




# Annual Report 2017-2018

---

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**



# 2017-2018

## Table of Contents

Joint Message from the Chair and CEO	4
2017-2018 Results	
Research, Methodology, and Information Products	8
Education and Professional Development	12
Knowledge Sharing and Networking	16
Sustainability and Accountability	20
Meet Our Team	22
Strategic Plan 2015-2020	24
Acknowledging Our Members and Other Organizations We Work With	25
Target Deliverables 2018-2019	28
Management Discussion and Analysis & Audited Financial Statements	31

# Joint Message from the Chair and CEO

This past year saw the Foundation break new ground to establish itself at the leading edge of public sector audit and accountability. We are proud of the many contributions that we have recently made, as this report details, but would like to take a moment to highlight a few key initiatives where we are currently at the forefront in advancing knowledge, understanding, and practice.

## Establishing a First Nations Auditor General

In 2016, the Government of Canada and the Assembly of First Nations signed a memorandum of understanding to develop the proposed elements of a new fiscal relationship between First Nations and the Government of Canada. As part of this initiative, we were asked to contribute a research paper identifying potential roles and requirements for establishing a First Nations Auditor General. We were honoured to be a part of this significant initiative, and look forward to continuing our engagement in this important dialogue in the future.

## Auditing Gender Equality

Gender inequalities affect us all and come with significant social and economic costs for all countries. The need for gender equality is recognized in the United Nations 2030 Agenda for Sustainable Development, which calls for actions to be implemented by all countries and all stakeholders to meet 17 Sustainable Development Goals (UNSDGs). Achieving gender equality and empowering women and girls is a key goal and crosscutting theme of the 2030 Agenda.

Our [\*Practice Guide to Auditing the United Nations Sustainable Development Goals: Gender Equality\*](#), specifically designed to help auditors plan performance audits of gender equality, is a significant contribution to advancing audits in this area. Both the UN and the International Organization of Supreme Audit Institutions (INTOSAI) are calling on SAIs to audit the implementation of the 2030 Agenda, meaning that this issue will continue to be top of mind in the audit community in the coming decade.



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



JOHN REED, M.E.S  
President and CEO



We particularly want to recognize two organizations that partnered with us to support the development of this Practice Guide: the International Institute for Sustainable Development (IISD), and Women Deliver. Their participation has greatly enriched the content of this guide, and we are grateful for their involvement. We look forward to working further with these organizations in the coming years on this important issue.

## Research into Emerging Technologies

Our performance audit work has been energized by new thinking and research by our new Vice-President of Products and Services, Yves Genest. Mr. Genest has led development of a new product for members – Research Highlights – that is designed to give auditors new insights on a range of issues. The first two topics to be addressed focus on new disruptive technologies that will significantly influence how auditors carry out their work: distributed ledger technology (also known as blockchain), and artificial intelligence. Both of these technologies will have large ramifications on financial and record management as well as auditing practice, and auditors need to be aware of the emerging issues surrounding them.

## Better Accountability through Effective Oversight

We are particularly proud of new guidance we published last fall for public accounts committee (PAC) members and support staff – [\*Accountability in Action: Good Practices for Effective Public Accounts Committees\*](#). Led by our Director of Oversight, Dr. Lesley Burns, we conducted extensive research and consultations to identify the practices that can make PACs more effective at holding governments to account. The resulting 15 good practices and indicators will provide a solid basis for our work with PACs for years to come.

## A New Look For Communications

Over the past year we have revamped how we operate as a Foundation, and how we communicate to our members. As we reported in last year's message, we officially changed our name and branding in May 2017, and we launched a new website to give our members and stakeholders better access to information and resources. We have continued to improve the functionality of our new website throughout the past year. At the same time, we established an active presence on social media, providing us new opportunities to engage with stakeholders. During this time, the Foundation also moved to new office premises. Achieving all of this, let alone doing all of it in the same year, was a huge undertaking and would not have been possible without the tireless work of the Foundation's team, led by Vice-President of Operations and Stakeholder Relations, Nicole Wieczorek.

## Our New International Program

Our International Legislative Oversight Program (ILOP) officially wrapped up on March 31, 2018. This five-year program contributed to advancing legislative performance audit and oversight in four countries: Cameroon, Ghana, Tanzania, and Vietnam.

Collaborating with the Foundation's members and other Canadian institutions is a unique strength of our international programming. We would like to extend our thanks to all our partners for their generosity and dedication to advancing performance audit and oversight. Their participation exemplifies the Canadian "brand" and spirit that has truly made a difference in these countries.

We are pleased that Global Affairs Canada has approved our new International Governance, Accountability, and Performance (IGAP) program, which will run through to 2025. This program will see us working in three new countries – Burkina Faso, Guyana, and Rwanda – while continuing to work in Vietnam.

We extend our gratitude to Yves Gauthier, who retired in November 2017. Involved with the Foundation in some form since the early 1980s, most recently he served as Vice-President, International Programs. Through his dedicated service, Mr. Gauthier has been instrumental to the success of our international programs and to the Foundation as a whole. We acknowledge the significant contributions of Caroline Jorgensen, Director, International Programs, for her effective management of program finances and reporting, in addition to her contributions to program delivery, to make this program a success.

## Acknowledging the Contributions of Our Board

Finally, we would like to acknowledge the individuals who serve on our [Board of Directors](#), who contribute their time, wealth of experience, and expertise to carry out their oversight role, and contribute to the success of the Foundation. We added two new individuals to the Board in 2017: Evangeline Colman-Sadd, Auditor General, Halifax Regional Municipality; and Guylaine Leclerc, Auditor General of Québec. They each bring a strong background and credentials to support the Board in its discussions and deliberations.

The Foundation has been making great strides in advancing the state of performance audit and oversight in Canada and abroad. We would like to acknowledge all the Foundation's staff, our associates, and the volunteers and partners who support our programs, for their contributions to our success. We hope our members see, in the initiatives outlined above and throughout this report, that the Foundation continues to play a crucial role in advancing knowledge, understanding, and practice in audit and accountability for the betterment of society in general, and government in particular.

