

2021–2022 ANNUAL REPORT

**MAKING A DIFFERENCE
IN PUBLIC SECTOR
ACCOUNTABILITY**

in Canada and around the world



CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION

Message from CHAIR OF THE BOARD and CAAF'S PRESIDENT & CEO

The Foundation serves an important purpose: We support public sector auditors and oversight committees, which in turn helps improve public sector accountability around the world. We do this by providing auditors and oversight committees with the knowledge and skills they need to improve public services and hold governments to account.

We've had another exciting year for the Foundation, launching new products and services, meeting new and long-standing members, sharing our knowledge through presentations and research, and much more. And after a couple years of in-person events being largely on hold, travel within Canada and internationally is now resuming and we are thrilled to welcome international Fellows back to Canada! You'll find the highlights of our activities in the following pages.

Meeting Your Needs

We aim to offer the services and products that are of interest to you. In 2021–22, we made an effort to better understand your challenges and your needs by conducting a member satisfaction survey, holding meetings with audit offices and public accounts committee members, and more.

One common need this survey revealed was for help recruiting auditors, both new and experienced. We launched a Career Centre in spring 2021 and we hope to expand on this new offering in the coming years.

Members also expressed an interest for variety in our professional development offerings – both in format and in topics. To meet these needs, we have started offering shorter courses. For example, our Auditing Gender-based Analysis Plus and Appearing Before PACs and Audit Committees courses are both less than 6 hours in length. We also began offering self-paced online courses with the launch of a series of 3 courses for elected officials and their support staff. We continue to constantly research new topics for our offerings.

Feedback has been consistently positive with satisfaction ratings almost always around 85%.



Evangeline Colman-Sadd
Chair, Board of Directors



Carol Bellringer
President and CEO

We are pleased to see that our courses continue to meet participants' needs and expectations. Feedback has been consistently positive with satisfaction ratings almost always around 85%.

We also consider the specific needs of our municipal members and offer support designed uniquely for them. Last year we held our bi-annual municipal audit forum, which brings together leaders in municipal audit offices from across the country. As well, we offered a webinar specifically for Quebec Audit Committees. In 2022–23, we will launch a self-paced course for municipal audit committees.

Making an Impact, Together

The real impact for the public comes from you—public sector auditors and oversight committees. We love seeing the work you do in holding governments to account and ensuring that citizens receive the best possible value for their programs and services.

And we love seeing how our courses and services help you in your work. For example, in our international program, funded by Global Affairs Canada, we are excited to see all four participating audit offices (Guyana, Rwanda, Senegal, and Vietnam) conducting good performance audits and making recommendations that will improve citizens' wellbeing. In Canada, we have recently seen many positive changes in the Manitoba, Yukon and New Brunswick Public Accounts Committees, where they have implemented good practices recommended by CAAF.

Oversight is an important component in accountability. Auditors can write thorough audit reports with important recommendations, but they need strong oversight committees to help make the most impact. To support

oversight committees, we've developed self-paced courses, offered virtual workshops (6 were held in 2021–22), and reached out to all provincial and territorial PACs and to the federal PAC to see how we can meet their needs. We also launched a new series of videos where past PAC members share their tips on how to get the most out of the oversight committee experience.

Expanding Our Reach

Our impacts also increase when we work with new offices and members. Just last year, we worked with audit offices in Canada, Australia, Guyana, Jamaica, Rwanda, Switzerland, Mongolia, Senegal, the United Arab Emirates, Vietnam, and New Zealand. We welcomed many internal auditors as members, including the Department of National Defense, Canada Food Inspection Agency, and the Government Internal Auditors Council of Canada (an umbrella membership for various internal audit offices), as well as PwC Canada and international members from the United Arab Emirates and Mongolia.

The real impact for the public comes from you—public sector auditors and oversight committees.

Our reach also expands when we share our expertise with others. In 2021–22, we delivered presentations to the Institute of Internal Auditors (Canada and North America) Annual Conferences, AFROSAI-E conferences, the Commonwealth Parliamentary Association Conference, the 12th International Conference on Governance Fraud Ethics and Corporate Social Responsibility, and the Mexican Academy of Performance Audit. As well, we moderated panels at both the CCOLA and CCPAC-CCOLA conferences. We were also invited to bring discussions of public sector audit and oversight to university classrooms, this year in Quebec and British Columbia.

