

# Governance and Accounting Changes

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OFFICE OF THE  
**Auditor General**  
of British Columbia

# Overview

- Public sector focus
- Governance and change
- The changes and the challenges



# Governance of Change

## Key Players

- Board
- Audit Committee
- External Auditors
- Management
- Shareholder – Government



# Audit Committee

- Normally responsible for financial reporting oversight
- Key relationship with external auditor
- Importance of comprehensive mandate/ToR
- Financial literacy/training
- Need for external advice
- Reading – *CICA 20 Questions, guides from firms, 'Doing the Right Things'*



# External Auditor

- Independent
- Governed by assurance standards
- Required to communicate significant concerns
- Access to broader knowledge and experience



# Management

## Information

- Main source
- *Making the Right Decisions: Information use by the boards of public sector organizations (Dec 2009)*

## Capacity/Expertise



# Shareholder/Government

- Guidance
- Shareholder Letter of Expectation etc.
- Legislation
- Involvement/Expectation



# Upcoming Accounting Changes

- Complete frameworks (PSAB, IFRS)
- Ongoing standards
  - PSAS, IPSAS, etc.
- Future accounting pronouncements
- Treasury Board regulations



# Accounting Changes

## Range of Possibilities

- Whole framework
- Standards
- Future

## Impact on Management

- Systems
- PRP, etc.
- Controls



# Audit Committee Oversight of Transition

- Impact on the entity
- Impact on financial reporting



# Audit Committee Oversight (cont'd)

- Management's plan
- Impact on reporting, operating and control systems
- Implications for members' financial literacy



# Audit Committee Oversight (cont'd)

- Implications throughout the entity
- Educating the stakeholder community

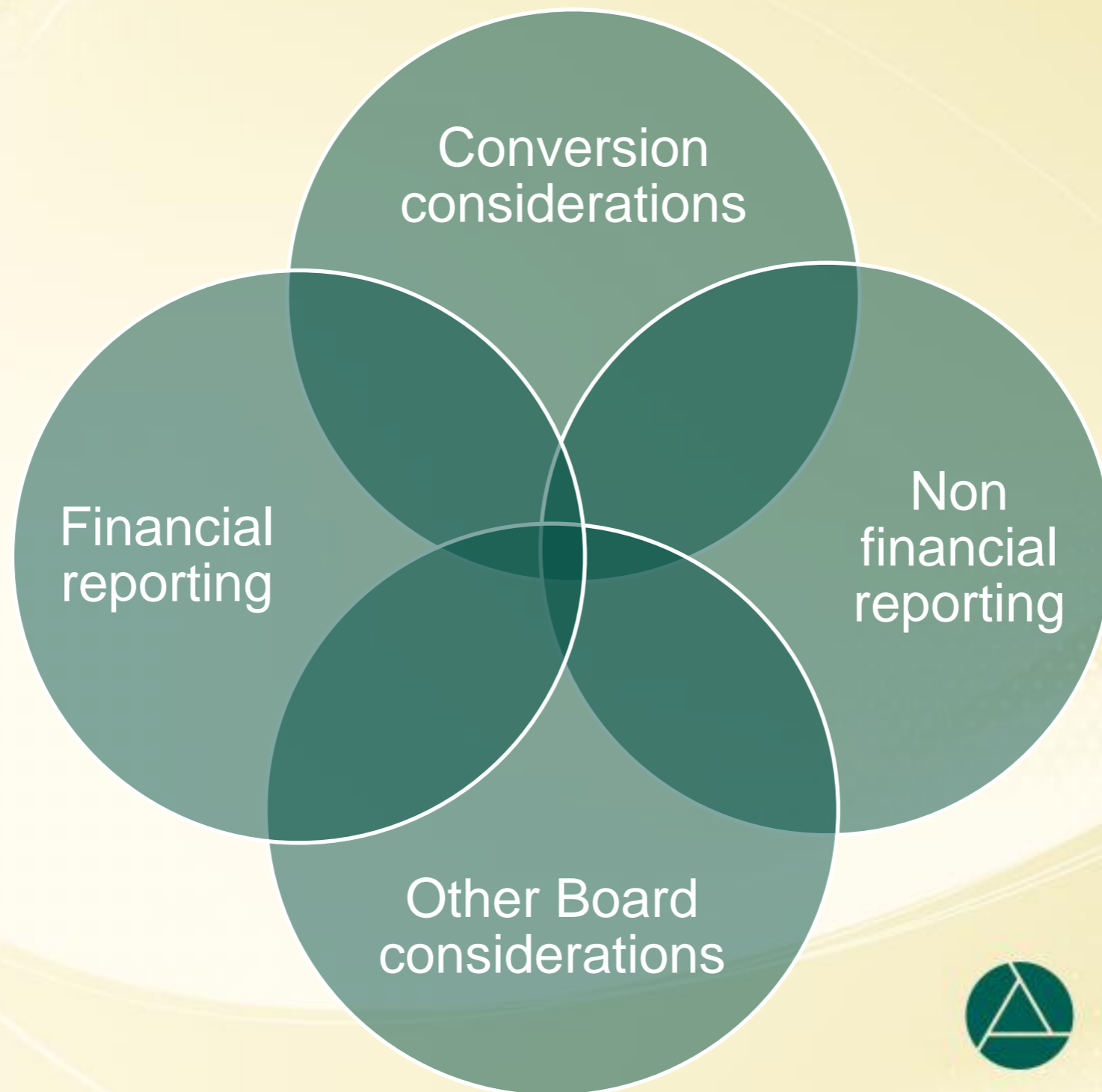


# Lessons Learned

- Need a formal process to identify issues
- Invest in areas impacted
- Involve the auditors throughout
- Accounting rules that are “quite similar”
- Communicating affected areas to stakeholders



# Are you ready?



# What Should Audit Committees Ask?

- Changeover project
- Plan, timeline and resourcing
- Risk management
- Change management



# What Should Audit Committees Ask?

- Financial reporting impacts
- Making choices – policies and elections
- Pro forma financial statements
- Disclosures



# What Should Audit Committees Ask?

## Broad impact on the entity and stakeholders

- Training requirements
- Financial and reporting systems support
- Data needed to be gathered for comparatives
- Business processes and IT systems
- Management reporting impacts



# What Should Audit Committees Ask?

## Implications for the board and audit committees

- Learning opportunities
- Relevant risks
- Periodic reporting of progress



# Assurance Standards

## What's new that will impact entities?

- Communications with those charged with governance
- Accounting estimates, evaluation of control deficiencies
- Look and dating of the auditor's report
- Correction of all non trivial misstatements
- Fair presentation or compliance frameworks



# Questions & Discussion



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