## Board of Directors as of March 31, 2018

### CHAIR



**JAMES M. SYLPH, FCPA, FCA ICD.D**  
Independent Consultant  
Ewing Change Inc.

### VICE-CHAIR



**RON SALOLE**  
Member, International Auditing and  
Assurance Standards Board



**NANCY CHENG, FCPA, FCA**  
Assistant Auditor General, Office of the  
Auditor General of Canada



**EVANGELINE COLMAN-SADD, CPA, CA**  
Auditor General of the Halifax Regional  
Municipality



**BILL KESSELS, CPA, CA, CMC, CISA, CIA**  
Partner, Public Sector Risk Leader and  
British Columbia Advisory Leader,  
Ernst & Young LLP



**GUYLAINE LECLERC, FCPA AUDITOR, FCA**  
Auditor General of Québec



**KIM MACPHERSON, CPA, CA, ICD.D**  
Auditor General of New Brunswick



**ANN MASSON, M.P.A.**  
Independent Consultant and IPAC  
Associate, The Institute of Public  
Administration of Canada (IPAC)



**STUART NEWTON, CPA, CA**  
Assistant Auditor General,  
Office of the Auditor General of British  
Columbia



**TERRY PADDON, CPA, CA**  
Former Auditor General of Newfoundland  
and Labrador



**MICHEL SAMSON, FCPA AUDITOR, FCA**  
Auditor General, City of Québec



**JOHN G. WILLIAMS, FCQA**  
Member of Parliament (Canada) (retired),  
Pres. Emeritus of the Global Organization  
of Parliamentarians Against Corruption



# Research, Methodology, and Information Products

*We work collaboratively with our stakeholders to advance knowledge, understanding, and practice in performance audit, oversight, and accountability. Our latest research, methodology, and information products are designed to help auditors and members of oversight committees carry out their respective roles.*

## Helping Performance Auditors Understand the Latest Trends and Practices

The Foundation has developed new products specifically designed to support performance auditors in their work:



AUDIT TIPS

[Audit Tips](#) underscore good practices and provide practical advice for performance auditors on selected themes.



RESEARCH HIGHLIGHTS

[Research Highlights](#) explore important trends or emerging risks that may impact audit offices and their practices.

Members also have access to an ever-increasing suite of audit guidance in the form of our [Practice Guide](#) series. Recent topics include auditing revenues from mining, and auditing gender equality. We're working to publish another guide in early 2019 on audit sampling!



## Tools to Help Make Public Accounts Committees (PACs) More Effective

PACs play an important role in holding government departments accountable for their performance, supported by the work of the Auditor General. Our research and practical tools offer PAC members the resources to help increase their effectiveness.

Our latest guidance on parliamentary oversight, [\*Accountability in Action: Good Practices for Effective Public Accounts Committees\*](#), was launched in September 2017. The publication is the premier guide for PACs looking to improve their effectiveness.



*Accountability in Action* provides a solid base of good practices, including measurable indicators that support PACs' efforts to self-assess and track their progress.

*"This is a great piece of work! It is both aspirational and inspirational and I believe it will help our committee."* – The **Honourable Kevin Sorenson**, Member of Parliament (Blackfoot–Crowchild) and Chair of the federal Public Accounts Committee

We also released a discussion paper: [\*Building and Sustaining Effective Auditor General–Public Accounts Committee Relationships\*](#). This paper provides advice on actions auditors and PAC members can take to maintain or improve their relationship and operate collaboratively.

## Audit News – Sharing the Latest Reports and Methodology from Around the World

At the Foundation, we are committed to seeking and highlighting the best performance audit work being done in Canada and abroad. The accessibility of over 6,000 audit reports and other documents provides a rich source of data, searchable and sortable in seconds. Our members tell us this tool saves them days of valuable staff time each time they start an audit.

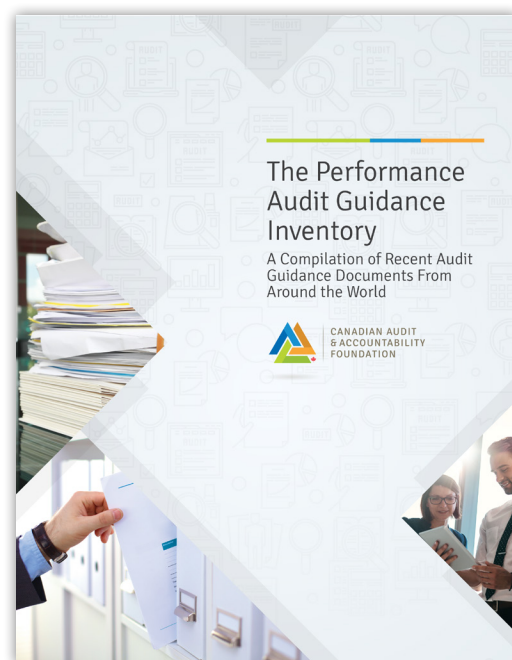
This year, we introduced a new product under the *Audit News* banner called *Featured Audits*. Each edition will profile a selected performance audit from Canada, highlighting interesting findings, techniques used, and lessons learned.

We continue to update the *Performance Audit Guidance Inventory*, which provides a downloadable list of best practice guides, discussion papers, checklists, self-assessment tools, and other resources from around the world.

