



RAPPORT ANNUEL

*2013-2014*

ANNUAL REPORT



# CCAF BOARD OF GOVERNORS

as of March 31, 2014



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*Partner, Risk Consulting  
 KPMG LLP*



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*Auditor General of Ontario*



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*Chief Internal Auditor and Assistant Deputy Minister,  
 Ontario Internal Audit Division  
 Ministry of Finance*



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*Auditor General of New Brunswick*



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*Comptroller General of British Columbia*



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*Deputy Chair  
 International Public Sector Accounting Standards Board*



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 CPA (ILLINOIS)**  
*Office Managing Partner and National Audit Partner  
 for the Public Sector  
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*Acting Auditor General  
 Vérificateur général du Québec*



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*Partner, Public Sector Risk Leader  
 Ernst & Young LLP*



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*Executive Director  
 Professional Standards and External Relations  
 International Federation of Accountants (IFAC)*



**WENDY LOSCHIUK, BA, MBA**  
*Assistant Auditor General  
 Office of the Auditor General of Canada*



**JOHN G. WILLIAMS, FCGA**  
*Member of Parliament (Canada) (retired)  
 Pres. Emeritus of the Global Organisation of  
 Parliamentarians against Corruption (GOPAC)*

## BOARD OF GOVERNORS COMMITTEES (AT MARCH 31, 2014)

### AUDIT & FINANCE\*

Stuart Newton (Chair)  
 Bill Kessels  
 Wendy Loschiuk  
 Kim MacPherson  
 Jim Sylph

### GOVERNANCE\*

Richard Kennedy (Chair)  
 Carol Devenny  
 Bonnie Lysyk  
 Ron Salole  
 Michel Samson

### NATIONAL CAPACITY BUILDING\*

Bonnie Lysyk (Chair)  
 Richard Kennedy  
 Stuart Newton  
 Ron Salole  
 John Williams

### INTERNATIONAL CAPACITY BUILDING \*

Michel Samson (Chair)  
 Carol Devenny  
 Wendy Loschiuk  
 Jim Sylph  
 John Williams

\* Chair Brian Bost is an ex-officio member of all Board Committees

# MESSAGE FROM THE CHAIR

## ROBUST OVERSIGHT AND STRATEGIC POSITIONING

This is my first annual report as Chair of the CCAF Board of Governors. Since joining the Board I have had the privilege of participating in a rigorous governance process to provide diligent and timely oversight to management's implementation of CCAF's strategic and operating plans. In the current year, there has been a significant turnover in Board membership. This is timely given that CCAF is completing a four-year strategic plan in 2014-15 (extended by one year) and developing a new plan. Our oversight of input into the strategic planning process is leveraging the wisdom, counsel and experience of a strong, diverse group of retired Board members, led by former Chair **Charles-Antoine St-Jean**. It has also integrated the fresh outlook and ideas of a new group of highly respected individuals who represent a broad spectrum of communities who believe in, contribute to, and benefit from, CCAF achieving its purpose: to promote and strengthen public sector auditing, oversight, and accountability in Canada and abroad. We are fully engaged with management in the strategic planning process taking place in 2014, having kicked it off with a Board retreat in February this year.

At the Annual General Meeting held in October 2013, our members elected the following new governors:

- ◆ **Bill Kessels**, Partner, Public Sector Risk Leader  
Ernst & Young LLP
- ◆ **Wendy Loschiuk**, Assistant Auditor General  
Office of the Auditor General of Canada
- ◆ **Kim MacPherson**, Auditor General of New Brunswick
- ◆ **Ron Salole**, Deputy Chair  
International Public Sector Accounting Standards Board
- ◆ **Michel Samson**, Interim Auditor General of Québec
- ◆ **Jim Sylph**, Executive Director  
Professional Standards & External Relations  
International Federation of Accountants
- ◆ **John Williams**, Member of Parliament (Canada) (retired),  
President Emeritus of the Global Organisation of  
Parliamentarians against Corruption (GOPAC)

I express my sincere appreciation on behalf of the Board to retired Chair **Charles-Antoine St-Jean** for his outstanding contribution to the evolution of CCAF over many years, including eight years on the Board, and to the other retired governors **Gilles Bédard**, **Kevin Dancey**, **Phil Howell (Vice Chair)**, **Jacques Lapointe**, **Jocelyne Therrien** and **Joy Thomas**.

In addition to renewing the terms of reference of its four committees, the Board has completed its oversight of CCAF's transition to the *Canada Not-for-profit Corporations Act*. New General By-Laws and Articles of Continuance were approved at a Special Meeting of Members on July 8, 2014.

The Board has overseen significant management accomplishments this year including the launch of the first in a series of new flagship deliverables, the *Practice Guide to Auditing Efficiency*, and the completion of the first full year of activities, deliverables and impact under the new *International Legislative Oversight Program (ILOP)*.

The Board and management appreciate the continued financial and other support, in challenging economic times, provided by CCAF's institutional members, particularly Canada's legislative audit community, as well as CPA Canada, the public sector internal audit community, accounting firms and others. This support, together with funding by the Department of Foreign Affairs, Trade and Development (DFATD) for the ILOP, enables the CCAF to action its strategic initiatives around research and capacity building that contribute to strengthening performance auditing, oversight, and accountability in the public sector.



**BRIAN BOST, CPA, CA, CIA, CGAP, CRMA**  
Chair, Board of Governors



# MESSAGE FROM THE PRESIDENT & CEO

## FOCUS ON CAPACITY BUILDING

I am pleased to report on the CCAF team's accomplishments in 2013-14 in bringing value to our members and to provide a look at the year ahead.

CCAF's focus in implementing our current strategic plan, extended to March 31, 2015, has been on delivering performance audit capacity building support to Canada's public sector auditors and oversight capacity building to public accounts committees. In addition, through our international program, we continue to extend this support to selected Supreme Audit Institutions (SAIs) in developing countries.

This year we have taken a large step forward in implementing our strategic goal to develop and maintain a centre of expertise to support the strengthening of performance audit capacity by conducting research, developing and launching the first in a new flagship series of methodology tools, the *Practice Guide to Auditing Efficiency*. A members' web-based product, the Guide was developed with the support of individuals from Canada's legislative audit offices and other institutional members, who served on a broad-based project team and reviewed draft materials prior to its release in March 2014. The Guide takes a fresh look at how public sector auditors can audit efficiency in government operations and is a "one-stop resource," responding to the current economic reality in which governments must do more with less, demonstrate their value proposition, and try to achieve and maximize efficiencies. As a companion to the Guide, we also developed and issued *Focus-On Efficiency*, the first of a series of new derivative products from CCAF's other performance audit flagship product, *Audit News*.

Our plans for 2014-15 include developing and launching a practice guide to auditing oversight and two editions of *Focus-On*.

This year we had a highly successful first complete year of capacity development work in our five-year international program that began in late 2012. We completed our 2013-14 nine month fellowships with two Fellows based in each of the Offices of the Auditor General of Alberta (Vietnam), Canada (Ghana and Tanzania), and Quebec (Cameroon) and working visits in other Offices. We also began delivering shorter internships to senior audit managers and officials from the SAIs for these countries, one from Cameroon and two more from Ghana. Our fellowship program is complemented by in-country workshops and other support, including distance mentoring tailored to particular country and regional needs.

In addition to the DFATD funding, the Program's success is supported by the invaluable contributions of Canada's

legislative auditors, and other institutional members, to both the fellowships and in-country activities, and the participation of CCAF's cadre of experienced, renowned associates. For over thirty years, the crucial component of CCAF's international programs' long-standing success has and continues to be our strong partnership with Canada's legislative auditors and alumni.

The feedback we receive from both recipients and participants in our international program is consistently positive and supportive. In sharing their expertise internationally for the greater good and being exposed to diverse and developing practices, we believe participants enhance their professional and personal development while contributing to the capacity building of SAIs in developing countries.

In developing and delivering CCAF products and services our international, performance audit, oversight and corporate teams work together to leverage their respective activities for the benefit of both our domestic and international stakeholders. I hope that you will read the reports that our seasoned management team provide on their respective accomplishments and plans – **Yves Gauthier** and **Caroline Jorgensen: International**; **John Reed: Performance Audit**; **Paul Lohnes: Oversight**; and **Nicole Wiczorek: Corporate Management and Institutional Development**.

## STRATEGIC PLANNING – TOWARD 2020

Chair Brian Bost has referred to the Board's recent kick-off of CCAF's process to develop a new strategic plan. I acknowledge Brian's and the Board's commitment to this process and the passion and creativity they are contributing to developing a dynamic strategic direction for CCAF. While keeping our eye on delivering on our operating plans for 2014-15, management is excited to be working with the Board, and our broad group of stakeholders, including the Canadian legislative audit community and other institutional members, to craft a plan that will bring us to 2020. I am confident that this plan will exemplify and renew in 2015, CCAF's 35<sup>th</sup> year, the purpose that has always driven CCAF: to promote and strengthen public sector auditing, oversight, and accountability in Canada and abroad.



