

**Office of the Auditor General of Canada
Quarterly Financial Report
for the quarter ended 30 June 2020**



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

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Statement outlining results, risks, and significant changes in operations, personnel, and program

Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board, and it should be read in conjunction with the Main Estimates. This quarterly report has not been subject to an external audit or review.

The Office of the Auditor General of Canada (OAG) has 1 program activity: legislative auditing. The OAG conducts independent audits and studies that provide objective information, advice, and assurance to Parliament, government, and Canadians.

Mandate

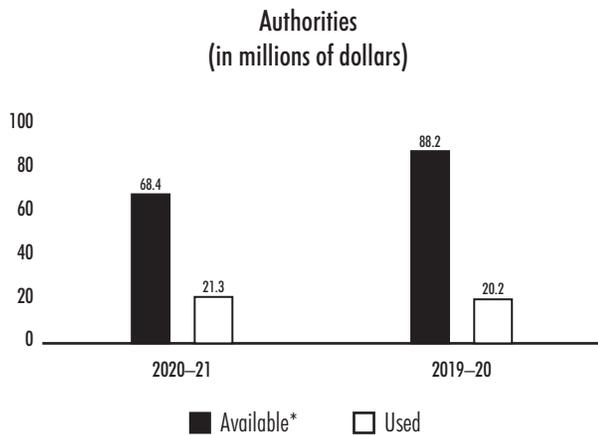
The Auditor General of Canada is an Officer of Parliament, who is independent from the government and reports directly to Parliament. The duties are set out in the *Auditor General Act*, the *Financial Administration Act*, and other acts and orders-in-council. These duties relate to legislative auditing and, in certain cases, to monitoring of federal departments and agencies, Crown corporations, territorial governments, and other entities.

Basis of presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the OAG's spending authorities granted by Parliament and those used by the OAG, consistent with the Main Estimates for the 2020–21 fiscal year. This quarterly report provides financial information on the use of spending authorities. The OAG uses the full accrual method of accounting to prepare and present its annual financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of quarterly and year-to-date results

In the 2019–20 fiscal year, the full supply of authorities was provided in the first quarter. As a result of the COVID-19 pandemic and limited sessions in the spring for Parliament to study supply, the full supply of authorities for the 2020–21 fiscal year is expected to be received in December 2020. This change explains the decrease of \$19.8 million in authorities available for use at the end of the first quarter compared with last year.



* Includes only authorities available for use and granted by Parliament at quarter-end.

Risks and uncertainties

The primary risk currently facing the OAG is its limited capacity to deliver on its performance audit mandate. This risk has emerged because of significant underfunding of the OAG in recent years, which resulted in a reduction in the number of audits delivered by the performance audit practice. This risk has been compounded by the stress imposed on the OAG's operations by the COVID-19 pandemic and by the fact that the House of Commons has requested specific performance audit work to be delivered within a year, which will require substantial resources to complete. On the basis of its funding situation, the OAG informed the Speaker of the House of Commons that the audit work requested by Parliament would be conducted, but other planned performance audits would be delayed.

Significant changes in operations, personnel, and program

On 6 June 2020, Her Excellency the Governor General in Council appointed Karen Hogan as the Auditor General of Canada for a term of 10 years, effective 8 June 2020.

As with many other organizations, the COVID-19 pandemic had an impact on the OAG's operations by unexpectedly changing how the OAG approaches its audit work, particularly in a remote-work environment. The economic uncertainty brought about by COVID-19 has not had a significant impact on the OAG's financial operations, on its control environment, or on its asset valuation. The OAG followed the guidance issued by public health authorities, which required adapting procedures and revisiting priorities. The OAG will keep adapting to the constraints created by the COVID-19 pandemic and plan accordingly to mitigate the impact on its operations and employees.

To align with the core public administration, the OAG has approved revised salary structures for the unrepresented Audit Professional, Information Technology, and Law Practitioner groups. The revised salary structures cover periods from 2018 to 2022.

Approved by:

Original signed by

Karen Hogan, CPA, CA
Auditor General of Canada

Ottawa, Canada
28 August 2020

Original signed by

Lucie Cardinal, CPA, CA
Assistant Auditor General
and Chief Financial Officer

Statement of authorities (unaudited)

	Fiscal year 2020–21			Fiscal year 2019–20		
	Total available for use for the year ending 31 March 2021*	Used during the quarter ended 30 June 2020	Year to date used at quarter-end	Total available for use for the year ended 31 March 2020*	Used during the quarter ended 30 June 2019	Year to date used at quarter-end
	<i>(in thousands of dollars)</i>					
Vote 1— Program expenditures	61,223	19,458	19,458	80,744	18,279	18,279
Less revenues netted against program expenditures	(2,660)	(613)	(613)	(2,660)	(633)	(633)
Net Vote 1— Program expenditures	58,563	18,845	18,845	78,084	17,646	17,646
Budgetary statutory authorities	9,822	2,455	2,455	10,154	2,539	2,539
Total budgetary authorities	68,385	21,300	21,300	88,238	20,185	20,185
Non-budgetary authorities	—	—	—	—	—	—
Total authorities	68,385	21,300	21,300	88,238	20,185	20,185

* Includes only authorities available for use and granted by Parliament at quarter-end.

Departmental budgetary expenditures by standard object (unaudited)

	Fiscal year 2020–21			Fiscal year 2019–20		
	<i>Planned expenditures for the year ending 31 March 2021</i>	<i>Expended during the quarter ended 30 June 2020</i>	<i>Year to date expended at quarter-end</i>	<i>Planned expenditures for the year ended 31 March 2020</i>	<i>Expended during the quarter ended 30 June 2019</i>	<i>Year to date expended at quarter-end</i>
	<i>(in thousands of dollars)</i>					
Expenditures:						
Personnel	59,913	18,960	18,960	76,518	17,626	17,626
Transportation and communications	3,320	123	123	3,837	1,028	1,028
Information	591	49	49	651	158	158
Professional and special services	4,677	1,745	1,745	6,367	1,171	1,171
Rentals	1,101	948	948	1,654	730	730
Repair and maintenance	171	17	17	298	26	26
Utilities, materials, and supplies	182	17	17	307	17	17
Acquisition of machinery and equipment	1,003	54	54	1,232	62	62
Other subsidies and payments	87	–	–	34	–	–
Total gross budgetary expenditures	71,045	21,913	21,913	90,898	20,818	20,818
Less revenues netted against expenditures:						
Costs recovered						
Members of the Canadian Council of Legislative Auditors (CCOLA)	(660)	(27)	(27)	(660)	(100)	(100)
International audits	(2,000)	(586)	(586)	(2,000)	(533)	(533)
Total cost recovered	(2,660)	(613)	(613)	(2,660)	(633)	(633)
Total net budgetary expenditures	68,385	21,300	21,300	88,238	20,185	20,185