### About Audit News


[Audit News](#) monitors public information published on the websites of audit institutions in Canada and abroad. Four products make up *Audit News*:

- [Audit News Database](#)
- [Featured Audits](#)
- [Focus On Series](#)
- [Performance Audit Guidance Inventory](#)



  
**54**  
Jurisdictions  
included in *Audit  
News*

  
**6,213**  
Documents in the  
database

  
**0.5**  
seconds to find  
**477**  
reports on procurement

# Research, Methodology, and Information Products Results Table

ADVANCING KNOWLEDGE, UNDERSTANDING, AND PRACTICE

## TARGETS 2017-2018

## RESULTS 2017-2018

Identify and begin next research study...	Proposal for research on municipal oversight developed. Ongoing	⚡
	Planned Thought Leaders Forum to identify research topics. Cancelled due to scheduling issues.	✗
Release one discussion paper...	Released <i>Building and Sustaining Effective AG-PAC Relationships</i> – June 2017.	✓
Develop a paper on need and structure for a First Nations Auditor General...	First Nations Auditor General paper completed and released – Oct. 2017.	✓
Release two Practice Guides...	Released <i>Practice Guide to Auditing the United Nations Sustainable Development Goals: Gender Equality</i> – Aug. 2017.	✓
	Released <i>Practice Guide to Auditing Mining Revenues and Financial Assurances for Site Remediation</i> – Oct. 2017.	✓
Release Focus On Edition #4...	Focus On #4 deferred to 2018-2019.	✗
Update <i>Audit News Database</i> monthly...	<i>Audit News</i> content increased by approximately 8%.	✓
Develop and release new audit community products...	Three new products developed: <i>Featured Audits</i> ; <i>Audit Tips</i> ; <i>Research Highlights</i> . Products launched in April 2018.	✓
Update <i>Performance Audit Inventory</i> document...	<i>Performance Audit Inventory</i> updated and released – May and November 2017.	✓
Finalize and release <i>Accountability in Action</i> ...	<i>Accountability in Action</i> distributed at CCPAC-CCOLA Annual Conference (Sept. 2017), and released to members – Oct. 2017.	✓
Revise and carry out survey of PACs in Canada...	Development of survey tool carried out in winter 2018. Survey of PAC clerks and members to be carried out in spring-summer 2018.	⚡
Develop additional capacity-building tools to support PACs...	Quick Reference Sheets for PAC members made available on website.	✓
	Published <i>Contemporary Developments in Parliamentary Oversight in Francophone Countries</i> on behalf of Frederick Staphenurst – McGill University.	✓

 Completed
  Partially Completed
  Not Completed

# Education and Professional Development

*Our courses and workshops for performance auditors and members of oversight bodies provide rich learning opportunities.*

## Building Effective Report Writing Skills and New Courses Currently Under Development

Our [Effective Report Writing Course](#) was in very high demand this year, representing nine of the 12 training courses delivered. The success of this course is due in large part to the opportunity it provides auditors to review and analyze their own offices' reports under the guidance of our expert Associate – Sarah MacFadyen.

This year we also began the development of two new training courses. Auditing Gender Equality will feature prominently as we support countries in auditing the United Nations Sustainable Development Goals. The second course will explore how we can help auditors get to the heart of the issues raised in their audits, with a new workshop on Root Cause Analysis.



### WHAT PEOPLE ARE SAYING ...

*"This workshop was wonderful. It had just the right balance of instruction and active work on exercises, plus individual and group work."*

*"It was excellent. Best writing training I have attended and examples were things I could relate to."*

Our full suite of [professional training courses](#) can be tailored, and are available for delivery in Canada and abroad.





## Helping Public Accounts Committees Improve Their Effectiveness

Guided by the good practices and performance indicators in our newest publication, [Accountability in Action](#), we have worked with the public accounts committees (PACs) in three jurisdictions over the past year to improve their effectiveness:

- We delivered an orientation session to the newly appointed PAC in the Yukon.
- We delivered a “refresher” workshop to the Alberta PAC that included helping them self-assess against a number of effectiveness indicators. This PAC has made great strides in recent years, and in 2017 released its first substantive report, containing the Committee’s own recommendations.
- We delivered two sessions to the federal PAC: an orientation session on the role of the PAC that included a primer for PAC members on performance audit, and a session on understanding the public accounts. Our website contains [Quick Reference Sheets](#) on these and other topics.



### PAC workshops in Canada



## Wrapping Up Our Five-Year International Program

In March 2018 we concluded our five-year international program designed to strengthen performance audit and oversight in Cameroon, Ghana, Tanzania, and Vietnam. Highlights from the program's final year included the graduation of six Fellows in May 2017 who were hosted by the Offices of the Auditors General of Alberta, Canada, and New Brunswick. We also held performance audit workshops for the supreme audit institutions (SAIs) in Cameroon, Ghana, and Vietnam, and training for Ghana's Public Accounts Committee.

As a result of the program, the SAIs of Cameroon and Vietnam have begun conducting performance audits and the SAIs of Ghana and Tanzania have further improved their performance auditing practices. Our program also supported improved communications and collaborations between the SAIs and oversight committees in Ghana and Tanzania, and shared good practices with these oversight committees and the National Assembly of Vietnam.

We are proud to work with our Canadian partners to help improve audit, oversight, and accountability in the countries we work with abroad. [Read more](#) about the results of the program.



In May, the Foundation and our partners celebrated the graduation of Fellows from Cameroon, Ghana, Tanzania, and Vietnam.

Fellows graduated  
in 2017-2018

6

Fellows graduated over 5 years of  
International Legislative Oversight  
Program

28

Fellows' overall satisfaction  
with the Program

4.5  
out of 5

# Education and Professional Development Results Table

STRENGTHENING KNOWLEDGE AND SKILLS OF PERFORMANCE AUDITORS AND OVERSIGHT BODIES

## TARGETS 2017-2018

## RESULTS 2017-2018

### PERFORMANCE AUDIT IN CANADA

Plan and deliver thematic and promotional webinars...	Two webinars on auditing oversight delivered: English (June 2017); French (Oct. 2017).	✓
Deliver performance audit courses based on demand...	12 courses delivered – 3 Fundamentals of Performance Audit, 9 Report Writing.	✓

### PAC / OVERSIGHT IN CANADA

Deliver PAC workshops based on demand...	Four workshops delivered (Alberta; Federal [2]; Yukon).	✓
Conduct needs assessment of oversight training at municipal level...	Proposal developed to create training program and other tools to support municipal councils in oversight. Project to begin in 2018-2019.	–

### INTERNATIONAL PROGRAMS

Complete 2016-2017 Fellowship for 6 auditors...	Fellowships completed at the OAGs of Canada, Alberta, and New Brunswick for Fellows from Cameroon (1), Ghana (2), Tanzania (1), and Vietnam (2).	✓
Deliver management internships and performance audit training, including workshops in Cameroon, Ghana, and Vietnam...	Three performance audit workshops delivered, in Cameroon, Ghana, and Vietnam, plus a study tour in Canada for a senior delegation from the Ghana SAI.	✓
Deliver workshop for the PAC in Ghana...	Oversight committee orientation workshop delivered for 25 participants.	✓
Support Vietnam in finalizing assessment using INTOSAI performance measurement framework...	Quality assurance report provided to the Vietnam SAI, helping it finalize its assessment.	✓
Participate in quality review in Tanzania...	Contributed to the quality review of the Tanzania SAI organized by AFROSAI-E.	✓



