...	Ongoing. Premises search completed. Lease negotiated and signed in June 2017.	–
Continue to pursue and monitor MOUs...	Organization monitoring and reporting against draft MOU provisions with CCOLA.	✓
Continue process to develop and submit new multi-year international program proposal to Global Affairs Canada...	Proposal for new program submitted to Global Affairs Canada in Fall 2016.	✓
Foster collaborative research with other organizations...	Ongoing as programming developed.	–
Continue to implement branding and communication strategy...	Members approved new name – Canadian Audit and Accountability Foundation – February 28, 2017.	✓
	Name change and branding strategy developed – launched May 2017 – implementation ongoing.	✓
Launch newly redesigned website...	New website designed and substantially completed. Website launched in coordination with new name and brand in May 2017.	–
Deliver online Annual Report to Members...	2015-16 Annual Report to Members released – August 2016.	✓
Prepare and deliver 3 Board meetings and committee meetings as required...	4 Board meetings and 15 committee meetings held.	✓
Prepare and deliver AGM...	AGM held September 2016.	✓
	Special Meeting of Members held February 2017.	✓

Target Deliverables for 2017-18

STRATEGIC GOAL #1: RESEARCH, METHODOLOGY AND INFORMATION PRODUCTS

1.1 Undertake research that advances knowledge and innovation in performance auditing, oversight and accountability.

- Identify and begin next research study based on stakeholder consultations.
- Release 1 discussion paper.
- Develop a paper that addresses the need and structure for the establishment of a First Nations Auditor General.

1.2 Develop and maintain methodology tools and information products to support performance auditors.

- Release *Practice Guide on Auditing Revenues from Mining*.
- Release *Practice Guide on Auditing United Nations Sustainable Development Goals: Gender Equality*.
- Begin *Practice Guide # 7*.
- Release *Focus-On Edition #4*.
- Update *Audit News Database* Monthly.
- Develop and release new audit community outreach products.
- Update *The Performance Audit Guidance Inventory – A Compilation of Recent Audit Guidance Documents from Around the World*.

1.3 Develop and maintain methodology tools and information products to support members of oversight bodies.

- Finalize and release *Accountability in Action*.
- Revise and carry out “*State of PACs in Canada*” survey.
- Develop additional capacity building tools to support effective public accounts committees.

STRATEGIC GOAL #2 – EDUCATION AND PROFESSIONAL DEVELOPMENT

2.1 Develop, maintain, and deliver courses and online-based learning linked to professional standards and competencies for performance auditors in Canada.

- Deliver performance audit courses, based on demand.
- Plan and deliver thematic and promotional webinars.

2.2 Develop and deliver workshops and online-based learning to support the strengthening of oversight bodies in Canada.

- Deliver capacity building workshops to PACs in Canada, tailored to their needs, based on demand from the PACs and CCOLA offices.
- Conduct needs assessment for oversight training at the municipal level and begin development of workshop based on results of the assessment and demand.

2.3 Develop and deliver fellowships, mentoring, courses, and workshops to supreme audit institutions (SAIs) in selected developing countries.

- Complete 2016-17 Fellowships.
- Deliver management internships and performance audit training, including workshops in Cameroon, Ghana, and Vietnam.

2.4 Develop and deliver workshops and other support to oversight bodies in selected developing countries.

- Deliver workshop for the PAC in Ghana.

2.5 Support the implementation of performance measurement, reporting and quality assurance tools and methodology in audit organizations.

- Support the Vietnam SAI to finalize its assessment using the INTOSAI Performance Measurement Framework.
- Participate in quality review in Tanzania.

STRATEGIC GOAL #3 – KNOWLEDGE SHARING AND NETWORKING

3.1 Support and foster information exchange events and networking opportunities for audit practitioners, legislators and others to share knowledge, tools and expertise on issues and practices.

- Support planning and delivery of annual CCOLA PA Symposium.
- Support planning and delivery of CCPAC-CCOLA Annual Conference (Fredericton).
- Continue Ronald C. Thompson scholarship initiatives.
- Plan 2nd Emerging Leaders Summit for PA professionals for delivery in 2018-2019.
- Develop and deliver one-day forum to municipal auditors general.