For 2022–23, we look forward to continuing to expand our reach through new memberships, speaking opportunities, and networking. We will be working towards an important objective in our new 2022–2025 strategic plan: to have at least 25% of supreme audit institutions and 80% of public sector auditors in Canada represented in CAAF membership.

Sustainability of the Foundation

The Foundation has 4 major sources of funding: membership contributions, revenue from courses and from projects that we undertake following a request for proposal submission,

and finally from Global Affairs Canada for our International Governance, Accountability and Performance Program. We are continually looking for new partners to work with us in all 4 areas, including expanding our international work with other funding from Global Affairs Canada or international development banks.

We have been focusing on ensuring that all members are receiving value for their membership contributions over and above the fees they pay to attend courses. The results of the member survey are helping us prioritize member needs. Currently, members pay for direct benefits such as the Audit News database, research products, complimentary online events, and communications about what's happening in the world of public sector audit. But members also pay for our research into effective accountability frameworks and for the oversight program, which benefits them indirectly by helping oversight committees use their audit reports more effectively. We believe that the accountability research and oversight program would align better with dedicated funding from the Federal government.

In summer 2021, we engaged a public relations firm to help us with a request to the Federal government to fund CAAF's accountability research and oversight program. Membership dues are not sufficient to support a comprehensive oversight program. Furthermore, using membership dues for the oversight program reduces the funding available to support the audit community, and is not aligned with that program's primary users, that is, Parliament, Provincial and Territorial Legislatures and the House of Assembly, City Councils, and Indigenous Communities. We have therefore approached the Federal House of Commons as a single source of funding in support of strong accountability for all Canadians, regardless of jurisdiction.

Over the last year, we have met with multiple members of parliament and senior government officials to discuss our needs, submitted a pre-budget submission, created a webpage to explain our ask, and requested testimonials from our members to support the Foundation. [More information can be found here.](#)

Looking Ahead

2022–23 will see the Foundation acting on the findings of our member satisfaction survey, continuing our efforts to secure additional sources of funding, and embarking on our new 2022–2025 strategic plan. We are excited to launch new courses and publications and to keep seeking innovative ways to meet your needs and expand our reach, all with the goal of fulfilling the mission stated in our new strategic plan: "To enhance the knowledge and skills of public sector auditors and oversight bodies so that they can better help governments improve performance, transparency, and accountability for public resources."




HOW WE SERVED OUR MEMBERS IN 2021-22

Almost **DOUBLED** the number of registrants from previous years.

39 courses delivered to

692 course participants

[View our courses](#) →



Promoted the importance of performance audit and the Foundation's role in advancing public sector accountability in Canada and internationally through

10+ speaking engagements



Shared issues of importance to Canadians through **6 publications** including *Sampling Methodology Practice Guide*





MEMBERS' TOP BENEFIT

Helped members work more efficiently thanks to CAAF's continuously updated **Audit News database**




Continued to make a difference in public sector oversight by **supporting public accounts committees** (PACs) with tools, tips, and training, including several workshops:

- 3** to the **Newfoundland and Labrador PAC**
- 1** to the **Federal PAC**
- 4** to the **Fiji PAC**



Helped PAC members learn about their crucial roles through a **new series of videos.**




Launched a **Career Centre** to help members find talent — a need stated in CAAF's 2022 member satisfaction survey.




Served our municipal members through

- our Canadian Municipal Audit Forum, with participation from 10 jurisdictions
- a webinar for municipal audit committees which attracted 165 registrations




Welcomed new members:

- ▶ Mongolian Audit Office
- ▶ Canadian Food Inspection Agency
- ▶ Jamaica Auditor General's Department
- ▶ PriceWaterhouseCoopers

[See all our members](#) →



Surveyed our members on membership satisfaction and received 164 responses.