**PAUL LOHNES, CPA, CA**

President and Chief Executive Officer



# CCAF's STRATEGIC FRAMEWORK

2011-2014

## VISION AND MISSION

### VISION

We are recognized for leadership, expertise and innovation in support of performance audit and oversight of government operations. Our products and services are widely respected, referenced and applied by auditors, legislators and other public officials in Canada and abroad.

### MISSION

We foster confidence in the public sector by promoting effective performance audit and oversight of government operations. To support this, we provide education, research and capacity development for public sector auditors and oversight committees, helping them to work with other public officials for accountable government.

## STRATEGIC GOALS

### STRATEGIC GOAL #1 – PERFORMANCE AUDIT

DEVELOP AND MAINTAIN A CENTRE OF EXPERTISE TO SUPPORT THE STRENGTHENING OF PERFORMANCE AUDIT CAPACITY

### STRATEGIC GOAL #2 – OVERSIGHT

SUPPORT PUBLIC ACCOUNTS COMMITTEES AND OTHER INSTRUMENTS OF OVERSIGHT IN SCRUTINIZING THE MANAGEMENT OF PUBLIC FUNDS

### STRATEGIC GOAL #3 – INTERNATIONAL

SUPPORT CANADIAN AND INTERNATIONAL EFFORTS TO STRENGTHEN THE CAPACITY OF SUPREME AUDIT INSTITUTIONS (SAIs) AND RELATED PARLIAMENTARY OVERSIGHT IN SELECTED DEVELOPING COUNTRIES AND REGIONS

### STRATEGIC GOAL #4 – CORPORATE MANAGEMENT & INSTITUTIONAL DEVELOPMENT

ATTAIN MULTI-YEAR SUSTAINABLE FUNDING, EFFECTIVELY RESPOND TO STAKEHOLDER NEEDS, AND CONTINUOUSLY STRENGTHEN GOVERNANCE, MANAGEMENT PRACTICES AND ACCOUNTABILITY

# PERFORMANCE AUDIT

A Centre of Expertise to Support Performance Audit Practice

## Our Strategic Goal...

**Develop and maintain a centre of expertise to support the strengthening of performance audit capacity**

- Our Planned Results Areas...**
- 1.1 Deliver timely information to Auditors General and other performance auditors on standards and practices.
  - 1.2 Develop and maintain a curriculum of performance audit training and tools based on defined competencies and client needs.
  - 1.3 Deliver relevant and highly rated performance audit courses.
  - 1.4 Plan and deliver learning and collaborative events for performance auditors and those they work with.

## WHAT WAS ACCOMPLISHED IN 2013-14

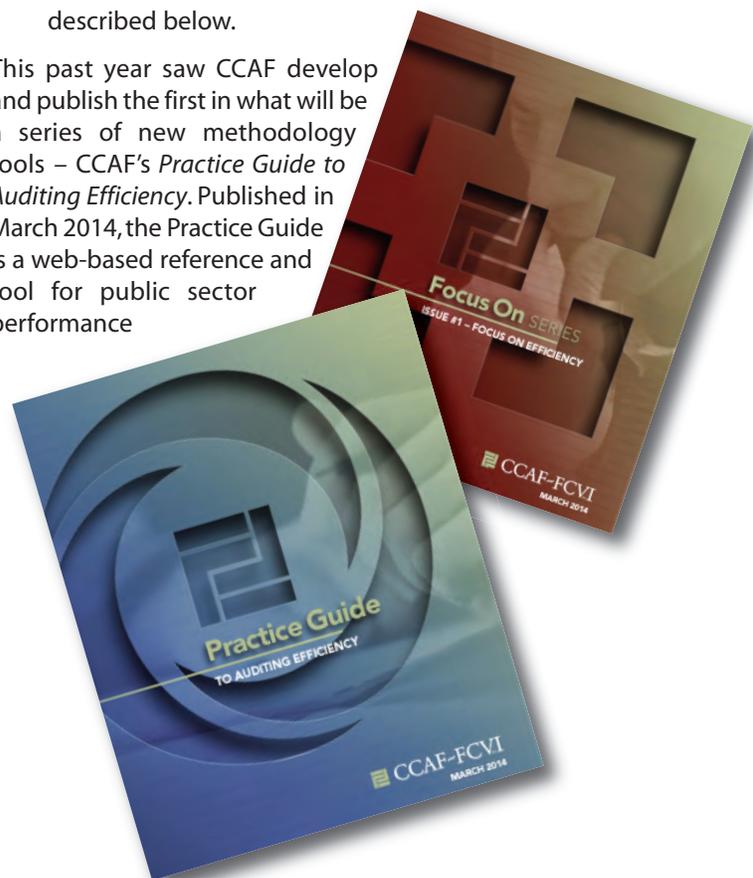
### 1.1 Delivering timely information to Auditors General and other performance auditors...

CCAF strives to ensure that performance auditors have access to the latest reports and publications from leading audit institutions from around the world. To achieve this, we provide a valuable resource to our members in the form of *Audit News*, which provides easy access to performance audit reports and trend analyses from 26 legislative audit institutions in Canada and abroad. 2013-14 saw us continue to deliver a number of products under the *Audit News* banner:

- ✦ We continued to update our *Audit News Database* on a bi-monthly basis, adding to the thousands of publicly available reports already contained in it. Over 2013-14 the database was accessed by 2081 unique visitors. We also engaged in discussions with the internal audit and municipal audit communities to expand *Audit News'* coverage to include their publicly available reports in the near future.
- ✦ The quarterly *Audit News Bulletin* includes summary statistics on reports added to the database over the prior three months.
- ✦ *Audit News Analytics*, introduced in 2012, provides summary analysis of trends in audit reports contained in the database. One issue of *Analytics* was published in 2013-14 comparing the "Top Five" audit report subjects in Canadian jurisdictions and international jurisdictions over a two-year period.

- ✦ The new *Audit News Focus-On Series* provides a summary of audit practices on specific topics based on analysis of reports in the database. The first issue "Focus On Efficiency" looks at over 20 audit reports from around the world with a strong focus on auditing efficiency and was published as a companion document to the *Practice Guide* described below.

This past year saw CCAF develop and publish the first in what will be a series of new methodology tools – CCAF's *Practice Guide to Auditing Efficiency*. Published in March 2014, the *Practice Guide* is a web-based reference and tool for public sector performance



auditors engaging in audits that focus in whole or part on efficiency of government operations. From planning and carrying out the audit to reporting, the tool has all the answers and guidance an auditor requires to do so effectively.

#### TARGET DELIVERABLES FOR 2014-15

- ✦ Update *Audit News Database* monthly.
- ✦ Expand *Audit News* coverage to include public audit reports from internal and municipal audit communities.
- ✦ Issue 4 *Audit News Bulletins*.
- ✦ Publish two issues of *Audit News Analytics*.
- ✦ Develop and publish a practice guide to auditing oversight.
- ✦ Develop and issue 2 editions of *Audit News Focus On*.

### 1.2 Develop and maintain a curriculum of performance audit training and tools...

CCAF delivers training support to performance auditors in Canada through a series of in-class courses designed to build their competencies and skills. We strive to ensure our course offerings meet the client's needs by delivering relevant content and using effective delivery approaches.

In May 2013, we undertook a course renewal workshop to revise and update our two core course offerings – *Performance Audit Fundamentals*, an introductory course intended for new performance auditors, and our *Advanced Performance Audit Training Workshop*, intended for auditors with three to five years experience. In addition, we continue to offer our other courses – *Evidence Gathering Techniques* and *Report Writing*.

#### TARGET DELIVERABLES FOR 2014-15

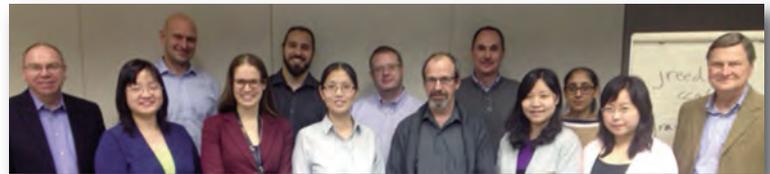
- ✦ Develop training materials for *Practice Guide to Auditing Efficiency* for legislative and internal audit communities.

### 1.3 Deliver relevant and highly rated performance audit courses...

Every year, we deliver highly-rated courses to performance auditors to support their professional development needs and those of their offices. Deliveries are co-led by our associates, retired performance audit professionals with a wealth of knowledge and experience, along with our Vice-President, Performance Audit, **John Reed**. We also engage senior managers from the recipient office to help tailor the offering to their needs and lead selected modules.

In 2013-14, we delivered eight courses and workshops to 104 participants, and since 2007, we have now delivered 54 course offerings to over 1000 participants. Our offerings continue to receive great ratings and reviews, with 100% of participants rating our courses highly positively. Here are some examples of participant feedback:

*"I thought the course was fantastic – the best performance audit course I've taken. The instructors were able to bring in their experience to help students better understand the concepts."* (Fundamentals course participant)



Performance Audit Fundamentals Course – December 2013, Manitoba

*"The presenters always make the course! In this course, the primary presenters drew upon their breadth and depth of experience for examples and illustrations that reinforced the course material. Overall, the presenters exceeded my expectations; this in turn made for a good 4-day learning experience."* (Fundamentals course participant)



Advanced Performance Audit Training Workshop – May 2013, British Columbia

*"This course is a must. Great for provincial audit offices. Everyone below the engagement leader (in some cases also the engagement leader) could certainly benefit from this course."* (Advanced workshop participant)

#### TARGET DELIVERABLES FOR 2014-15

- ✦ Deliver courses and workshops to meet CCOLA demand:
  - Fundamentals;
  - Advanced;
  - Efficiency;
  - Evidence Gathering Techniques;
  - Report Writing.
- ✦ Align offerings with the Audit Learning Network as it becomes available and launched.
- ✦ Market, adapt and deliver offerings to other members and non-members based on demand.