3.2 Strengthen collaboration, harmonization and knowledge sharing among development partners, SAIs and their regional associations.

- Continue outreach with international program partners.
- Contribute to INTOSAI Development Initiative training programs.
- Support partner SAIs' participation in selected international activities.

STRATEGIC GOAL #4 – SUSTAINABILITY AND ACCOUNTABILITY

4.1 Diversify sources and types of funding and in-kind support and forge collaborative partnerships in Canada and abroad.

- Seek and foster opportunities to collaborate with other organizations for common ground research programs that align with our mission and vision.

4.2 Continuously build and strengthen human resources and organizational capacity.

- Continue monitoring and implementation of HR plan.
- Recruitment and training, as required, of new associates.
- Identify and secure in-kind resources as required, to deliver programs and activities.

4.3 Build awareness, understanding and use of the Canadian Audit and Accountability Foundation's products and activities.

- Launch new name and website; continue implementing communication and branding strategy in support of the new name and re-branding.
- Continue promoting products in Canada and abroad during events and training activities.
- Establish social media presence.

4.4 Develop and implement an organizational performance measurement and reporting framework.

- Continue reporting on performance to Board and members, aligned with member accountability arrangements.
- Produce final report on the 2012-2017 International Legislative Oversight Program.
- Deliver annual performance report to members.
- Prepare for and deliver 3 Board meetings and, as required, Board Committee meetings.
- Prepare for and deliver AGM.
- Establish performance measurement and reporting framework for planned new international program.

Management Discussion and Analysis

The Canadian Audit & Accountability Foundation's financial statements for the year ended March 31, 2017, together with the independent auditor's report thereon, are presented in this annual report. The external auditor, Collins Barrow Ottawa LLP has provided an unqualified audit opinion on the organization's financial statements.

The financial statements in this report have been prepared by management according to Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and audited by Collins Barrow LLP in accordance with Canadian generally accepted auditing standards.

The purpose of this report is to provide our members and stakeholders with information on how the organization has performed financially and to explain significant items, fluctuations or changes in the policies affecting the presentation of our financial statements.

Our funding comes from two primary sources – membership dues and contributions, substantially led by the CCOLA community, which support our programs and services to members, and funds from Global Affairs Canada which are dedicated to our international development activities. Our total revenue saw an overall decrease of approximately 3.2%. While our international program and professional development revenues maintained relatively similar trends as the prior year, our membership fees and contributions saw an overall decrease of 7.5% over the prior year. As membership fees and contributions form the basis of a large part of our funding, our Board of

Directors, over the course of the coming year, are undertaking a funding review exercise that will explore various options related to the stability, sustainability and diversity of the organization's funding sources. We will continue to consult with, and inform our members as this process is carried out.

Developing and delivering performance audit training is a significant and valuable service that we bring to our members. As a non-profit organization, our training deliveries to members are delivered on a cost-recovery basis. While the number of course offerings this year rose by 23% over the prior year, those courses were delivered at an overall lower cost than last year.

Our current international program provides \$8.8 million in contributions from Global Affairs Canada (GAC) over a five-year period from 2012–2017. With the pending completion of this program later in 2017, we submitted a proposal in 2016 for a renewed contribution agreement.

While we continue to await approval for our new program submission, we remain confident that our 37 years of international capacity building success, delivered in partnership with Canada's legislative audit community, who continue to provide substantial in-kind support to help us achieve the objectives of the program, and other key partners in delivery, provides a strong basis for the program's future success.

EXPENDITURES and RISK MANAGEMENT

Prudent fiscal management continues to be a focus at the Foundation. As a membership-based organization, the risks associated with maintaining existing membership funding while trying to grow our reach and impact globally can present some challenges. We continue to maintain close and open discussions with our primary funders to ensure their continued support as we continue to expand our reach, and diversify our funding sources.