[See results](#) →




Began work with a public relations firm to ask the Government of Canada to **fund CAAF's oversight program.**

[Read more about it here](#) →



→ For more information on our activities throughout the year, see our **quarterly reports** (p. 6-10)



INTERNATIONAL PROGRAM

Under our International Governance, Accountability and Performance Program (2018–2025), we work with the supreme audit institutions (SAIs) and oversight committees of our four partner countries: Guyana, Rwanda, Senegal, and Vietnam. The SAIs are strengthening their performance audit practices and oversight committees are learning how they can effectively review and act on the audit reports.

Building effective performance audit practices



Welcomed the **2021–22 Fellows** for virtual training and mentoring plus placements at the OAGs of Alberta, British Columbia, and Quebec.

[Learn about the Fellows](#)



Delivered **15 courses**, for **147 participants** including training on leadership, auditing gender equality, and our first Executive Overview courses for SAI managers.



Mentored audit teams

at the Guyana SAI as they completed audit reports.

Strengthening SAIs' relationships with stakeholders



Delivered our new course on **Engaging the Auditee** for the SAIs of Guyana, Rwanda, and Vietnam.

Supported the Guyana SAI to draft potential **questions for PAC hearings** on its reports.

Provided a **new publication and webinar** on engaging civil society in audits.



Supporting gender mainstreaming



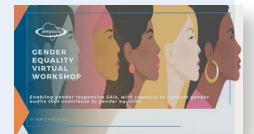
Continued the **SAI Leaders Program** on gender mainstreaming. The participants—a team of two from each SAI—completed gender assessments of their SAIs.



Engaging with the international community



Presented at **AFROSAI-E's annual conference** and at an **AFROSAI-E workshop on gender equality**.



Continued our regular **discussions on gender equality** with the INTOSAI Development Initiative and OLACEFS (Latin American and Caribbean SAIs).

Met with **Canadian High Commissions and Embassies** to our partner countries and with several organizations who also work with SAIs.

Improving parliamentary oversight



Launched a series of **self-paced online courses** for oversight committees.



Thank you! The program is funded by Global Affairs Canada and supported by our Canadian partners.



QUARTERLY REPORTS

Quarterly Activity Report




SHARING KNOWLEDGE THROUGH TRAINING & RESOURCES



 Delivered **9** courses to **141** participants 



 Offered **4** webinars 

 Moderated CCOLA's Performance Audit Symposium

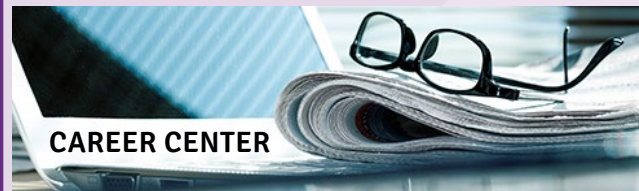
 Continued offering member exclusive virtual roundtable events


 Held workshops with the Public Accounts Committees of Alberta and Yukon


 Hosted an event for recent graduates and future participants of CAAF's Emerging Leaders program 

 Published **8 Tips for Substantiating Performance Audit Observations and Conclusions** 


CONTRIBUTING TO CAAF'S GROWTH



Launched new career center with preferential pricing for CAAF members 

 Welcomed new institutional members



 Held **6** strategic planning sessions



BUILDING CAPACITY THROUGH CAAF'S INTERNATIONAL PROGRAM




Published new report:

How Audit Offices Collaborate with Civil Society: Highlights from our international survey 

Delivered **5** courses to **76** participants at partner audit offices:

 *Teaming Up for Successful Audits* – the pilot delivery of this new course, held for Guyana 

 *Mekong River Basin cooperative audit* – the 3rd and final session of tailored training for the audit teams from Vietnam, Thailand and Myanmar

 *Performance Audit Bootcamp* – 2 deliveries for new auditors in Senegal 

 *Auditing Gender Equality* – for more experienced auditors in Senegal 

CHANGES WITHIN OUR TEAM

CAAF is wishing farewell to:



Barb Dumont, Program Officer, International Fellowships, who is retiring in July



Pierre Fréchette, Director of Research, Products and Services, who has returned to the Office of the Auditor General of Canada

And we are pleased to announce:



Mandy Ricard will assume the position of Program Officer, International Fellowships, in July



Sherazade Shafiq has been promoted to Director, International Programs, as of April

CONGRATULATIONS ALL!