#### 1.4 Plan and deliver learning and collaborative events for performance auditors...

Learning and collaborative events provide an excellent opportunity for performance auditors to network and learn from each other's experiences. CCAF has a long and successful history of creating opportunities to bring practitioners together, and we continue to support our members and stakeholders by helping plan and deliver these events year after year.

CCAF plays an important role supporting the Canadian Council of Legislative Auditors (CCOLA) to plan and deliver their annual *Performance Audit Symposium*. CCOLA's Training Oversight Committee (TOC) leads the planning process for this event, and CCAF actively participates on the Committee and leads a number of sessions at the event, including Peer Exchange Sessions. The April 2013 Symposium, held in Toronto, was particularly well received, with the Peer Exchange Session receiving 95% positive ratings from participants, while the overall positive rating for the Symposium exceeded 99%! CCAF prepared proceedings of the event to capture the important insights shared in presentations and discussions.



CCAF supports public sector internal auditors in Canada through its work with, and contributions to the *Government Internal Auditors Council of Canada (GIACC)*, an organization consisting of the heads of internal audit from Canada's Federal/Provincial/Territorial governments. In September 2013, GIACC met in Edmonton, Alberta, for its 11<sup>th</sup> annual Forum. Hosted by



GIACC Members and their representatives at the September 2013 Forum

- Back Row:** Brian O'Neill (*Newfoundland & Labrador*), Chris Brown (*British Columbia*), Paul Lohnes (*CCAF*), Tim Flaherty (*Federal*), Jane Holatko (*Manitoba*), Ted Doane (*Nova Scotia*), James Oulton (*CCAF*)
- Front Row:** Grace Wilk (*Nunavut*), John Reed (*CCAF*), Richard Kennedy (*Ontario*), John Gunter (*Yukon*), T. Bob Shahi (*Northwest Territories*), Kim Anderson (*New Brunswick*), Dan Stadlwieser (*Alberta*), Nicole Wiczorek (*CCAF*)

Dan Stadlwieser, Chief Internal Auditor, Corporate Internal Audit Services, Alberta Treasury Board, the event focused on key topics of importance, including internal audit's role in large-scale IT projects, governance in the public sector, and fraud management programs. GIACC conferred the 3<sup>rd</sup> Annual W. David Moynagh Commemoration Award to **T. Bob Shahi**, Director, Internal Audit Bureau, Department of Finance, Government of the Northwest Territories, in recognition of the important role he has played with GIACC, as one of the original members.



Director, Internal Audit Bureau, Department of Finance, Government of the Northwest Territories **T. Bob Shahi** is presented with the 3<sup>rd</sup> Annual W. David Moynagh<sup>1</sup> Commemoration Award in recognition of his contribution and support to the internal audit community in Canada.

#### TARGET DELIVERABLES FOR 2014-15

- ◆ Support planning and delivery of 2014 and 2015 CCOLA PA Symposium.
- ◆ Support planning and delivery of a first forum of Canadian municipal AGs in Fall 2014.
- ◆ Prepare and co-deliver, with Ontario Internal Audit Division, a presentation on Auditing P3 and AFP Arrangements to the IIA National Conference in October 2014.

<sup>1</sup> W. David Moynagh (1949-2011) was former Executive Director, Policy and Professional Practices, Internal Audit Sector for the Office of the Comptroller General, Treasury Board of Canada, Secretariat and prior to that, longtime CCAF Director of Research. David was instrumental in the establishment and development of the GIACC.

SG #1 - TOTAL EXPENSES

YEAR ENDING MARCH 31, 2014

YEAR ENDING MARCH 31, 2013

PERFORMANCE AUDIT PROGRAMS & SERVICES

\$421,029

\$396,631

PERFORMANCE AUDIT EDUCATION

\$90,989

\$147,398

**KEY PERFORMANCE CHECKLIST – PERFORMANCE AUDIT – 2013-14**

Planned Result Area	Targets		Results
1.1 Deliver timely information to Auditors General and other performance auditors on standards and practices	1) Update <i>Audit News Database</i> monthly.	Met	<i>Audit News Database</i> updated every two months; 2081 page views from April 2013 to March 2014.
	2) Expand <i>Audit News</i> coverage to include audit reports from additional jurisdictions and communities.	Partially Met	Discussions to expand <i>Audit News</i> held with internal audit and municipal AG community; to extent reports available publicly, representatives were supportive of inclusion. AN adapted to allow for this category.
	3) Issue 4 <i>Audit News Bulletins</i> .	Met	4 <i>Audit News Bulletins</i> issued.
	4) Publish two issues of <i>Audit News Analytics</i> .	Partially Met	One issue of <i>Audit News Analytics</i> published.
	5) Publish <i>Practice Guide to Auditing Efficiency</i> .	Met	<i>Practice Guide to Auditing Efficiency</i> released in March 2014.
	6) Develop and issue first edition of <i>Audit News Focus-On Series</i> .	Met	<i>Focus On Efficiency</i> released in March 2014.
1.2 Develop and maintain a curriculum of performance audit training and tools based on defined competencies and client needs	1) Review existing performance audit courses, including holding course renewal workshops with participation from stakeholders.	Met	Course renewal workshop held in May 2013 followed by additional review meetings in December/January resulting in significant upgrades to VFM I & II; now called <i>Performance Audit Fundamentals</i> and <i>Advanced Performance Audit Training Workshop</i> .
	2) Conduct a new capacity development needs assessment in collaboration with CCOLA groups.	Deferred	Training Needs assessment deferred to 2014-15 pending CCOLA review of roles and responsibilities for PA education.
1.3 Deliver relevant and highly rated performance audit courses	1) Deliver 8 offerings: <ul style="list-style-type: none"> <li>• VFM I – 4 offerings</li> <li>• VFM II – 2</li> <li>• Evidence -1</li> <li>• Report Writing – 1</li> </ul>	Met Demand	Delivered 7 offerings: <ul style="list-style-type: none"> <li>• Fundamentals - 4</li> <li>• Advanced – 1</li> <li>• Report Writing - 1</li> <li>• Assurance workshop – 1</li> </ul> Overall positive course assessment: 100%
	2) Align current offerings with Audit Learning Network (ALN).	Deferred	ALN still under development.
1.4 Plan and deliver learning and collaborative events for performance auditors and those they work with	1) Support planning and delivery of 2013 PA Symposium and issue Proceedings.	Met	2013 CCOLA PA Symposium <ul style="list-style-type: none"> <li>• 99% positive rating overall.</li> <li>• 95% positive rating for Peer Exchange Session.</li> </ul>
	2) Support TOC to plan and deliver 2014 PA Symposium and deliver selected sessions.	Met	Actively participated in the 2014 PAS planning. CCAF will be leading Peer Exchange, two sessions and will prepare proceedings.
	3) Support GIACC to plan and deliver 2013 Annual Forum.	Met	2013 GIACC Forum successfully delivered. Evaluation overall ratings – 100% satisfaction
	4) Plan and deliver forum of Canadian municipal AGs – Jan. – Mar. 2014.	Ongoing	Possible forum discussed with municipal AG's across Canada to confirm interest and support; timing deferred to 2014-2015 to align with availability of participants.

# OVERSIGHT

## Supporting Public Accounts Committees and Other Oversight Bodies

### Our Strategic Goal...

#### **Support public accounts committees and other oversight bodies in scrutinizing the management of public funds**

- Our Planned Results Areas...**
- 2.1 Develop workshops, courses and tools to support the strengthening of Public Accounts Committees and oversight bodies.
  - 2.2 Effectively deliver this support in a manner that responds to local needs.
  - 2.3 Deliver highly rated information exchange events that bring together public oversight officials from across Canada.

### WHAT WAS ACCOMPLISHED IN 2013-14

#### 2.1 Developing workshops, courses and tools...

The support CCAF brings to public accounts committees (PACs) relies on careful understanding and consideration of the varying issues facing PAC Chairs, Vice-Chairs, members, and PAC clerks and staff in Canada's fourteen jurisdictions. We consult regularly with these groups, and Canada's legislative auditors, whenever we develop or update workshops and courses and publish or update research and guidance.

In Spring 2013, we conducted a survey of Canada's PACs to identify emerging trends and needs. The results of the survey were compiled in a report presented in August 2013 to the annual joint conference of the *Canadian Council of Public Accounts Committees (CCPAC)* and the *Canadian Council of Legislative Auditors (CCOLA)*, and led to interesting and engaging discussions among the participants. The findings from the survey help us to continuously assess capacity development needs and to tailor our workshops accordingly to fit jurisdictions' individual needs.