As part of its' risk mitigation strategy, the organization has, over its 37-year history, accumulated some net assets to provide a cushion against certain funding and operational risks. Guided by a policy established by the Board, the organizations' net assets position as of March 31, 2017 is \$652,292.

Some of the Net Assets have been accumulated to protect against certain funding and operational risks that may occur from time to time, while other portions are available if necessary for certain projects, with the approval of the Board. In 2017-2018, we will use a portion of these funds to continue our website improvement project, and to cover the relocation costs for the organization which happened in August 2017.

LOOKING FORWARD

We continue to operate with prudence, and to seek opportunities to leverage our funding, by partnering and working with others, to bring value to our members. We look forward to the year ahead, working with our members and partners, as we continue to deliver on the programs and services that have brought value to our members for almost 40 years.



NICOLE WIECZOREK
Vice-President, Operations and Stakeholder
Relations & Chief Financial Officer

CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION



FONDATION CANADIENNE
POUR L'AUDIT ET
LA RESPONSABILISATION



Financial Statements

For the year ended March 31, 2017



Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Financial Statements
For the year ended March 31, 2017

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Independent Auditor's Report

**To the Members of the Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation**

We have audited the accompanying financial statements of the Canadian Audit and Accountability Foundation Fondation canadienne pour l'audit et la responsabilisation, which comprise the statement of financial position as at March 31, 2017, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to an entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Audit and Accountability Foundation Fondation canadienne pour l'audit et la responsabilisation as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
July 31, 2017
Ottawa, Ontario

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Statement of Financial Position

March 31 **2017** **2016**

Assets

Current

Cash (Note 1)	\$ 1,021,007	\$ 1,219,459
Accounts receivable	83,799	49,110
Government remittances receivable	23,770	24,599
Prepaid expenses	39,838	94,157

	1,168,414	1,387,325
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Tangible capital assets (Note 2)

	3,937	-
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	\$ 1,172,351	\$ 1,387,325
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 234,522	\$ 320,331
Deferred revenue (Note 3)	375	2,550
Unexpended international program funds (Note 4)	285,162	385,694

	520,059	708,575
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Net assets

Unrestricted	652,292	678,750
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	\$ 1,172,351	\$ 1,387,325
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On Behalf of the Board of Directors:



Director



Director

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Statement of Operations and Changes in Net Assets

For the year ended March 31 **2017** **2016**

Revenue		
Membership fees and contributions (Note 7)	\$ 1,203,469	\$ 1,300,287
International program funds (Note 4)	1,669,710	1,670,210
Professional development	149,749	152,662
Interest	8,861	7,872
	<u>3,031,789</u>	<u>3,131,031</u>
Total revenue		
Direct program expenses (Notes 5 and 7)		
Research, methodology and information products	318,720	305,418
Education and professional development	374,162	428,666
Knowledge sharing and networking	150,240	126,939
International program	1,568,376	1,543,489
	<u>2,411,498</u>	<u>2,404,512</u>
General expenses (Note 5)		
Sustainability and accountability	386,346	288,476
Operations and other support	258,435	493,308
Amortization of tangible capital assets	1,968	-
	<u>646,749</u>	<u>781,784</u>
Total expenses	<u>3,058,247</u>	<u>3,186,296</u>
Deficiency of revenue over expenses for the year	(26,458)	(55,265)
Net assets , beginning of year	<u>678,750</u>	<u>734,015</u>
Net assets , end of year	<u>\$ 652,292</u>	<u>\$ 678,750</u>

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Statement of Cash Flows

For the year ended March 31

2017

2016

Cash flows from (used in) operating activities

Deficiency of revenue over expenses for the year	\$ (26,458)	\$ (55,265)
Item not affecting cash:		
Amortization of tangible capital assets	<u>1,968</u>	<u>-</u>
	(24,490)	(55,265)
Changes in non-cash working capital balances:		
Accounts receivable	(34,689)	(13,014)
Government remittances receivable	829	14,778
Accrued international program funds	-	5,497
Prepaid expenses	54,319	(60,688)
Accounts payable and accrued liabilities	(85,809)	27,424
Deferred revenue	(2,175)	2,550
Unexpended international program funds	<u>(100,532)</u>	<u>385,694</u>