CANADIAN AUDIT & ACCOUNTABILITY FOUNDATION

JULY 2021 – SEPTEMBER 2021

QUARTERLY ACTIVITY REPORT

SUSTAINABILITY AND ACCOUNTABILITY



Held Annual General Meeting and published the 2020-21 Annual Report



Welcomed:

- 3** employees: [Nickolas Cieslinski](#), [Nicolas Ryan](#) and [Hughes-Albert \(H-A\) Sully](#)
- 2** individual members
- 1** institutional member: the Auditor General Department of Jamaica



Began identifying additional funding opportunities with the help of **2** consulting firms

SHARING KNOWLEDGE



Delivered our new virtual *Leading Successful Audits* course to an international supreme audit institution

[View our upcoming courses & webinars](#)



Updated *Audit News* database, including recently tabled audits related to COVID-19 government response



Moderated a panel on the benefits of cross-party collaboration at the CCPAC-CCOLA Conference



Co-delivered a series of workshops for the Fiji Public Accounts Committee thanks to funding from the United Nations Development Programme



Delivered presentations to the Institute of Internal Auditors (Canada & North America) Annual Conferences



Delivered orientation workshop to the Newfoundland and Labrador Public Accounts Committee



BUILDING CAPACITY THROUGH OUR INTERNATIONAL PROGRAM



Delivered **3** courses + mentoring for the Office of the Auditor General of Rwanda, including:

Pilot delivery of a new course on *Engaging the Auditee*

To contribute to the development of this course & guidance, complete a short survey



A follow-up to our *Evidence Collection and Analysis* course where participants presented evidence collection strategies for upcoming audits



Our 1st virtual book club, where participants are reading *The 7 Habits of Highly Effective People* by Stephen Covey



Presented at AFROSAI-E's Gender Equality Workshop



Selected candidates and confirmed plans for the 2021-22 Fellowships – beginning virtually in November!

KEEPING MEMBERS AND PARTNERS INFORMED

New Publications

VOICES FROM THE FIELD



Auditing Organizational Culture: Employee Survey Analysis Using Python

by Philip Lillies, Internal Auditor (CIA), retired



This article argues that auditors can take advantage of the rich data provided by employee surveys to extend data analytics to audits of organizational culture.

NEW PRACTICE GUIDE

Sampling Methodology for Performance Audits

This publication covers the basic concepts, approaches, and methods that auditors should be familiar with to select and apply appropriate sampling methodology in performance audits.



+2

AUDIT TIPS ON SAMPLING



- » 5 Main Steps That Audit Teams Should Follow When They Use Sampling
- » 4 Success Factors When You Are Sampling for a Performance Audit

Quarterly Activity Report



SHARING KNOWLEDGE WITH AUDITORS



Delivered **12** courses and **3** webinars

See upcoming courses & webinars →



Held our annual Canadian Municipal Audit Forum, with participation from **10** jurisdictions



Continued our series of member exclusive events →



Made presentations at

- ▶ AFROSAI-E Technical Conference
- ▶ 12th International Conference on Governance Fraud Ethics and Corporate Social Responsibility
- ▶ Mexican Academy of Performance Audit



Selected to lead **3** new projects

- ▶ With the Government Internal Auditors Council of Canada (GIACC):



- A study on the impact of COVID-19 on internal audit

- ▶ With the INTOSAI Development Initiative:



- Building gender awareness in the Madagascar supreme audit institution (SAI)
- Creating a syllabus for HR staff in SAIs

SUPPORTING PARLIAMENTARY OVERSIGHT



Held a workshop for the Public Accounts Committee (PAC) of Newfoundland and Labrador



Began a virtual cross-Canada tour to seek input from PAC members and support staff on our programming



Delivered presentations to

- ▶ McGill University's Parliamentary Support Staff Program
- ▶ Commonwealth Parliamentary Association conference



SUSTAINABILITY AND ACCOUNTABILITY

Unveiled our 2022-2025 Strategic Plan

See the plan and video →



Delivered webinars on membership benefits

Learn about member benefits →



Convened a meeting of our *teaching associates* →



Held meetings with members of Parliament to share the importance of CAAF's work in Canada.