#### TARGET DELIVERABLES FOR 2014-15

- ◆ Assess the capacity development needs of Canada's PACs based on the results of the August 2013 survey, advice from the Oversight Advisory Group, and interviews with legislative auditors, PAC staff and members.
- ◆ Update the publication Attributes of an Effective Public Accounts Committee based on 2013 survey results.

#### 2.2 Effectively delivering support in a manner that responds to local needs...

We continue to deliver our Orientation and other workshops to PACs across Canada on a timely basis as needs arise and in accordance with committees' life cycles as determined by when elections occur in each jurisdiction. In 2012-13, we developed a new workshop, *Taking Corrective Action: Recommendations and Follow-up*, which we delivered for the first time in September 2013 to the Alberta PAC. We also delivered our *Orientation* workshop to two jurisdictions – British Columbia (October 2013) and Nova Scotia (March 2014).

While our approach to delivering these workshops is tailored to the individual needs and context of each PAC, we bring to them good practices, identified from our domestic and international research and surveys, to keep them apprised of what is happening elsewhere. As noted by one PAC member at a recent workshop: *"It [the workshop] has opened our eyes to what's happening in other jurisdictions."* Overall, feedback on our workshops has been positive: another PAC member participating in an orientation session noted: *"Truly helpful. I have seldom, if ever, attended a more helpful orientation, nor have I ever given 100% thumbs up!"*

#### TARGET DELIVERABLES FOR 2014-15

- ◆ Subject to demand, deliver up to 6 orientation and/or topic-specific workshops in Canadian jurisdictions, and conduct follow-up to assess impact.

### 2.3 Delivering highly rated information exchange events that bring together public oversight officials...

As noted above, CCAF reported on the results of its most recent survey of Canadian PACs at the August 2013 joint annual conference of CCPAC-CCOLA, held in Regina, Saskatchewan. We played a key role, directly and through our Oversight Advisory Group, in shaping the agenda, developing materials and presenting and facilitating sessions. Conference sessions included roundtable discussions focused

on sharing effective PAC practices, how to address the Auditor General's reports, and best practices for PAC reporting and follow-up.

In addition to presenting the results of CCAF's PAC survey, **Paul Lohnes** and CCAF associate **Geoff Dubrow** facilitated a number of sessions at the event. Annually, CCAF develops a synopsis of the conference that is distributed ahead of the following year's Conference.



Planning for the August 2014 Conference began in early 2014 with an Oversight Advisory Group meeting in February, with participation from the host jurisdiction, to begin shaping the agenda. This year's conference will be held in August in St. John's, Newfoundland & Labrador, and will no doubt again be informative and generate lively discussion on emerging issues and trends facing PACs.

#### TARGET DELIVERABLES FOR 2014-15

- ◆ Support planning, and deliver and facilitate sessions at, the CCPAC-CCOLA annual conference in St. John's, Newfoundland & Labrador in August 2014.
- ◆ Offer support through Oversight Advisory Group to host jurisdiction (Manitoba) for August 2015 CCPAC-CCOLA annual conference.



CCPAC-CCOLA Delegates – August 25, 2013

**KEY PERFORMANCE CHECKLIST – OVERSIGHT – 2013-14**

Planned Result Area	Targets		Results
2.1 Develop workshops, courses and tools to support the strengthening of Public Accounts Committees and oversight bodies	1) Develop workshop on the relationship between the PAC and the legislative auditor to complement existing suite of 5 workshops. Update other workshops, as necessary.	Deferred	New workshop deferred. Other workshops updated to incorporate survey results.
	2) Conduct a survey of PACs in Canada and publish and present results for CCPAC-CCOLA annual conference in Regina, Aug. 2013.	Met	PAC survey designed and completed, including for the first time, a survey of PAC Chairs and Vice Chairs to complement that completed by PAC staff.
	3) Update Attributes of Effective PAC and Guide documents using survey results.	Deferred	Update of Attributes documents deferred to 2014-15.
2.2 Effectively deliver this support in a manner that responds to local needs	1) Deliver 6 orientation and topic-specific workshops in Canadian jurisdictions.	Met Demand	3 workshops delivered: <ul style="list-style-type: none"> <li>• Alberta – Taking Corrective Action;</li> <li>• BC – Orientation;</li> <li>• Nova Scotia – Orientation.</li> </ul> Overall positive workshop assessment – 100%
2.3 Deliver highly rated information exchange events that bring together public oversight officials from across Canada	1) Support planning, and deliver selected sessions at, CCPAC-CCOLA annual conference in Regina, SK, in August 2013.	Met	Successful planning, delivery (including survey), facilitation of several sessions, with positive feedback.
	2) Develop and prepare synopsis of the conference.	Met	Synopsis presented to Oversight Advisory Group (OAG) in February 2014 and published in Q1 2014-15.
	3) Offer support through Oversight Advisory Group to host jurisdiction (Newfoundland) for 2014 CCPAC-CCOLA annual conference.	Met	Recommendations on programs made, OAG has provided input, and planning with host jurisdiction well underway.

# INTERNATIONAL

Strengthening the capacity of SAIs and related parliamentary oversight in developing countries

## Our Strategic Goal...

**Support Canadian and international efforts to strengthen the capacity of Supreme Audit Institutions (SAIs) & related parliamentary oversight in selected developing countries and regions**

- Our Planned Results Areas...**
- 3.1 Enhance capacity and effectiveness in performance auditing of SAIs in targeted countries
  - 3.2 Enhance leadership and capacity of PACs to review SAI reports and support implementation of related recommendations
  - 3.3 Strengthen coordination, harmonization and knowledge sharing among donors, SAIs and their regional associations

## WHAT WAS ACCOMPLISHED IN 2013-14

### 3.1 Enhance capacity and effectiveness in performance auditing of SAIs in targeted countries...

CCAF's International Legislative Oversight Program (ILOP) launched in August 2012 when we signed a five-year contribution agreement with our funding partner, the Department of Foreign Affairs, Trade and Development (DFATD).

With the ILOP now well underway, 2013-14 saw CCAF ramping up capacity building activities for the four participating countries: Cameroon, Ghana, Tanzania and Vietnam. In accordance with our annual work plan submitted to DFATD and those developed last year with each of the four SAIs, this year CCAF, in collaboration with our many Canadian and international partners, delivered support in Canada, on the ground in each country, and online. With a focus on pilot audits and other practical projects, and an increased emphasis on quality control,

management and leadership, ILOP's performance audit capacity building activities are producing concrete, sustainable results at these SAIs.

Continuing the success of the long-running Canadian Fellowships, four senior auditors from our partner countries completed placements at the Office of the Auditor General of Canada (OAG) and graduated in May 2013. In August, CCAF and the OAGs of Canada, Alberta and Quebec welcomed the six 2013-14 Fellows. In addition to the on-the-job learning at their host OAGs, the Fellows each prepare a pilot performance audit plan, with the support of Canadian mentors, which they will carry out in their countries.

*"The programme has tremendously enhanced my capacity and confidence to conduct good audits."*

David Amediku  
2012-13 Fellow, Ghana

Their audit topics are selected to be aligned with both their SAIs' plans and one of DFATD's development priorities, ensuring that the ILOP contributes to real results in these priority areas. As well, in March, CCAF and OAG Canada hosted a six-month financial and regulatory audit Fellowship.

The purpose of the senior management internship, started this year, is to support a SAI in a strategic area of need and to increase management's understanding of and support for performance audit. **Rose Djila** of Cameroon spent six weeks in Canada learning about quality control methods, meeting with several organizations and mentors, and developing a project to help her SAI produce a quality control manual. During the year, we planned another senior management internship, for an Assistant Auditor General from Ghana. This internship will focus on strategic planning and performance measurement and will take place in Ottawa in April 2014.



The 2012-13 Fellows at their graduation in May  
David Amediku (Ghana), Leonard Mabuga (Tanzania), Chau Le (Vietnam) and  
Freddy Ndjemba (Cameroon)



Participants work on an assignment during the Fundamentals of Performance Audit workshop in Vietnam in December

This year featured many successful training and mentoring activities abroad:

- ✦ We delivered the CCAF Performance Audit Fundamentals course in Tanzania, as well as in Vietnam as part of the State Audit of Vietnam project to develop its own fundamentals course. In Cameroon we co-facilitated a CREFIAF performance audit course sponsored by the Africa Development Bank.
- ✦ CCAF collaborated on the delivery of the AFROSAI-E's regional three-phase performance audit training, completed in South Africa and underway in Mauritius. The program requires participants to plan, conduct and report on a real performance audit. CCAF co-facilitated the training, sponsored the participation of audit teams from Cameroon, Ghana and Tanzania, and engaged graduate Fellows as co-facilitators.
- ✦ In partnership with AFROSAI and German aid agency GIZ, we continued training and mentoring for the Lake Chad regional environmental audit project launched in 2012. CCAF worked closely with the Cameroon audit team and co-facilitated the regional training delivered for the four countries conducting this audit. The audit has been carried out and the reports will be produced in early 2014-15.