Completed



Partially Completed



Not Completed

# Knowledge Sharing and Networking

*Bringing our member communities together to share their experiences and discuss issues of mutual interest is integral to our mission and strategy. We contribute to a number of events and information exchange opportunities throughout the year.*

## Contributing to Ongoing Discussions on a New Fiscal Relationship Between First Nations and the Government of Canada

In 2016, the Government of Canada and the Assembly of First Nations signed a [Memorandum of Understanding](#) to develop the proposed elements of a new fiscal relationship between First Nations and the Government of Canada.

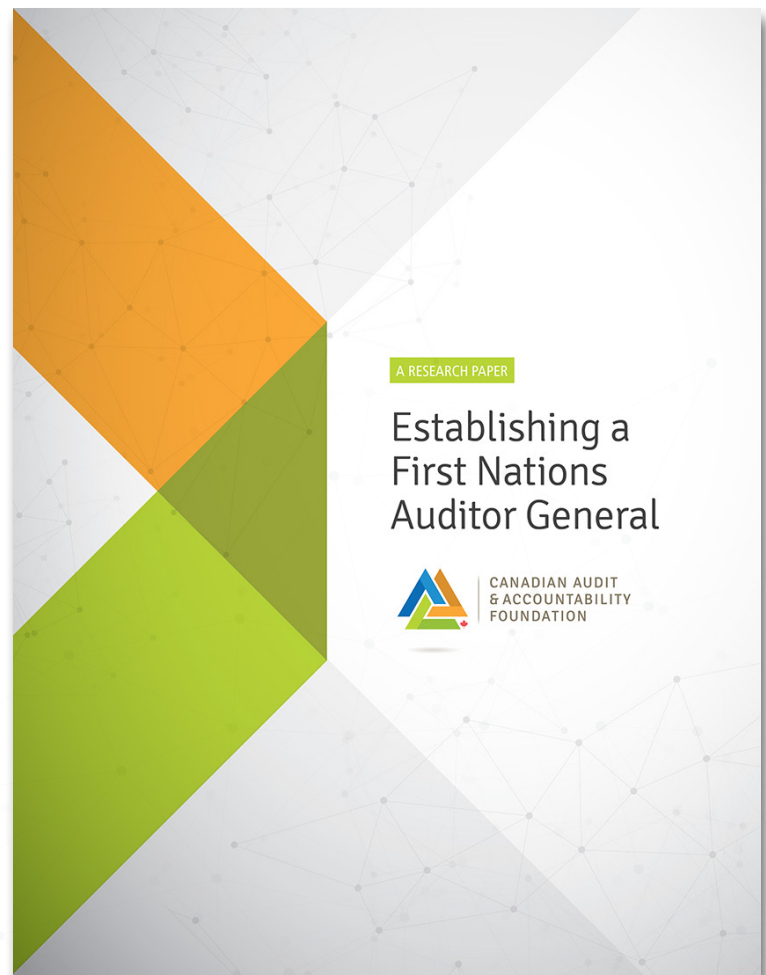
Since that time, three joint working groups have been developing options to guide the journey forward. This included consideration of a new mutual accountability relationship – one that will demonstrate results to citizens, governments, and Parliament in closing the socio-economic disparities between First Nations citizens and other Canadians.

In December 2017, those options were presented to Minister Jane Philpott, Minister of [Indigenous Services](#) for the Government of Canada, and Perry Bellegarde, National Chief of the [Assembly of First Nations](#).

The Foundation was proud to have been part of this dialogue by its contribution of a research paper that considered the potential roles and requirements for [Establishing a First Nations Auditor General](#).

*“We appreciated the opportunity given to us to be part of this crucially important initiative. We very much look forward to continuing our engagement in this important dialogue in future.”*

—**John Reed**, President & CEO, Canadian Audit and Accountability Foundation





## Leading the Discussion on Auditing Gender Equality

Our [\*Practice Guide to Auditing the United Nations Sustainable Development Goals: Gender Equality\*](#) is in high demand! We're proud to be a global leader on this emerging topic and we have been sharing the guidance far and wide—at a conference of Australian auditors, in a presentation to the UN Office of Internal Oversight Services (OIOS), through the INTOSAI Working Group on Environmental Auditing newsletter, and at a side event during the UN Commission on the Status of Women, where we explained how civil society, parliamentarians, and others can also use this guidance to hold governments accountable for gender equality.



More than 100 people attended the panel discussion we held with Women Deliver and IISD during the UN Commission on the Status of Women in New York this March. We were honoured that Canada's Minister of Status of Women, Maryam Monsef, gave keynote remarks.

Next up: developing training on auditing gender equality. Work began with a course design workshop in February 2018 with partners from the OAGs of Canada, Alberta, and Nova Scotia; Women Deliver; the International Institute for Sustainable Development (IISD) ; and the UN OIOS.





## Bringing Communities Together

Our Foundation annually contributes to and organizes events designed to bring communities together to learn and to discuss issues of mutual interest.

We strive, in everything we do, to bring individuals from our [stakeholder communities together](#) to discuss and contribute to the development of our products and services. This approach allows us to bring a richness and diversity to our research, products and services, that brings greater value to our members.

We were pleased to organize and lead sessions at the following events:



The CCPAC-CCOLA annual conference (pictured above – New Brunswick 2017) brings together Auditors General and Members of PACs, and their respective staff, to discuss important issues that help support greater accountability and good governance. At the 2017 event, we announced and gave a presentation on *Accountability in Action: Good Practices for Effective Public Accounts Committees*, which included a peer exchange session among conference delegates.



Participants at the April 2017 Canadian Council of Legislative Auditors (CCOLA) annual performance audit symposium.