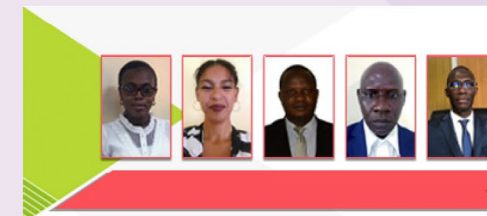
BUILDING CAPACITY THROUGH OUR INTERNATIONAL PROGRAM



Launched the 2021-2022 Fellowships, beginning with a virtual component

- ▶ Fellows from Guyana, Rwanda and Senegal participated in workshops and started developing their special projects

Thank you to the mentors at the OAGs of Alberta, British Columbia, and Quebec!



Meet the Fellows →



Delivered **3** courses for the Senegal SAI and **1** workshop for the Rwanda SAI



Hosted a virtual reunion with graduate Fellows from Latin America



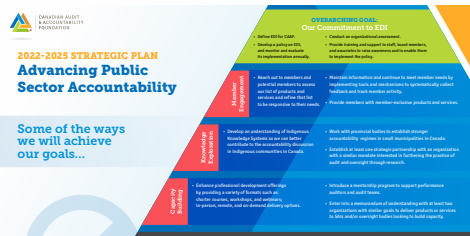
Began working with the Guyana SAI to develop effective questions for the PAC



CANADIAN AUDIT & ACCOUNTABILITY FOUNDATION

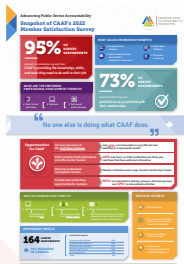
SUSTAINABILITY AND ACCOUNTABILITY

Finalized operating plans for the 2022-2025 Strategic Plan



Approved a 2022-23 balanced budget

Received **164** responses to CAAF's 2022 member satisfaction survey.



See survey results here

Welcomed:
The Mongolian Audit Office as an institutional member
Said farewell to:
Zaid Shaikh, Senior Finance and Risk Officer

JANUARY 2022 – MARCH 2022

QUARTERLY ACTIVITY REPORT

2022 spring, summer and fall courses now open for registration!

SHARING KNOWLEDGE WITH PUBLIC SECTOR AUDITORS

Delivered **18** courses
to over **285** participants

Courses provided to auditors in Canada, Australia, Jamaica, Switzerland, and Mongolia



About our courses

Held webinar on sampling methodology which attracted over **140** registrants

Published the **10th** edition of the Performance Audit Guidance Inventory

Updated our *Audit News* database – learn more about its benefits here!

WORKING WITH PARTNER COUNTRIES IN CAAF'S INTERNATIONAL PROGRAM

In partnership with

Launched self-paced online orientation course for Public Accounts Committees and opened access to Guyana's PAC

Delivered courses for all **4** partner countries, including:



First Executive Overview courses, held for managers at OAG Rwanda
New Engaging the Auditee course for Guyana and Vietnam
Teaming Up for Successful Audits for Senegal

Continued virtual component of the 2021-22 Fellowships and planned for Fellows' arrival in Canada in May

Held webinar on engaging civil society in audits with international guest speakers

Met virtually with the Canadian High Commissions/Embassies to Guyana and Senegal and development partners working in Senegal and Vietnam

CAPACITY BUILDING FOR OVERSIGHT COMMITTEES

Launched **3** videos, featuring past public account committee (PAC) members

Delivered workshops to:

- » Federal PAC on Understanding the role of the PAC
- » Newfoundland and Labrador PAC on Asking Effective Questions

About our workshops

Continued meeting PAC members across Canada to discuss their capacity building needs

Held webinar for municipal audit committees which attracted **165** registrations

FINANCIAL REPORTS

The Canadian Audit and Accountability Foundation's financial statements for the year ended March 31, 2022, together with the independent auditor's report thereon, are presented in this annual report.