(192,547) 306,976

Cash flows from investing activities

Acquisition of tangible capital assets	<u>(5,905)</u>	<u>-</u>
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Increase (decrease) in cash during the year

(198,452) 306,976

Cash, beginning of year

1,219,459 912,483

Cash, end of year

\$ 1,021,007 \$ 1,219,459

Canadian Audit and Accountability Foundation

Fondation canadienne pour l'audit et la responsabilisation

Summary of Significant Accounting Policies

March 31, 2017

Nature and Purpose of the Organization

Canadian Audit and Accountability Foundation Fondation canadienne pour l'audit et la responsabilisation (the "Foundation") was established in 1980 by letters patent under the provisions of Part II of the Canada Corporations Act. The Foundation continued under the Canada Not-for-profit Corporations Act (the "Act") effective September 9, 2014. Effective March 31, 2017 the Foundation changed its legal name from CCAF-FCVI Inc.

In accordance with the Foundation's Articles of Continuance under the Act, the purpose of the Foundation is to promote and strengthen public sector auditing, oversight, and accountability in Canada and abroad. The Foundation provides education, research and capacity development for public sector auditors and oversight committees, helping them to work with other public officials for accountable government. The Foundation's products and services are widely respected, referenced and applied by auditors, legislators and other public officials in Canada and abroad.

Significant portions of the Foundation's revenue, including a contribution to general expenses, are derived from Global Affairs Canada ("GAC") as set out in Note 4 to these financial statements. In addition, the Foundation derives approximately 54% of its membership fees and contributions from one member. The Foundation's current level of operations depends on the continuation of these revenue sources.

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.

Basis of Presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the fiscal year in which they become known.

Significant estimates include assumptions used in: estimating the initial fair value of financial instruments; estimating the amounts and collectibility of accounts receivable; establishing the useful lives and

Canadian Audit and Accountability Foundation

Fondation canadienne pour l'audit et la responsabilisation

Summary of Significant Accounting Policies

March 31, 2017

Use of Estimates
(continued)

related amortization of tangible capital assets; estimating provisions for accrued liabilities; estimating the salaries and benefits allocated to various operational areas; estimating the amount of contributions earned, receivable, accrued and deferred under the Foundation's contribution and other funding agreements; and estimating contributions in kind recognized in the financial statements.

Financial Instruments

Financial instruments are financial assets or financial liabilities of the Foundation where, in general, the Foundation has the right to receive cash or another financial asset from another party or has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and unexpended international program funds. The Foundation has no financial assets or financial liabilities measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The Foundation recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Canadian Audit and Accountability Foundation

Fondation canadienne pour l'audit et la responsabilisation

Summary of Significant Accounting Policies

March 31, 2017

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Externally restricted funds are recognized as revenue in the year in which the related expenses are incurred. Unrestricted funds are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Unrestricted interest revenue is recognized as revenue when it is earned with the passage of time. Externally restricted interest revenue, if any, is initially deferred and is recognized as revenue in the year in which the related expenses are incurred.

The Foundation sets its membership fees on an annual basis, which are recognized as revenue in the fiscal year to which they relate.

Professional development revenue is recognized in the year in which the goods and services are rendered or sold.

Contributions In Kind

In accordance with Canadian Accounting Standards for Not-for-Profit Organizations, an organization may choose to recognize in kind contributions of services but should do so only when the fair value can be reasonably estimated, and when the services are used in the normal course of the organization's operations and would otherwise have been purchased. Members and other contributors provide a significant amount of time and absorb costs related to certain activities of the Foundation. These services are in the normal course of the Foundation's operations but in certain instances their fair value and completeness are not reasonably determinable. Certain of these contributed services are volunteer services which would not otherwise be purchased by the Foundation so they are not recognized in the financial statements. Other in kind contributions of services would however be otherwise purchased by the Foundation if they had not been contributed, and their fair value and completeness are reasonably determinable such that they are recognized in the financial statements. The benefit of the contribution is included in revenue and there is an offsetting expense with no resulting impact on the Foundation's net results of operations.