Participants in the Foundation's Emerging Leaders Program present the results of their Innovation Challenge projects at the CCOLA annual performance audit symposium.

The CCOLA Performance Audit Symposium (pictured above – Toronto 2017) brings together performance auditors from federal, provincial, and municipal jurisdictions together with their international counterparts to hear expert speakers and panels provide insights that support the knowledge and work of auditors. The Foundation was pleased to contribute by supporting planning for the event, as well as organizing and leading several sessions.

We were also pleased to co-host, with the Auditor General for the City of Toronto, a one-day forum for municipal Auditors General and heads of audit.

# Knowledge Sharing and Networking Results Table

## FOSTERING NETWORKS AND INFORMATION EXCHANGE OPPORTUNITIES

### TARGETS 2017-2018

### RESULTS 2017-2018

#### PERFORMANCE AUDIT IN CANADA

Support CCOLA's Performance Audit Symposium...

Supported planning and delivery of April 2017 event and planning for 2018 event. Sessions delivered were positively rated.



Support CCPAC-CCOLA Annual Conference...

Supported host jurisdiction (New Brunswick) in planning event. Presentation and peer-exchange sessions were positively rated.



Continue *Ronald C. Thompson Memorial Scholarship Award* initiatives...

Award issued for 2016-2017 to Heather Ogilvie.



Plan second Emerging Leaders Summit for delivery in 2018-2019...

Planning undertaken for second Emerging Leaders Summit to be held Nov. 2018.



Develop and deliver one-day forum to municipal auditors general...

Delivered event for municipal auditors following wrap-up of Performance Audit Symposium in April 2017.



#### INTERNATIONAL PROGRAMS

Continue outreach with international program partners...

Participated in two AFROSAI-E meetings, a joint meeting of the INTOSAI Capacity Building Committee and INTOSAI-Donor Steering Committee, and WGEI Steering Committee meeting.



Collaborated with AFROSAI-E, IDI, Women Deliver, and IISD.



Contribute to INTOSAI Development Initiative training programs...

Contributed to the redesign of IDI course on the SAI Performance Measurement Framework and to IDI's SAI Young Leaders program.



Presented at IDI event on auditing government's preparedness to implement the SDGs.



Support partner SAIs' participation in selected international activities...

Supported Vietnam SAI's participation in a WGEI workshop.



# Sustainability and Accountability

*To best meet our members' needs, we strive to maintain an organization that is sustainable and accountable.*

## A New Contribution Agreement with Global Affairs Canada

We are pleased to have launched a new international program that will strengthen performance audit, oversight, and accountability in Burkina Faso, Guyana, Rwanda, and Vietnam. In March 2018, we signed a contribution agreement with Global Affairs Canada for a new seven-year program, the International Governance, Accountability, and Performance program. Global Affairs Canada will provide up to \$14,950,000 in funding. We are extremely fortunate and appreciative to have the strong support of our Canadian partners, with whom we work collaboratively to deliver the program. We are excited to begin work with our partners to support these four countries and we look forward to building upon the success of our previous international program, which ended in March.

## A New Look and Brand

CANADIAN AUDIT  
& ACCOUNTABILITY  
FOUNDATION

*Advancing public sector audit,  
oversight and governance*



FONDATION CANADIENNE  
POUR L'AUDIT ET  
LA RESPONSABILISATION

*Faire progresser l'audit, la surveillance et  
la gouvernance dans le secteur public*

In May 2017 we completed an exciting journey to a new name for the organization. Along with the new name and related branding, we launched a newly designed website to better serve our members and provide them with easier ways to access our research, methodology, and tools.

We have also established our presence on social media. Along with communications to members and other stakeholders to inform them of new products and news of interest, we also engage with our members and the broader community on Twitter and LinkedIn.

## Communications to members



## Visitors to our website



10,050

## Tweets since May 2017



172

## Twitter impressions since May 2017



76,000



# Sustainability and Accountability Results Table

MAINTAINING A SUSTAINABLE, ADEQUATELY RESOURCED, AND ACCOUNTABLE ORGANIZATION

## TARGETS 2017-2018

## RESULTS 2017-2018

Seek and foster opportunities to collaborate with other organizations on common ground research...	<p>Opportunities pursued to establish partners for future work in municipal oversight.</p> <p>Our research supported the Assembly of First Nations and Indigenous Services Canada in next steps to establishing a First Nations AG.</p>	✓
Continue monitoring and implementation of HR plan...	Recruited new VP, Products and Services – began role in spring 2017.	✓
Recruit and train 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 supported by in-kind contributions from member communities through participation on project teams, co-delivery of courses, and participation on advisory groups.	✓
Launch new name and website, and supporting branding...	New name, brand, and website launched – May 2017. Continued new design improvements and launched in April 2018.	✓
Continue promoting products in Canada and abroad during events and training activities...	Foundation products are promoted at training courses, and during presentations.	✓
Establish social media presence...	Established Twitter and Linked In presence to coincide launch of new name and brand. Social media strategy implemented to promote CAAF products.	✓
Continue reporting on performance to Board and members, aligned with member accountability arrangements...	Reported to the Board and CCOLA as per MOU and other accountability arrangements.	✓
Produce final report on 2012-2017 International Legislative Oversight Program (ILOP)...	Final report on the ILOP program sent to Global Affairs Canada in March 2018.	✓
Deliver annual performance report to members...	2016-2017 Annual Report to Members released in Sept. 2017 with new design, aligned with new branding.	✓
Prepare and deliver 3 Board meetings and committee meetings as required...	3 Board meetings and 15 committee meetings held.	✓
Prepare and deliver AGM...	AGM held September 2017.	✓
Establish performance measurement and reporting framework for new International Governance, Accountability, and Performance program...	Performance Measurement Framework was developed as part of agreement with Global Affairs Canada, and will be finalized as program gets underway.	✓