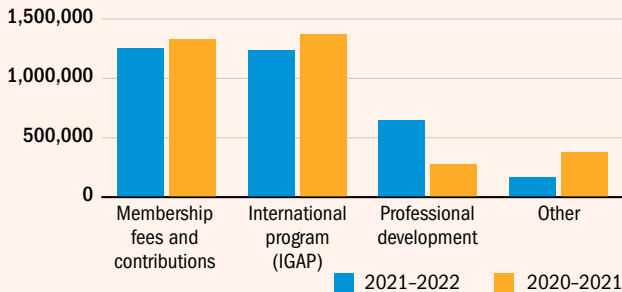
The external auditor, Welch LLP, has provided an unqualified audit opinion on the Foundation's financial statements.

The financial statements contained 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 generally accepted auditing standards. This report provides our members, stakeholders and other interest parties with information on the Foundation's financial position and performance and explains significant items, fluctuations or changes in the policies affecting the presentation of financial results.



FINANCIAL SNAPSHOT

Revenue



Membership revenue and contributions decreased 6%

WHY? Because in-kind contributions were reduced by over 33%. Were it not for this decrease, membership revenue would be **up by 3.9%**.

International program (IGAP) revenue decreased 9.6%

WHY? Our contract with Global Affairs Canada allows us to recover direct program expenses, plus a fixed administration fee. Because expenses are down (see information on the right), revenue is also down.

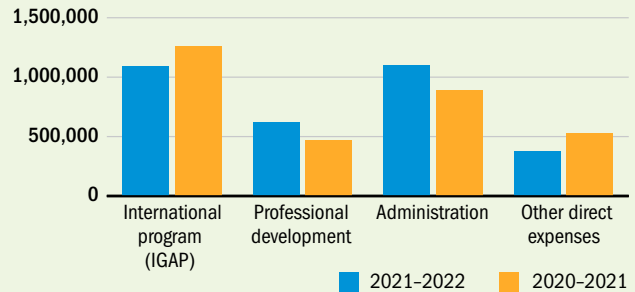
Professional development revenue increased 131.9%

WHY? We delivered a record number of courses and nearly doubled the number of registrants from last year.

Other revenue decreased 55.2%

WHY? CAAF received COVID-19 subsidies over 3 months vs 12 months in 2020-21.

Expenses



International program (IGAP) expenses decreased 13.6%

WHY? Last fiscal we invested significant amounts to adapt courses for virtual delivery. The same level of investment was not required in 2021-2022.

Professional development expenses increased 33.5%

WHY? We delivered more courses and therefore incurred more expenses.

Administration expenses increased 23.5%

WHY? CAAF engaged consultants to evaluate funding opportunities and hired an extra staff member to support the increased demand in professional development. Were it not for these two expenses, administration expenses would be **up by only 11%**.

Other direct expenses decreased 28.4%

WHY? We began creating content in-house and changed the nature of the content we are creating.

OUR SUSTAINABILITY



CAAF saw a net profit of just over **\$125,000**

Financial stability is key to ensuring the sustainability of the Foundation. With that in mind, we have:

- Responded to member needs by implementing ideas collected through member surveys and open discussions.
- Invested in short-term securities generating a small return.
- Accumulated a surplus which covers 76% of our general operating expenses.
- Engaged consultants to help us with our request to the Government of Canada to fund CAAF's oversight program. [Learn more about our request.](#)

FINANCIAL STATEMENTS
For
**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**
For year ended
MARCH 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the members of

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

Opinion

We have audited the financial statements of Canadian Audit and Accountability Foundation/Fondation canadienne pour l'audit et la responsabilisation (the Foundation), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2022 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

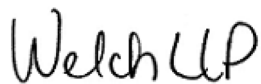
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
June 28, 2022.