- ✦ CCAF and the OAG of Alberta mentored the SAI of Vietnam as it determined how to structure a performance audit practice and began developing a performance audit manual.
- ✦ We co-facilitated the delivery of AFROSAI-E's Management Development Program in Ghana for 100 SAI managers and led very successful deliveries of CCAF's new course on leadership and teamwork to 200 of the SAI's audit team leaders. These programs were delivered with facilitators from different African countries, including CCAF graduate Fellows. The course on leadership was developed to meet a need identified by the Auditor General of Ghana and is aligned with a new emphasis within AFROSAI-E's strategic orientation.
- ✦ CCAF co-facilitated an IDI workshop on the INTOSAI Performance Measurement Framework (PMF) and sponsored the Vietnam SAI's participation in the training. CCAF is helping SAIs to learn about the PMF, its benefits, and how it can be implemented.

Additionally, we provided access to online training and resources by enrolling four auditors from Ghana in Algonquin College's Forensic Accounting and Fraud Investigations program and by providing access to *Audit News* and CCAF's new *Practice Guide to Auditing Efficiency* for our partner SAIs. To further support DFATD's objective of increasing gender equality, we launched a project to develop a practice guide and related training on how to include gender equality considerations in performance audits. A draft of this guide was developed and when the project is completed in 2014-15 the guide will be shared with the four SAIs and other partners.



## TARGET DELIVERABLES FOR 2014-15

- ✦ Continue the delivery of Fellowships, in partnership with the Canadian host offices:
  - Complete 6 performance audit Fellowships at the OAGs of Canada, Alberta and Quebec (concluding May 2014);
  - Begin 4 performance audit Fellowships at the OAG of Canada (August 2014 – May 2015);
  - Complete 1 financial and regulatory audit Fellowship for Ghana at the OAG of Canada (March-August 2014).
- ✦ Complete the second ILOP senior manager internship (Ghana, April-May 2014) and host up to 3 additional internships.
- ✦ Deliver courses and mentoring responding to ILOP SAIs' needs, including:
  - Advanced Performance Audit course in Cameroon;
  - Leadership and Teamwork course in Tanzania;
  - Development and pilot delivery of a Vietnamese version of the Performance Audit Fundamentals course;
  - Contribute to deliveries of the AFROSAI-E 3-phase performance audit training and other regional training activities;
  - Distance education in forensic auditing, through Algonquin College;
  - Support for strategic planning and the implementation of the INTOSAI PMF.
- ✦ Participate in AFROSAI-E follow-up quality assurance reviews in Ghana and Tanzania.
- ✦ Develop a new training component for Fellows on the subject of facilitation, helping them to become effective trainers within their SAIs and regional associations. This training component will aim to meet the requirements of AFROSAI-E, thus having the Fellows recognized as "Champions/Facilitators"
- ✦ Coordinate the development of shared training resources with CCAF's domestic programs and distribute them to partner countries, finalize the draft Practice Guide to Performance Auditing and Gender Equality, and develop a one-week environmental audit course based on existing materials.

## 3.2 Enhance leadership and capacity of PACs to review SAI reports and support implementation of related recommendations...

The ILOP also works with parliamentary oversight committees, helping to build their capacity to review audit reports, and helps SAIs to strengthen their relationships with these committees. We reviewed the oversight committee engagement plans that were developed last year by the SAIs of Cameroon, Ghana and



A workshop with the PAC and SAI of Ghana in March

Tanzania through AFROSAI-E/GIZ/CCAF training. To help the SAIs of Ghana and Tanzania progress in implementing their engagement plans, CCAF delivered a workshop in each country. In Ghana CCAF met with the PAC leadership in December to review the committee's training needs, using CCAF's capacity assessment model for oversight committees. Based on that assessment CCAF provided training recommendations for the PAC and, in March, delivered the first recommended course, on *Follow-up and Taking Corrective Action*. In Tanzania, we held our *Effective Questioning* course for the country's two oversight committees. The oversight committee courses in both countries were attended by members of the committees and the SAIs. Participants reported they found the training helpful and relevant. For example, a participant at the Ghana course commented: "The workshop has increased my capacity and will go a long way to assisting the work ahead of me."

## INTERNATIONAL PARTNERS: INTOSAI, IDI AND REGIONAL SAI ASSOCIATIONS

**INTOSAI** International Organization of SAIs

**IDI** INTOSAI Development Initiative

**WGEA** INTOSAI Working Group on Environmental Auditing

**AFROSAI-E** English-speaking African SAIs

**CREFIAF** French-speaking Sub-Saharan SAIs

**ASOSAI** Asian SAIs

**ASEANSAI** Southeast Asian SAIs

### TARGET DELIVERABLES FOR 2014-15

- ◆ Deliver our Stakeholder Relations and Communications course to the Tanzanian SAI.
- ◆ Sponsor partner country leaders to co-facilitate the AFROSAI-E regional training for SAIs on engagement plans, focusing on media communications and civil society engagement.
- ◆ Work with oversight committees in Ghana and Tanzania, based on the recommendations from our 2013-14 activities.
- ◆ Support a joint study tour to Canada for the Vietnam SAI and National Assembly to allow participants to learn about how parliament receives and reviews performance audit reports, SAI-PAC communication strategies, multi-year audit plans and SAI performance reporting.
- ◆ Develop a specific strategy adapted to the Presidential system of Cameroon and other French African countries, in cooperation with CREFIAF and the World Bank office in Cameroon. This project will be determined at the annual meeting of CREFIAF scheduled in July 2014.

### 3.3 Strengthen coordination, harmonization and knowledge sharing among donors, SAIs and their regional associations...

As always, Canadian partners played a vital role in the ILOP this year, enriching the training we provide to SAIs and PACs by sharing their expertise and experience. The OAGs of Canada, Quebec and Alberta hosted Fellowships and additional provincial and municipal offices welcomed Fellows for visits or short-term placements. As well, individuals from the OAGs of Alberta, British Columbia and Quebec and from the PACs of British Columbia and Saskatchewan co-facilitated CCAF training abroad. CCAF coordinates our Canadian partners' support to best meet the needs of the SAIs and PACs.



CCAF met with many other development partners working in this field at an IDI conference in Washington in March

The ILOP SAIs also benefit from our relationships with their regional SAI associations and other development partners. This year we remained actively engaged in the international SAI capacity building community by:

- ◆ collaborating with AFROSAI, AFROSAI-E and GIZ to deliver regional training and participating in the annual meetings of AFROSAI-E and CREFIAF;
- ◆ meeting with ASOSAI and ASEANSAI, as well as other development partners working in Vietnam;
- ◆ participating in international conferences and training organized by IDI, the INTOSAI Working Group on Environmental Auditing, and the World Bank; and
- ◆ maintaining communications with IDI, DFATD staff in Canada and abroad, and other development partners, to keep each other apprised of our activities.

Through this involvement, we continued to improve the coordination of support to our partner SAIs. We also maintained CCAF's international visibility, contributed to our excellent reputation among SAIs and development partners, and strengthened our relationships with this network of partners.

### TARGET DELIVERABLES FOR 2014-15

- ◆ Continue to support host offices in the delivery of Fellowships and coordinate activities for Fellows and interns.
- ◆ Engage additional OAGs to contribute to the ILOP, particularly in our training and mentoring delivered abroad.
- ◆ Further strengthen relationships with IDI and the INTOSAI regional associations by continuing to participate in key meetings and collaborate on training events.
- ◆ Exchange information with development partners such as IDI, GIZ and the national audit offices of Sweden and Norway, as well as with DFATD staff in Canada and abroad.
- ◆ Invite DFATD staff to attend when CCAF delivers activities in our partner countries.