## 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](#).

### Staff



**JOHN REED**  
President and CEO



**MARIE-HÉLÈNE BÉRUBÉ**  
Program Officer, Gender  
Equality and Ethics,  
International Programs



**LESLEY BURNS**  
Director, Oversight



**LYNNE CASIPLE**  
IT and Web Officer



**SEYNABOU DIALLO**  
Administrative Coordinator



**BARBARA DUMONT**  
Finance & Administration  
Officer



**PIERRE FRÉCHETTE**  
Research Officer



**ORNELLA GATORE**  
Administration & Logistics  
Officer, International Programs



**YVES GENEST**  
Vice-President,  
Products and Services



**KATE GERTZ**  
Communications and Reporting  
Officer, International Programs



**TERRY HUNT**  
Vice-President, International  
Programs



**CAROLINE JORGENSEN**  
Director, International Programs



**JAMES OULTON**  
Corporate Officer



**JULIEN RAYNAUD**  
Projects Officer, Products and  
Services



**ENZA SANTALUCIA**  
Program Officer, International  
Fellowships and Leaderships  
International Programs



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

## ***Associates***



RÉGENT CHOUINARD



JANE FULLER



SARAH MACFADYEN



NEIL MAXWELL



MICHAEL J. MCLAUGHLIN



SHAWN A. MURPHY



GUY PERRON



BILL RAFUSE



LAURIE ROSE





# 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 Other Organizations We Work With

The work of the Foundation would not be possible without the significant contributions of our members and others through the provision of funding and other contributions.

We would like to take a moment to acknowledge their unique contributions to making this Foundation a nexus point where public sector audit and accountability leaders come together to help us achieve our mission to:

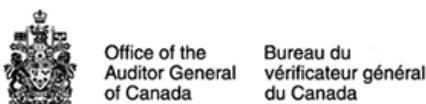
*promote and strengthen public sector performance audit, oversight, and accountability in Canada and abroad through research, education, and knowledge sharing.*

## Member Organizations (as of publishing date of this report)

Our members provide the funding the Foundation requires to develop and deliver the Canadian programs and services outlined in this report.

Working with us, our members help to improve the effectiveness of performance auditing and legislative oversight in Canada and in our international partner countries.

We would like to acknowledge in particular the participating members of the Canadian Council of Legislative Auditors (Alberta, British Columbia, Canada, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Prince Edward Island, Québec, and Saskatchewan) for the significant financial and in-kind contributions they provide – without their funding, the Foundation could not exist.





Cour des  
comptes



Natural Resources  
Canada

Ressources naturelles  
Canada



Nova Scotia  
Office of the Auditor General



Prince Edward Island  
Office of the Auditor General



Vérificateur général



Office of the  
Auditor General



## International Program

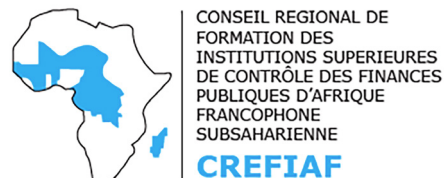


Global Affairs  
Canada

Affaires mondiales  
Canada

With funding provided by Global Affairs Canada, the Foundation brings its research, methodology, training, and knowledge and networking opportunities to our recipient partner countries abroad (for 2017–2018, in Cameroon, Ghana, Tanzania, and Vietnam).

By working in cooperation with other organizations as listed below, along with our members, we help developing nations make a difference and raise the bar in increasing transparency, accountability, and good governance abroad.



# Target Deliverables 2018-2019

## STRATEGIC GOAL #1: RESEARCH, METHODOLOGY, AND INFORMATION PRODUCTS

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

- Release two discussion papers (“Citizen Engagement” and “Impact of Performance Audits”).
- Release guidance on oversight by municipal councils and audit committees.

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

- Release Practice Guide on Sampling.
- Begin Practice Guide #8 – Topic TBD.
- Release *Focus On* Edition #4 – IT Security.
- Update *Audit News Database* monthly.
- Continue release of new audit products: Featured Audits; Audit Tips; Research Highlights.

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

- Release Quick Reference Sheets and/or other tools for PAC members.
- Carry out and report on results of Canadian PAC Survey.

## 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 2 thematic webinars.
- Continue to develop new performance audit training courses/modules.

### 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.
- Deliver capacity-building training to support municipal oversight.

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

- Begin new Fellowship program as part of new International Governance, Accountability, and Performance (IGAP) program.
- Deliver Leaderships and in-country performance audit training as part of new IGAP program.

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

- Deliver oversight workshops to parliamentarians as part of new IGAP Program.

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

- Deliver support to four new IGAP countries (Burkina Faso; Guyana; Rwanda; Vietnam), based on needs assessment.



## 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 (Charlottetown).
- Continue Ronald C. Thompson scholarship initiative.
- Convene second Emerging Leaders Summit for performance audit professionals.
- Deliver forum for municipal auditors general.

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

- Continue outreach with international program partners.

## 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.
- Conclude member dues and benefits review and implement resulting plan.

**4.2 Continuously build and strengthen human resources and organizational capacity.**

- Continue monitoring and implementation of HR plan.
- Conduct 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 products and activities.**

- Continue implementing communication strategy activities.
- Continue promoting products in Canada and abroad during events and training activities.

**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.
- Deliver annual performance report to members.
- Prepare for and deliver three Board meetings and, as required, Board Committee meetings.
- Prepare for and deliver AGM.
- Begin new strategic plan development process.



# By the Numbers

<b>10,050</b> Visitors to our website	<b>54</b> Jurisdictions included in <i>Audit News</i> <b>6,213</b> Documents in the database	<b>4.5</b> out of 5 Fellows' overall satisfaction with the International Legislative Oversight Program
<b>16,131</b> Total website sessions <b>42,499</b> Unique web page views	<b>0.5</b> seconds to find <b>477</b> reports on procurement in <i>Audit News Database</i>	<b>28</b> Fellows graduated over 5 years of International Legislative Oversight Program <b>251</b> since 1980
Communications to members <b>14</b> 2017-2018 <b>330</b> Since 2004	Performance audit courses delivered <b>12</b> 2017-2018 <b>445</b> All-time	PAC workshops delivered in Canada <b>4</b> 2017-2018 <b>41</b> since 2006
<b>172</b> Tweets since May 2017	Audit professionals trained in Canada <b>247</b> 2017-2018 <b>8,853</b> All-time	<b>127</b> Audit professionals trained in performance audit and oversight courses abroad <b>1,082</b> since 2012
<b>76,000</b> Twitter impressions since May 2017	<b>98%</b> Overall positive course assessment	<b>95%</b> of participants at the CCPAC-CCOLA conference rated our sessions positively

# Management Discussion and Analysis

The Canadian Audit and Accountability Foundation's financial statements for the year ended March 31, 2018, together with the independent auditor's report thereon, are presented in this annual report. The external auditor, Welch LLP has provided an unqualified audit opinion on the Foundation'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 Welch LLP in accordance with Canadian generally accepted auditing standards. This report will provide our members, stakeholders and other interested parties with information on the Foundation's financial performance and will explain significant items, fluctuations or changes in the policies affecting the presentation of our financial statements.