Capital Assets

Tangible capital assets consisting of 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 at the time of acquisition.

When a tangible capital asset no longer has any long-term potential to the Foundation, the write-down, being the excess of its net carrying amount over any residual value, is expensed. A write-down is not reversed in subsequent years.

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Summary of Significant Accounting Policies

March 31, 2017

Capital Assets
(continued)

Intangible assets, being computer software, are expensed in the year of acquisition.

Development Costs

The Foundation develops educational products and research publications for the purposes outlined in the Nature and Purpose of the Organization. Fees charged for the use and purchase of these items are generally set such that direct costs are recovered. Related development costs are expensed in the year incurred.

Allocation of Expenses

The Foundation's expenses are presented in the statement of operations and changes in net assets on a functional basis. Expenses attributed to a particular function are directly related to the output of that functional category and are therefore not considered indirect allocated expenses. The Foundation does not allocate its general expenses to other functional expense categories.

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Notes to Financial Statements

March 31, 2017

1. Cash

The Foundation's cash is held in two accounts at one Canadian chartered bank, the majority of which is held in a business premium investment account that earns a variable rate of interest based on a tiered arrangement. As at March 31, 2017, the corporate investment account had a balance of \$794,134 (2016 - \$935,345) and was earning an approximate average rate of interest of 0.7% (2016 - approximate average rate of interest of 0.9%). The other bank account is a non-interest bearing operating account and its balance as at March 31, 2017 is \$226,873 (2016 - \$284,114).

2. Tangible Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture, office equipment and leasehold improvements	\$ 39,263	\$ 35,326	\$ 3,937	\$ 33,358	\$ 33,358	\$ -

3. Deferred Revenue

Deferred revenue consists of membership fees related to the subsequent year.

	2017	2016
Membership fees	\$ 375	\$ 2,550

4. International Program Funds

The Foundation coordinates a program designed to build the capacity and effectiveness of performance audit in the supreme audit institutions ("SAIs") of selected developing countries. The program also contributes to enhanced leadership and capacity of parliamentary oversight committees and to strengthened coordination and knowledge-sharing among donors, SAIs and their regional associations. Partnering with a network of Canadian experts, the Foundation delivers capacity building activities including Fellowship placements with Canadian audit offices, in-country and regional workshops, and other targeted training and mentoring.

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Notes to Financial Statements

March 31, 2017

4. International Program Funds (continued)

International program costs are funded by Global Affairs Canada ("GAC") with in kind contributions from Canadian experts at the Office of the Auditor General of Canada, participating provincial audit Offices, the Foundation, municipal audit offices, parliamentarians and individual Canadians. GAC pays direct costs associated with the program and makes a contribution to the Foundation's general expenses. The current agreement with GAC was effective August 29, 2012, and provides program funding of \$8,800,000 over the period ending on December 31, 2017. The total funding under the agreement yet to be potentially recognized as revenue as at March 31, 2017 is \$743,132 (2016 - \$2,412,842).

The flow of the program funds is as follows:

	<u>2017</u>	<u>2016</u>
Unexpended (accrued) program funds, beginning of year	\$ 385,694	\$ (5,497)
Advances from GAC	<u>1,569,178</u>	<u>2,061,401</u>
	<u>1,954,872</u>	2,055,904
Revenue recognized representing expenses for the year including contributions to general expenses	<u>1,669,710</u>	<u>1,670,210</u>
Unexpended program funds, end of year	<u>\$ 285,162</u>	<u>\$ 385,694</u>

A new program proposal has been submitted, and is currently undergoing a review process by GAC.

5. Salaries and Benefits

The total amount of salaries and benefits for the 2017 fiscal year is \$1,356,399 (2016 - \$1,570,236). Salaries and benefits are allocated to various operational areas based on management's estimate of resource utilization as outlined in the following table.