**KEY PERFORMANCE CHECKLIST – INTERNATIONAL – 2013-14**

Planned Result Area	Targets		Results
<p><b>3.1 Enhance capacity and effectiveness in performance auditing of SAIs in targeted countries</b></p>	<p>1) Prepare for and deliver 2013-14 Fellowships and internships: 6 performance audit Fellowships, 1 financial audit Fellowship and the first senior manager internship.</p> <p>2) Deliver training and mentoring on performance audit and environmental audit, including support to the AFROSAI-E three-phase regional performance audit training and the Lake Chad regional environmental audit.</p> <p>3) Co-facilitate with AFROSAI-E its Management Development Program (MDP) in Ghana.</p> <p>4) Provide ongoing training and support for quality assurance reviews and implementation of the INTOSAI PMF.</p>	<p><i>Met</i></p> <p><i>Met</i></p> <p><i>Met</i></p> <p><i>Met</i></p>	<p>Fellowships and internships delivered successfully: 6 performance audit Fellows will graduate in May 2014; 1 financial audit Fellow arrived in March 2014 and will graduate in August; and 1 senior manager internship (Cameroon) completed.</p> <p>CCAF performance audit courses delivered in Cameroon, Tanzania and Vietnam and support provided to deliveries of the AFROSAI-E program in South Africa (Phases 1, 2 and 3) and Mauritius (Phase 2) and to the Lake Chad project.</p> <p>MDP successfully delivered to two groups of 50 participants each, plus CCAF training on leadership skills and teamwork delivered to two groups of 100 participants each.</p> <p>Follow-up support provided to Vietnamese team who attended IDI training on the PMF; Support for quality control provided to Cameroon via the manager internship which focused on this topic and produced SAI guidelines.</p>
<p><b>3.2 Enhance leadership and capacity of PACs to review SAI reports and support implementation of related recommendations</b></p>	<p>1) Review partner SAIs' PAC communications strategies and work to strengthen SAI's other stakeholder communications.</p> <p>2) Complete contribution to training on AFROSAI-E toolkit on SAI-PAC communications.</p> <p>3) Deliver PAC orientation workshop in Ghana and/or Tanzania, including assessing PACs using CCAF Capacity Assessment Model (CAM).</p> <p>4) Explore how best to provide legislative oversight support to Cameroon and Vietnam.</p>	<p><i>Met</i></p> <p><i>Deferred</i></p> <p><i>Met Revised Target</i></p> <p><i>Partially Met</i></p>	<p>Oversight committee-engagement plans reviewed with SAIs of Cameroon, Ghana and Tanzania, and 2 courses delivered (Ghana and Tanzania) for SAIs on working with oversight committees.</p> <p>Next phase of the training, on media communications and civil society engagement, has now been scheduled by AFROSAI-E for 2014-15.</p> <p>CAM completed in Ghana and 2 courses delivered: Effective Questioning (Tanzania) and Recommendations and Follow-Up (Ghana), in lieu of orientation workshop.</p> <p>Plans for supporting oversight in Vietnam discussed with the SAI and other development partners; a project regarding oversight in Cameroon will be explored in 2014-15.</p>
<p><b>3.3 Strengthen coordination, harmonization and knowledge sharing among donors, SAIs and their regional associations</b></p>	<p>1) Continue to support Alberta-Vietnam and Québec-Cameroon partnerships and engage other Canadian audit offices to help support SAIs.</p> <p>2) Implement MOUs and work-plans in the 4 partner countries.</p> <p>3) Continue to strengthen relationships with regional SAI associations, INTOSAI, and other donor organizations.</p> <p>4) Update International section of CCAF website to reflect new CIDA/DFATD agreement and program design.</p>	<p><i>Met</i></p> <p><i>Met</i></p> <p><i>Met</i></p> <p><i>Partially Met</i></p>	<p>Supported Alberta-Vietnam and Québec-Cameroon partnerships (Fellowships and in-country courses and mentoring); engaged OAG of British Columbia in training in Ghana and Tanzania; and engaged OAGs of British Columbia, Manitoba, Saskatchewan and Ontario, as well as other institutions, to host visits from Fellows and interns.</p> <p>Continued to implement work plans, in accordance with the MOUs.</p> <p>Strengthened relationships by participating in AFROSAI-E and CREFIAF annual meetings, collaborating on training development and delivery with partners including AFROSAI-E, GIZ, IDI and the World Bank, and meeting with these organizations, ASOSAI, ASEANSAI and other donors during missions abroad.</p> <p>Initial update to the website completed; additional content to be added in 2014-15.</p>

# CORPORATE MANAGEMENT & INSTITUTIONAL DEVELOPMENT

## Effectively Managing and Building our Capacity

### Our Strategic Goal...

**Attain multi-year sustainable funding, effectively respond to stakeholder needs, and continuously strengthen governance, management practices and accountability**

Our Planned Results Areas...

- 4.1 Effectively and efficiently plan, manage, communicate and report on the operations of the Foundation.
- 4.2 Continuously strengthen the human resource base of the Foundation.
- 4.3 Continuously strengthen the financial resource base of the Foundation and monitor the environment in Canada and abroad for new opportunities.
- 4.4 Continuously strengthen management practices and controls.

### WHAT WAS ACCOMPLISHED IN 2013-14

#### 4.1 Effectively and efficiently plan, manage, communicate and report...

CCAF is a membership based organization and strives to inform its members and stakeholders of its plans, operations and results in a timely manner. Over the past year our activities included:

- ✦ Led by a working group of management and board members, we continued the review of our existing charter documents and development of new ones for our **transition under the new Canada Not-for-profit Corporations Act (CNCA)**. This is a key initiative given it impacts the documents upon which CCAF was founded and the principles by which it operates.
- ✦ We initiated a **strategic planning exercise**, beginning with an environmental scan, debriefing outgoing board members, and a strategic planning retreat with our new Board in February 2014 – all of which contributed to the development of a draft framework for a possible way forward for CCAF that is now being discussed with our members as we develop and refine our new strategy to take us to 2020.
- ✦ Beginning in 2012, CCAF took a fresh approach to its **risk management** process, which saw management, working with the Audit & Finance Committee, identify, assess and prioritize key risks. Our annual risk review feeds into our strategic and operational planning process to ensure the Board is well informed of the risks going forward.
- ✦ **Timely communications** are key to ensuring our members are aware of our activities. In addition to our Annual Report to Members, we provide written and in-person briefings to our key members and stakeholders throughout the year so they can stay abreast of CCAF and its activities. We also release email communiqués one to two times per month informing our members of significant events, including publication releases. Our regular contact with individuals and organizations representing the audit and oversight communities continues to be an effective way of communicating on a timely basis.



- ✦ Our **website** is an important portal for our members to be kept informed of our activities and access key products and services. This past year, we enhanced the Performance Audit and International Programs sections of our website to allow ease of access for our members to products such as *Audit News*, the new *Practice Guide to Auditing Efficiency*, and information about our training courses and workshops.
- ✦ We also took important steps to enhance governance. The Board's Governance Committee reviewed and revised terms of reference for all board committees, which will flow into the development of a new *Governors'\* Handbook* that will be developed over the coming year.

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#### TARGET DELIVERABLES FOR 2014-15

- ✦ Finalize transition process to new Canada NFP Corporations Act (including legal review) and submit new Articles & Bylaws for member approval at special meeting in July 2014.
  - ✦ Continue and complete the strategic planning process.
  - ✦ Continue to monitor and manage risks, with a particular focus on the newly developed strategy and funding plan.
  - ✦ Finalize, monitor and report on communications strategy, aligned with new strategy and funding plan.
  - ✦ Continue improvement of website to enhance user experience and navigation, including refreshed design and layout, new look for corporate communications including annual report and other CCAF products. CCAF will also explore social media as a way of getting information to our members.
  - ✦ Complete the development of a revised *Governors' Handbook*.
  - ✦ Plan and deliver 3 board meetings & Board committee meetings as required.
  - ✦ Develop Annual Report to members with new look and feel and with a greater drill down capacity to link to additional information on the CCAF website.
- 

#### 4.2 Continuously strengthen the human resource base...

CCAF is a small organization that relies on a small core of staff to manage and deliver our products and services. We benefit greatly from key positions being filled by personnel seconded from our member organization offices. Last year we reported that the Office of the Auditor General of Canada generously provided us with a research officer – **Pierre Fréchette** – to support our performance audit and oversight activities in addition to **John Reed** who is on interchange from OAG Canada leading performance audit. We are pleased to report that the arrangement for Pierre has been extended for an additional year, into 2015.

In addition to our staff, we rely on a roster of experienced Associates to deliver our products and services. As former senior level practitioners, their knowledge and expertise in performance audit and government oversight ensures that our publications, courses and other products are developed and delivered by professionals of the highest caliber. We have successfully recruited a number of new Associates to work with CCAF in both our domestic and international programs.

In developing the *Practice Guide to Auditing Efficiency*, we hosted practitioners from the legislative, internal, municipal and private sector audit communities to bring a truly dynamic and varied perspective to its creation.

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#### TARGET DELIVERABLES FOR 2014-15

- ✦ Improve performance management processes for management and staff.
  - ✦ Develop/monitor development & professional development needs and succession planning for staff.
- 

\* Upon CCAF's adoption of new articles and By-laws, Governors will henceforth be referred to as 'Directors'.

#### 4.3 Continuously strengthen the financial resource base...

CCAF relies greatly on the financial and 'in-kind' support of its members, and we appreciate this continued support and strive to deliver excellent value in return. We recognize that in order to continue receiving such support, CCAF needs to develop and communicate its value propositions and continue to strive for excellence in its products and services. With the Audit & Finance Committee, we are developing a funding strategy and corresponding value propositions for our institutional members. This strategy provides a roadmap by which we can deliver even better value to our members. As we carry out the strategic planning exercise, this strategy will be a valuable input to informing our consultations with members.

The 'in-kind' support we receive from our members is critical to supporting our products and services, both in Canada and internationally. This in-kind support contributes greatly to ensuring we receive the critical input that we need and helps to ensure that our products and services resonate with our members. Key leaders from our member communities serve on our advisory groups and project teams, help co-deliver our courses, and help bring Canadian knowledge and expertise to developing countries and regions through our International Legislative Oversight Program (ILOP). We greatly appreciate and acknowledge their generous support (see pg. 23-24 for a list of our advisory and other group members).

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#### TARGET DELIVERABLES FOR 2014-15

- ◆ Implement funding strategy aligned with new strategic plan.
  - ◆ Refine value propositions & develop MOU approach to define relationship with and expectations of key stakeholder communities.
- 

#### 4.4 Continuously strengthen management practices and controls...

We strive to ensure that CCAF operates according to sound management practices and internal controls. As noted above, our annual risk management review process identifies key risks and the controls necessary to ensure that those risks are managed effectively. We take prudent steps to ensure assets and resources are safeguarded and all staff are well aware of policies that support a robust internal control environment. Staff members review the policies and procedures outlined in our Employee Manual, which they are required to sign off on when they join CCAF, and annually thereafter. Additionally, all staff members are required to review annually the staff 'Code of Ethics and Conflict of Interest Declaration' as part of their annual performance review.