## Revenues

Our funding comes from two primary sources: membership fees, and contributions and direct funding provided by Global Affairs Canada for our international programming. Fees from training and other projects comprise the balance of our revenues.

Our total revenues for 2017-2018 declined by approximately 28.5% over the prior year. The decline, in large part, was due to the culmination of our five-year Global Affairs Canada international contribution agreement that was completed on March 31, 2018. As is normal in the final year of our multi-year contribution agreements, 2017-2018 saw in-country activities taper off as we wrapped up the program, and focused on reporting of outcomes.

A contribution agreement for a new seven-year program was signed on March 29, 2018. Our new international program, the International Governance, Accountability and Performance (IGAP) program, will receive \$14.95 million in contributions from Global Affairs Canada (GAC) over a seven-year period from 2018 – 2025. The program will support work in four countries: Burkina Faso, Guyana, Rwanda and Vietnam.

The culmination of our last five-year program, and the beginning of our new seven-year program, both of which occurred in March 2018, resulted in an increase over the prior year in our Accounts Receivable, as we established receivables related to the final contribution under the old program, and the first contribution amount under the new program.

While our training generated similar revenues as the prior year, the Foundation realized additional revenues from a special project undertaken to develop a discussion paper on *Establishing a First Nations Auditor General*.

Our Board of Directors, over the course of the past year, began undertaking a member fees and benefits review exercise to explore various options to increase the stability, sustainability, and diversity of the organization's future funding sources. We continue to consult with, and inform our members, as this process is carried out.



## Expenditures

The culmination of our five-year international program saw a decline in expenses related thereto. Our general expenses increased by 12% in 2017–2018, related to the completion of our name change, rebranding, new website launch, and premises relocation – projects that spanned the past two fiscal years.

## Risk Management and Fiscal Prudence

As part of our risk mitigation strategy, the Foundation has, over its 38-year history, accumulated net assets to provide a cushion against certain funding and operational risks. Guided by a policy established by the Board, the organization's net assets position as of March 31, 2018 is \$538,935.

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 specific projects, with the approval of the Board. In 2017–2018, we used a portion of these funds to continue the rebranding and website improvement project, relocation costs for the organization in August 2017, and the funding gap created by a decline in net revenues from the culmination of our international program. The Board approved the drawdown of the Net Assets so that we could continue to bring the same level of products, services and programming to our members, as in prior years.

## 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 other organizations, as we continue to deliver 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

**FINANCIAL STATEMENTS**  
**For**  
**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/  
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**  
**For year ended**  
**MARCH 31, 2018**

## **INDEPENDENT AUDITOR'S REPORT**

To the members of

### **CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/ FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

We have audited the accompanying financial statements of Canadian Audit and Accountability Foundation/Fondation canadienne pour l'audit et la responsabilisation, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and changes in net assets and 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 the 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.

.../2



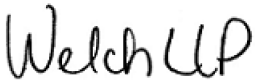
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Audit and Accountability Foundation/Fondation canadienne pour l'audit et la responsabilisation as at March 31, 2018 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.

*Other Matter*

The financial statements of Canadian Audit and Accountability Foundation for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on July 31, 2017.

A handwritten signature in black ink that reads "Welch LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
June 27, 2018.

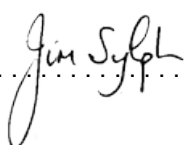
**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/  
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 452,657	\$ 1,021,007
Accounts receivable	671,534	83,799
HST receivable	5,505	23,770
Prepaid expenses	<u>35,197</u>	<u>39,838</u>
	1,164,893	1,168,414
<b>TANGIBLE CAPITAL ASSETS</b> (note 4)	<u>45,924</u>	<u>3,937</u>
	<u>\$ 1,210,817</u>	<u>\$ 1,172,351</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 364,998	\$ 234,522
Deferred membership revenue	5,688	375
Deferred international program funds (note 5)	250,000	285,162
Lease inducements	<u>51,196</u>	<u>-</u>
	671,882	520,059
<b>NET ASSETS</b>		
Unrestricted	<u>538,935</u>	<u>652,292</u>
	<u>\$ 1,210,817</u>	<u>\$ 1,172,351</u>

Approved by the Board:

.....  ..... Director

.....  ..... Director

(See accompanying notes)

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/  
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

**YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Revenue</b>		
Membership fees and contributions	\$ 1,207,682	\$ 1,203,469
International program funds	738,310	1,669,710
Professional development	145,808	149,749
Interest and other	<u>74,996</u>	<u>8,861</u>
	<u>2,166,796</u>	<u>3,031,789</u>
<b>Direct program expenses</b>		
Research, methodology and information products	366,999	318,720
Education and professional development	359,629	374,162
Knowledge sharing and networking	126,245	150,240
International program expense	<u>701,757</u>	<u>1,568,376</u>
	<u>1,554,630</u>	<u>2,411,498</u>
<b>General expenses</b>		
Sustainability and accountability	395,227	386,346
Operations and other support	306,393	258,435
Amortization	<u>23,903</u>	<u>1,968</u>
	<u>725,523</u>	<u>646,749</u>
<b>Total expenses</b>	<u>2,280,153</u>	<u>3,058,247</u>
<b>Deficiency of revenue over expenses</b>	(113,357)	(26,458)
<b>Unrestricted net assets, beginning of year</b>	<u>652,292</u>	<u>678,750</u>
<b>Unrestricted net assets, end of year</b>	<u>\$ 538,935</u>	<u>\$ 652,292</u>