	<u>2017</u>	<u>2016</u>
Research, methodology and information products	\$ 188,668	\$ 169,073
Education and professional development	198,134	219,710
Knowledge sharing and networking	87,412	93,188
International program	541,752	549,176
Sustainability and accountability	226,536	215,129
Operations and other support	<u>113,897</u>	<u>323,960</u>
	<u>\$ 1,356,399</u>	<u>\$ 1,570,236</u>

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Notes to Financial Statements

March 31, 2017

6. Commitments

The Foundation's lease agreement for its office premises expires on August 31, 2017. The commitment for the 2018 fiscal year until August 31, 2017 is \$30,804.

The Foundation also has residential leases as part of its international program. Multiple leases are on a month-to-month basis. However, there are three leases expiring on April 30, 2017. The commitment for the 2018 fiscal year until April 30, 2017 is \$4,550.

In connection with its operations, the Foundation regularly enters into agreements for the purchase of various supplies and services. Certain of these agreements extend beyond the end of the 2017 fiscal year. In the opinion of management, these agreements are in the normal course of the Foundation's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

Subsequent Event

On June 30, 2017, the Foundation entered into a new office premises lease agreement for a different location. The Foundation's current location lease ends on August 31, 2017 and the building has been sold.

The lease for new premises is set to commence on December 1, 2017 for a 10-year term, however the Foundation will have access to occupy the premises beginning on August 28, 2017. The aggregate minimum rent amounts payable by the Foundation over the term of the lease totals \$670,235 plus applicable taxes, which includes an allowance for leasehold improvements.

In addition, the Foundation would be required to maintain specified levels of insurance, and would be responsible for its share of operating costs and realty taxes incurred by the landlord which, at present estimates, are expected to approximate \$49,000 annually.

The lease contains early termination or space reduction clauses after 5 years, contingent on conditions related to significant funding reductions, should they occur. In the case of a space reduction, the Foundation could have an option to reduce its rent and operating costs obligations by approximately 20%, as a one-time reduction in space, in exchange for a penalty fee of \$20,000 plus applicable taxes. A termination of the lease, with 90 days-notice, could result in a reduction of its rent payments by approximately \$369,000 plus applicable taxes as well as a reduction of its operating cost obligations in exchange for a penalty fee of \$100,000 plus applicable taxes.

The agreement also grants the Foundation a five-year renewal option at the end of the 10-year term at the then fair market value rent.

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Notes to Financial Statements

March 31, 2017

7. Contributions In Kind

In kind contributions of services recognized in the financial statements total \$146,250 (2016 - \$146,250) and are included in membership fees and contributions revenue, and the various expenses as detailed below, resulting in no net impact in the Foundation's net results of operations.

	2017	2016
Research, methodology and information products	\$ 106,525	\$ 105,966
Education and professional development	29,089	35,231
Knowledge sharing and networking	2,553	5,053
Sustainability and accountability	8,083	-
	\$ 146,250	\$ 146,250

8. Financial Instruments Risks and Concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposures and concentrations as at March 31, 2017.

The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relate to its accounts receivable. Although not considered a significant risk, credit risk also exists in relation to the Foundation's cash balances. The cash balances are set out in Note 1 to these financial statements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk.

Canadian Audit and Accountability Foundation
Fondation canadienne pour l'audit et la responsabilisation
Notes to Financial Statements

March 31, 2017

8. Financial Instruments Risks and Concentrations (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's financial instruments are in Canadian currency. Consequently, the Foundation is not exposed to foreign exchange fluctuations on its financial instruments. However, the Foundation does incur expenses in foreign currencies related to its international activities, and is therefore exposed to foreign exchange fluctuations on its future expenses.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation would be exposed to interest rate risk on fixed and variable interest rate financial instruments. The Foundation does not hold fixed-rate instruments so it is not subject to a fair value risk. The Foundation holds floating-rate financial instruments being its cash balances, as set out in Note 1 to these financial statements, which would subject the Foundation to a cash flow risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is not exposed to other price risk.

Changes in risks

There have been no significant changes in the Foundation's risk exposures from its 2016 fiscal year.