CCAF's bylaws require it to undergo an annual financial audit and to publish to results of the audit in our annual report to members. Once again CCAF received an unqualified audit opinion, issued by the audit firm of Collins Barrow Ottawa LLP. CCAF prides itself on maintaining a robust system of internal controls and financial reporting, that supports oversight from our Board and transparency to our members.

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#### TARGET DELIVERABLES FOR 2014-15

- ◆ Review and revise, as necessary, the Employee (policies & procedures) Manual – complete annual sign-off by employees.
  - ◆ Successfully complete 2013-14 annual audit process.
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#### OTHER CORPORATE INITIATIVES

In July 2013 we proudly announced the establishment of the *Ronald C. Thompson Memorial Scholarship*. We are pleased to introduce the first recipient of the award – **Joel Crawford** – and look forward to working with Carleton University to promote public sector auditing with its students. Going forward, we will continue to seek ways to collaborate with academic institutions to increase the knowledge & profile of public sector audit and oversight.

**KEY PERFORMANCE CHECKLIST – CORPORATE MANAGEMENT & INSTITUTIONAL DEVELOPMENT – 2013-14**

Planned Result Area	Targets	Results	
4.1 Effectively and efficiently plan, manage, communicate and report on the operations of the Foundation	1) Continue transition process to new Canada NFP Corporations Act.	Ongoing	NFP package approved by Board (February 2014).
	2) Begin strategic planning process to be completed at the end of 2014-15.	Met	Strategic planning process on target & ongoing.
	3) Monitor risks and integrate risk management process into strategic planning and annual reporting.	Met	Risk management annual review and assessment, report to Board - February 2014. Ongoing monitoring continues.
	4) Develop and implement new communications strategy.	Ongoing	Communications strategy in progress and full plan to be developed in 2014-15.
	5) Update and improve website and release regular and timely communiqués to members.	Met	Performance audit section of website improved and updated. International section updated to reflect new program. <ul style="list-style-type: none"> <li>• 13 communiqués released to members.</li> </ul>
4.2 Continuously strengthen the human resource base of the Foundation	1) Engage Oversight leader to manage Oversight strategic goal area.	Not Met	Continued to meet needs in Oversight area through use of Associates.
	2) Assess HR needs, including Associates, and existing capacity to ensure effective resources are in place.	Met	Retained donated Performance Audit staff resource for a second year. Amended associate contracting process in place. Engaged new associates.
4.3 Continuously strengthen the financial resource base of the Foundation and monitor the environment in Canada and abroad for new opportunities.	1) Continue work with Audit & Finance Committee to develop funding strategy.	Ongoing	Funding strategy & value propositions developed – will be an input to the strategic planning exercise.
4.4 Continuously strengthen management practices and controls	1) Continue to strengthen management practices and controls, including ensuring effective application of quality management framework for all projects and publications; and ensure appropriate practices and controls are in place to address risks	Ongoing	Annual review of internal controls and CCAF policies and procedures is conducted on an ongoing basis.
	2) Complete 2012-13 audit.	Met	2012-13 audit completed with no issues.

# ACKNOWLEDGING OUR MEMBERS AND PARTNERS

## as of March 31, 2014

CCAF's strength resides in our ability to bring together dedicated individuals from our stakeholder communities. Through our Board of Governors, advisory groups and project teams, we bring together thought leaders who help refine the products and services we deliver to our members. We would like to thank all of these individuals for the excellent work that they do:

### PERFORMANCE AUDIT CAPACITY BUILDING GROUP

#### CHAIR

**Paul Lohnes**  
President and CEO  
CCAF-FCVI

#### MEMBERS

**Mark Anderson**  
Principal, Performance Audit  
Office of the Provincial Auditor of Saskatchewan

**Sandra Cohen**  
Director, Value-for-Money Audit Services  
Office of the Auditor General of Manitoba

**Maureen Debaji**  
Systems Audit Principal  
Office of the Auditor General of Alberta

#### Sheila Dodds

Assistant Auditor General, Performance Audit  
Office of the Auditor General of British Columbia

#### Louise Dubé

Principal  
Office of the Auditor General of Canada

#### Eric Hopper

Director, Value-for-money Audit  
Office of the Auditor General of New Brunswick

#### Gary Peall

Deputy Auditor General  
Office of the Auditor General of Ontario

#### Lucie Roy

Director, Strategic Issues and VFM Advisory Services  
Le Vérificateur général du Québec

#### Sandra Russell

Deputy Auditor General  
Office of the Auditor General Newfoundland and Labrador

#### Terry Spicer

Assistant Auditor General  
Office of the Auditor General of Nova Scotia

#### Barbara Waite

Audit Director  
Office of the Auditor General of Prince Edward Island

#### CCAF REPRESENTATIVE

**John Reed**  
Vice-President, Performance Audit

#### SECRETARY

**Julien Raynaud**  
Projects Officer, Performance Audit  
CCAF-FCVI

### OVERSIGHT ADVISORY GROUP

#### CHAIR

**Paul Lohnes**  
President and CEO  
CCAF-FCVI

#### ELECTED MEMBERS

**ROB ANDERSON, MLA – AIRDRIE**  
Chair, Standing Committee on Public Accounts  
Legislative Assembly of Alberta

**DAVID CHRISTOPHERSON, MP – HAMILTON CENTRE**  
Chair, Standing Committee on Public Accounts  
House of Commons

#### YVON MARCOUX, MNA – VAUDREUIL

Chair, Standing Committee on Public Administration  
National Assembly of Québec (SINCE RETIRED)

#### BRUCE RALSTON, MLA – SURREY-WHALLEY

Chair, Standing Committee on Public Accounts  
Legislative Assembly of British Columbia

#### TRENT WOTHERSPOON, MLA – REGINA ROSEMONT

Chair, Standing Committee on Public Accounts  
Legislative Assembly of Saskatchewan

#### LEGISLATIVE STAFF

**CRAIG JAMES**  
Clerk, Legislative Assembly of British Columbia &  
Executive Director  
Canadian Council of Public Accounts Committees

#### SECRETARY

**Geoff Dubrow**  
CCAF Associate

### INTERNATIONAL ADVISORY GROUP

#### CHAIR

**Paul Lohnes**  
President and CEO  
CCAF-FCVI

#### MEMBERS

**Richard Flageole**  
CCAF Associate

**Malcolm Gaston**  
Assistant Auditor General  
Performance Audit  
Office of the Auditor General of British Columbia

**Adriel Gionet**  
Director, International Relations  
Office of the Auditor General of Canada

#### Einar Gorrissen

Director General  
INTOSAI Development Initiative

#### Julie Parent

Director, VFM Advisory Services  
Vérificateur général du Québec

#### Hoa Quach

Audit Principal  
Office of the Auditor General of Alberta

#### Jocelyne Therrien

Senior Principal  
Parliamentary and International Relations  
Office of the Auditor General of Canada

#### CCAF REPRESENTATIVES

**Yves Gauthier**  
Vice-President, International Programs

**Caroline Jorgensen**  
Director, International Programs

**John Reed**  
Vice-President, Performance Audit

#### DFATD PROJECT MANAGEMENT

**Kimberly Heuckroth**  
International Development Project Advisor

**Steve Jaltema**  
Program Manager

## EFFICIENCY PRACTICE GUIDE PROJECT TEAM

**Carmen Abela**  
Senior Vice-Chair, Board of Directors, IIA Canada

**Mark Anderson**  
Executive Director, Strategic Issues  
Office of the Provincial Auditor of Saskatchewan

**Brian Bost**  
Partner, Risk Consulting, KPMG, LLP

**Yves Denis**  
Strategic Issues and VFM Advisory Services Branch,  
Vérificateur général du Québec

**Richard Flageole**  
CCAF Associate

**Malcolm Gaston**  
Assistant Auditor General, Performance Audit  
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**Lenka Jendrusiak**  
Senior Manager (A), Audit Centre for Excellence  
Ontario Internal Audit Division, Ministry of Finance

**Wendy Loschiuk**  
Assistant Auditor General, Office of the Auditor General of  
Canada

**Neil Maxwell**  
Assistant Auditor General, Office of the Auditor General of  
Canada

**Lloyd Mills**  
Director, Internal Audit, BMO Group

**Elaine Morash**  
CCAF Associate

**Larry Munroe**  
Auditor General, Halifax Regional Municipality

**Paul Nyquist**  
Director, Performance Audit  
Office of the Auditor General of British Columbia

**Dale Shier**  
Principal, Office of the Auditor General of Canada

**Gigi Yip**  
Audit Manager, Office of the Auditor General of Ontario

### CCAF STAFF

**Lynne Casiple**  
Computer Specialist / Webmistress

**Pierre Fréchette**  
Research Officer, Performance Audit

**Paul Lohnes**  
President and CEO

**Julien Raynaud**  
Projects Officer, Performance Audit

### CHAIR

**John Reed**  
Vice-President, Performance Audit

### PRODUCTION TEAM

**Paul Edwards** (Graphic Design)

**Nicole Plamondon** (Translation)

**Laurel Hyatt** (Editing)

**Jennifer Priest and the Envision team** (Web design)

# CCAF's INSTITUTIONAL MEMBERS & FUNDING PARTNERS

as of March 31, 2014



ALBERTA – OFFICE OF THE AUDITOR GENERAL



ASSOCIATION DES VÉRIFICATEURS GÉNÉRAUX MUNICIPAUX DU QUÉBEC (AVGMQ)