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

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 316,567	\$ 986,854
Short-term investments (note 4)	2,000,000	500,000
Accounts receivable	211,545	424,488
HST receivable	4,020	7,045
Prepaid expenses	<u>52,755</u>	<u>45,376</u>
	2,584,887	1,963,763
TANGIBLE CAPITAL ASSETS (note 5)	<u>10,936</u>	<u>6,135</u>
	<u>\$ 2,595,823</u>	<u>\$ 1,969,898</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 268,794	\$ 475,619
Deferred international program funds (note 6)	1,423,079	670,174
Deferred membership, training and other revenue (note 7)	36,676	77,322
Lease inducements	<u>30,012</u>	<u>35,308</u>
	1,758,561	1,258,423
NET ASSETS		
Unrestricted	<u>837,262</u>	<u>711,475</u>
	<u>\$ 2,595,823</u>	<u>\$ 1,969,898</u>

Approved by the Board:

.. *Twangelina Calman-Sadd* Director

.. *Stevan K. ...* 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, 2022

	<u>2022</u>	<u>2021</u>
Revenue		
Membership fees and contributions	\$ 1,250,915	\$ 1,330,241
International program funds (note 6)	1,239,154	1,371,053
Professional development	648,296	279,570
Government contributions (note 8)	103,635	327,616
Other programs	59,397	48,750
Interest and other	<u>7,180</u>	<u>3,961</u>
	<u>3,308,577</u>	<u>3,361,191</u>
Expenses		
Direct program expenses		
Research, methodology and information products	320,403	469,232
Education and professional development	618,851	463,576
Knowledge sharing and networking	55,185	55,671
International program	<u>1,086,891</u>	<u>1,258,293</u>
	<u>2,081,330</u>	<u>2,246,772</u>
General expenses		
Sustainability and accountability	290,523	170,033
Operations and other support	802,659	701,200
Amortization	<u>8,278</u>	<u>20,545</u>
	<u>1,101,460</u>	<u>891,778</u>
Total expenses	<u>3,182,790</u>	<u>3,138,550</u>
Excess of revenue over expenses	125,787	222,641
Unrestricted net assets, beginning of year	<u>711,475</u>	<u>488,834</u>
Unrestricted net assets, end of year	<u>\$ 837,262</u>	<u>\$ 711,475</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, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 125,787	\$ 222,641
Adjustments for:		
Amortization	<u>8,278</u>	<u>20,545</u>
	134,065	243,186
Changes in non-cash working capital components:		
Accounts receivable	212,943	(132,920)
HST receivable	3,025	12,159
Prepaid expenses	(7,379)	3,297
Accounts payable and accrued liabilities	(206,825)	267,878
Deferred international program funds	752,905	34,829
Deferred membership, training and other revenue	(40,646)	65,618
Lease inducements	<u>(5,296)</u>	<u>(5,296)</u>
	<u>842,792</u>	<u>488,751</u>
INVESTING ACTIVITIES		
Tangible capital asset additions	(13,079)	(2,255)
Purchase of investments	<u>(1,500,000)</u>	<u>(500,000)</u>
	<u>(1,513,079)</u>	<u>(502,255)</u>
DECREASE IN CASH	(670,287)	(13,504)
CASH, BEGINNING OF YEAR	<u>986,854</u>	<u>1,000,358</u>
CASH, END OF YEAR	<u>\$ 316,567</u>	<u>\$ 986,854</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, 2022

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.

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 8 to these financial statements. In addition, the Foundation derives approximately 55% 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 estimated and collection is 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, and they are recognized as revenue in the year to which the memberships 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 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, 2022

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 initially measures its financial assets and liabilities at fair value adjusted by transaction costs. 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. Some 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.

Tangible capital assets

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

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 in which they become known.

Significant estimates include assumptions used in estimating the initial fair value of financial instruments, the collectibility of accounts receivable, the useful life of tangible capital assets, provisions for accrued liabilities, the salaries and benefits allocated to various operational areas, the amount of contributions earned, other funding agreements and contributions in-kind recognized in the financial statements.

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, investments and accounts receivable. The Foundation's cash and investments are 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 analyzed 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.

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. Included in cash is \$53,991 (2021 - \$95,465) originally denominated in US dollars.

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2022

3. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Cont'd.