(See accompanying notes)

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/  
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses for the year	\$ (113,357)	\$ (26,458)
Adjustments for:		
Amortization	<u>23,903</u>	<u>1,968</u>
	(89,454)	(24,490)
Changes in non-cash working capital components:		
Accounts receivable	(587,735)	(34,689)
HST receivable	18,265	829
Prepaid expenses	4,641	54,319
Accounts payable and accrued liabilities	130,476	(85,809)
Deferred membership revenue	5,313	(2,175)
Unexpended international program funds	(35,162)	(100,532)
Lease inducements	<u>51,196</u>	<u>-</u>
	<u>(502,460)</u>	<u>(192,547)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Tangible capital asset additions	<u>(65,890)</u>	<u>(5,905)</u>
<b>DECREASE IN CASH</b>	(568,350)	(198,452)
<b>CASH, BEGINNING OF YEAR</b>	<u>1,021,007</u>	<u>1,219,459</u>
<b>CASH, END OF YEAR</b>	<u>\$ 452,657</u>	<u>\$ 1,021,007</u>

(See accompanying notes)



**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/  
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2018**

**1. NATURE OF OPERATIONS**

Canadian Audit and Accountability Foundation / Fondation canadienne pour l'audit et la responsabilisation 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 5 to these financial statements. In addition, the Foundation derives approximately 53% 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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

*Revenue recognition*

The Foundation uses 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. 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 year to which the membership relate.

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

*Development costs*

The Foundation develops educational products and research publications for the purposes outlined in note 1. 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.

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/  
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

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

**YEAR ENDED MARCH 31, 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*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.

*Financial instruments*

The Foundation's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Cash is subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

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.

*Contributions in kind*

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 are recorded at cost. Tangible capital assets consist of furniture, office equipment and IT equipment. Amortization of furniture, office equipment and IT equipment is provided on a straight-line basis over a three-year period. When a tangible capital asset no longer has any long-term potential to the Foundation, its carrying amount is written down to its residual value.

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

*Lease inducements*

Lease inducements, such as free rent, are deferred and amortized over the term of the lease. Annual amortization is recorded as a credit to rent expense.

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization 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. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

Significant estimates include assumptions used in estimating the initial fair value of financial instruments, the collectibility of accounts receivable, determining the useful life 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, other funding agreements and estimating contributions in kind recognized in the financial statements.

*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, 2018, the corporate investment account had a balance of \$298,025 (2017 - \$794,134) and was earning an approximate average rate of interest of 0.9% (2017 - approximate average rate of interest of 0.7%). The other bank account is a non-interest bearing operating account and its balance as at March 31, 2018 is \$154,191 (2017 - \$226,873).

**3. FINANCIAL INSTRUMENTS**

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations.

The Foundation does not use derivative financial instruments to manage its risks.

*Credit risk*

The Foundation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Foundation's maximum exposure to credit risk is the sum of the carrying value of its cash and accounts receivable. The Foundation's cash is deposited with a Canadian chartered bank and as a result, management believes the risk of loss to be remote. Accounts receivable balances are managed and analysed on an ongoing basis and accordingly, management believes all amounts receivable will be collected and has determined that a provision for bad debts is not required.

*Liquidity risk*

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they become due. The Foundation meets its liquidity requirements by establishing budgets and cash estimates to ensure it has funds necessary to fulfill its obligations.

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/  
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

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

**YEAR ENDED MARCH 31, 2018**

**3. FINANCIAL INSTRUMENTS - Cont'd.**

*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 is comprised of currency risk, interest rate risk and other price risk.

i) *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.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates.

The Foundation believes it is not exposed to significant interest rate risk on its fixed interest rate financial instruments. However, the Foundation holds floating rate financial instruments being its cash balances which is subject to interest rate risk.

iii) *Other price risk*

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

*Changes in risk*

There have been no significant changes in the Foundation's risk exposure from the prior year.

**4. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2018</u>	<u>2017</u>
Furniture, IT and AV equipment	\$ 71,795	\$ 39,263
Accumulated amortization	<u>25,871</u>	<u>35,326</u>
	<u>\$ 45,924</u>	<u>\$ 3,937</u>



**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/  
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

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

**YEAR ENDED MARCH 31, 2018**

**5. INTERNATIONAL PROGRAM FUNDS**

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.

	<u>2018</u>	<u>2017</u>
Unexpended (accrued) program funds, beginning of year	\$ 285,162	\$ 385,694
Advances from GAC	<u>453,148</u>	<u>1,569,178</u>
	738,310	1,954,872
Revenue recognized representing direct expenses for the year including contributions to general expenses	<u>738,310</u>	<u>1,669,710</u>
Unexpended program funds, end of year	\$ -	\$ 285,162

A new agreement with GAC was signed on March 29, 2018 and provides funding of \$14,950,000 over the period ending on March 31, 2025. Included in deferred international program funds is \$250,000 related to this new agreement.

**6. SALARIES AND BENEFITS**

The total amount of salaries and benefits for the 2018 fiscal year is \$1,511,736 (2017 - \$1,502,649). Salaries and benefits are allocated to various operational areas based on management's estimate of resource utilization as outlined in the following table.

	<u>2018</u>	<u>2017</u>
Research, methodology and information products	\$ 333,405	\$ 295,193
Education and professional development	264,161	227,223
Knowledge sharing and networking	122,977	89,965
International program	371,427	541,752
Sustainability and accountability	287,659	234,619
Operations and other support	<u>132,107</u>	<u>113,897</u>
	\$ 1,511,736	\$ 1,502,649

Included in salaries and benefits are in kind contributions of services of \$142,369 (2017 - \$146,250) and are included in membership fees and contributions revenue, resulting in no net impact in the Foundation's net results of operations.

**7. COMMITMENTS**

The Foundation is committed to payments under an operating lease for office space which expires November 30, 2027. The minimum aggregate rent payable to the expiry date is as follows:

2019	\$ 66,690
2020	66,690
2021	68,172
2022	71,136
2023 and beyond	416,442