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 risk financial instruments. However, the Foundation holds cash at the floating rate 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. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	<u>2022</u>	<u>2021</u>
Cashable GIC - 0.35%, due June 2022	\$ 500,000	\$ -
Cashable GIC - 0.45%, due October 2022	1,500,000	-
Cashable GIC - 0.40%, due June 2021	<u>-</u>	<u>500,000</u>
	<u>\$ 2,000,000</u>	<u>\$ 500,000</u>

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2022</u>	<u>2021</u>
Furniture, office equipment and IT equipment	\$ 28,666	\$ 62,199
Accumulated amortization	<u>(17,730)</u>	<u>(56,064)</u>
	<u>\$ 10,936</u>	<u>\$ 6,135</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, 2022

6. DEFERRED 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>2022</u>	<u>2021</u>
Deferred program funds, beginning of year	\$ 670,174	\$ 635,345
Advances from GAC	<u>1,992,059</u>	<u>1,405,882</u>
	2,662,233	2,041,227
Revenue recognized representing direct expenses for the year including contributions to general expenses	<u>(1,239,154)</u>	<u>(1,371,053)</u>
Deferred program funds, end of year	<u>\$ 1,423,079</u>	<u>\$ 670,174</u>

An agreement with GAC was signed on March 29, 2018 and provides total funding of \$14,950,000 until March 31, 2025.

7. DEFERRED MEMBERSHIPS, TRAINING AND OTHER REVENUE

Deferred memberships, training and other revenue consists of the following:

	<u>Memberships</u>	<u>Training</u>	<u>Other</u>	<u>2022 Total</u>	<u>2021 Total</u>
Balance, beginning of year	\$ 29,313	\$ 40,459	\$ 7,550	\$ 77,322	\$ 11,704
Advances received	21,333	8,843	6,500	36,676	87,568
Revenue recognized	<u>(29,313)</u>	<u>(40,459)</u>	<u>(7,550)</u>	<u>(77,322)</u>	<u>(21,950)</u>
Balance, end of year	<u>\$ 21,333</u>	<u>\$ 8,843</u>	<u>\$ 6,500</u>	<u>\$ 36,676</u>	<u>\$ 77,322</u>

8. GOVERNMENT CONTRIBUTIONS

In March of 2020, the Government of Canada announced that they would be providing emergency funding in response to measures various businesses were required to take because of the COVID-19 pandemic.

The amount of subsidies attributable to the Foundation's March 31, 2022 fiscal year are reported below:

	<u>2022</u>	<u>2021</u>
Canada Emergency Wage Subsidy (CEWS) program	\$ 83,446	\$ 255,982
Canada Temporary Wage Subsidy (TWS) program	-	14,076
Canada Emergency Rent Subsidy (CERS) program	20,189	37,558
Canada Emergency Business Account (CEBA) - forgivable portion	<u>-</u>	<u>20,000</u>
	103,635	327,616
Amounts received during the year	<u>(103,635)</u>	<u>(262,241)</u>
Net amount due from the Government of Canada	<u>\$ -</u>	<u>\$ 65,375</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, 2022

9. SALARIES AND BENEFITS

The total amount of salaries and benefits for the 2022 fiscal year is \$2,241,007 (2021 - \$2,218,185). Salaries and benefits are allocated to various operational areas based on employee timesheets as outlined in the following table.

	<u>2022</u>	<u>2021</u>
Research, methodology and information products	\$ 251,934	\$ 430,193
Education and professional development	398,470	343,607
Knowledge sharing and networking	53,917	53,965
International program	749,139	742,815
Sustainability and accountability	209,110	147,853
Operations and other support	<u>578,437</u>	<u>499,752</u>
	<u>\$ 2,241,007</u>	<u>\$ 2,218,185</u>

Included in salaries and benefits are in-kind contributions of services of \$234,000 (2021 - \$351,121) which are also included in membership fees and contributions revenue, resulting in no net impact in the Foundation's net results of operations.

10. 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:

2023	\$ 70,928
2024	70,928
2025	72,406
2026	75,361
2027 and beyond	125,602