AUSTRALASIAN COUNCIL OF AUDITORS-GENERAL



BMO FINANCIAL GROUP



BRITISH COLUMBIA  
OFFICE OF THE AUDITOR GENERAL



CANADA – OFFICE OF THE AUDITOR GENERAL



CHARTERED PROFESSIONAL ACCOUNTANTS OF CANADA



EY



FOREIGN AFFAIRS, TRADE AND DEVELOPMENT CANADA



KPMG CANADA



LIQUOR CONTROL BOARD OF ONTARIO (LCBO) – INTERNAL  
AUDIT SERVICES



MANITOBA  
OFFICE OF THE AUDITOR GENERAL



NEW BRUNSWICK  
OFFICE OF THE AUDITOR GENERAL



NEWFOUNDLAND & LABRADOR  
OFFICE OF THE AUDITOR GENERAL



GOVERNMENT OF NORTHWEST TERRITORIES



NOVA SCOTIA  
OFFICE OF THE AUDITOR GENERAL



GOVERNMENT OF NUNAVUT



ONTARIO – MINISTRY OF FINANCE  
INTERNAL AUDIT DIVISION



ONTARIO  
OFFICE OF THE AUDITOR GENERAL



PRICEWATERHOUSECOOPERS LLP



PRINCE EDWARD ISLAND  
OFFICE OF THE AUDITOR GENERAL



QUÉBEC  
VÉRIFICATEUR GÉNÉRAL DU QUÉBEC



SASKATCHEWAN  
OFFICE OF THE PROVINCIAL AUDITOR

# CURRENT CCAF SECRETARIAT

as of March 31, 2014



**PAUL LOHNES, CPA, CA**  
*President and CEO*



**EVELINE CALLUPE**  
*Administration & Logistics Officer,  
International Programs*



**BARBARA DUMONT**  
*Program Officer  
International Programs*



**YVES GAUTHIER, FCPA, FCA, ICD.D**  
*Vice-President, International Programs*



**CAROLINE JORGENSEN**  
*Director, International Programs*



**JULIEN RAYNAUD**  
*Projects Officer, Performance Audit*



**CARINE TURAY**  
*Administrative Coordinator*



**PIERRE BUSSIÈRE**  
*Finance & Administration Officer*



**LYNNE CASIPLE**  
*Computer Specialist / Webmistress*



**PIERRE FRÉCHETTE**  
*Research Officer  
Performance Audit*



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



**JAMES OULTON**  
*Corporate Officer*



**JOHN REED**  
*Vice-President, Performance Audit*



**NICOLE WICZOREK**  
*Vice-President, Operations & CFO*

# MANAGEMENT REPORT ON FINANCIAL STATEMENTS

CCAF-FCVI's financial statements for the year ended March 31, 2014, together with the independent auditor's report thereon, are presented in this annual report.

The purpose of this Management Report is to comment to members and stakeholders on how the organization has performed financially and to provide some thoughts on the future. Our report explains significant items, fluctuations or changes in the policies affecting the presentation of our financial statements.

Board of Governors oversight for these financial statements is provided by the CCAF Audit and Finance Committee whose six members include the Board Chair. The Committee meets with management and the external auditor before, during, and at the end of the audit process, and in-camera to discuss the audit, internal policies and controls, risk management, and any financial and reporting issues. The Committee recommends the audited financial statements for approval by the Board.

The external auditor, Collins Barrow Ottawa LLP, has reported to the Committee that there were no internal control matters to be brought to its attention, and has provided an unqualified audit opinion on CCAF's financial statements.

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

## FUNDING AND REVENUE

CCAF is a member-based organization and we continue to be fortunate to have a funding base provided by institutional members, the majority of which comes from the Office of the Auditor General of Canada and provincial audit offices. In addition to membership fees and contributions, we benefit from substantial in-kind support from the legislative audit community and other members, particularly for our international program.

We continue to develop programs and services to bring value to our core funders and seek opportunities to leverage the work we do for the benefit of other communities, who in turn also provide funding to CCAF.

Revenue from **membership fees and contributions** increased by 3.6% over the previous year.

**Performance audit education** revenue, for which demand is cyclical, declined by 37.5%, resulting in a corresponding decrease of 38.3% in the related expenses. Our revised and re-launched performance audit fundamentals and advanced courses were very highly rated and we expect increased demand for them in 2014-15.

CCAF's current international program provides \$8.8 million in contributions from the Department of Foreign Affairs, Trade and Development (DFATD) over the period 2012-2017. As 2013-14 was the first complete year of the new program, revenue from **International program funds**, that includes a contribution to **General expenses**, increased by 11.6% over the previous year. This was the 34<sup>th</sup> year in which CCAF, with its Canadian legislative audit and other partners, delivered a DFTAD-funded program. The current program focuses on four countries, Ghana, Tanzania, Cameroon and Vietnam, and their regions. This year we achieved a high level of activity, with many new initiatives, in both the fellowships in Canada and our in-country/region programs.

## EXPENSES

**Direct program expenses** related to **Performance audit programs** and services increased by 6.2% over the previous year due to increased activity and deliverables. CCAF is fortunate to have donated resources from the Office of the Auditor General of Canada, helping make possible the development of new methodology tools. This year we developed and released the first in a series of auditing practice guides to provide members with tools and examples to help support audits of efficiency. We believe that in the current fiscal and audit environments CCAF guidance on auditing efficiency is particularly timely for our members. The development of the guide benefited from input from across the performance audit community.

Expenses on **Oversight programs and services** decreased by 21% due to reduced demand, due to election cycles, from public accounts committees (PAC's) for our orientation and other workshops. These workshops and the annual joint conference of Canada's legislative auditors and PAC's continue to be well rated and received.

**General expenses** increased by 4.3% due to increased corporate management costs related to travel and strategic planning.

## NET ASSETS POSITION

Our **Net assets** position of \$702,708 as at March 31, 2014, provides protection against unanticipated fiscal challenges that could occur.

## LOOKING FORWARD

CCAF is continuously seeking ways to better understand the needs of, and deliver more value to, our members and stakeholders. We also seek opportunities to partner with other organizations to leverage our investments further to enhance the value we can add for our members.

We continue to operate with prudence, recognizing the current economic and fiscal environment where public sector organizations are being asked to do more with less. We are

working with our Audit and Finance Committee and the Board to develop robust funding strategies to broaden our membership base and diversify the types and sources of both domestic and international funding.

We look forward to working with our Board and our members as we complete a new strategic plan for continued success and impact and to launch the plan early in 2015, CCAF's 35<sup>th</sup> year!



**PAUL LOHNES, CPA, CA**

*President and Chief Executive Officer*



**NICOLE WICZOREK**

*Vice-President, Operations &  
Chief Financial Officer*



# **Financial Statements**

**For the year ended March 31, 2014**



**CCAF-FCVI Inc.**  
**Financial Statements**  
For the year ended March 31, 2014

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## Independent Auditor's Report

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### To the Members of CCAF-FCVI Inc.

#### Report on the Financial Statements

We have audited the accompanying financial statements of CCAF-FCVI Inc., which comprise the statement of financial position as at March 31, 2014, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## Independent Auditor's Report (continued)

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### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CCAF-FCVI Inc. as at March 31, 2014, 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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Canada Corporations Act, we report that, in our opinion, the accounting principles in Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding year.

*Collins Barrow Ottawa LLP*

Chartered Accountants, Licensed Public Accountants  
July 8, 2014  
Ottawa, Ontario

**CCAF-FCVI Inc.**  
**Statement of Financial Position**

**March 31** 2014 2013

**Assets**

**Current**

Cash (Note 1)	\$ 1,220,285	\$ 651,836
Accounts receivable	55,271	28,820
Government remittances receivable	42,289	36,162
International program funds receivable (Note 4)	-	381,602
Prepaid expenses	33,805	16,297

	1,351,650	1,114,717
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**Tangible capital assets (Note 2)**

	11,199	22,397
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	\$ 1,362,849	\$ 1,137,114
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**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 439,136	\$ 279,810
Deferred revenue (Note 3)	35,396	43,284
Unexpended international program funds (Note 4)	185,609	122,433

	660,141	445,527
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**Net assets**

Unrestricted	702,708	691,587
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	\$ 1,362,849	\$ 1,137,114
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On Behalf of the Board of Directors:



Director



Director

**CCAF-FCVI Inc.**  
**Statement of Operations and Changes in Net Assets**

For the year ended March 31	2014	2013
<b>Revenue</b>		
Membership fees and contributions (Note 8)	\$ 1,113,492	\$ 1,074,807
International program funds (Note 4)	1,975,366	1,769,910
Performance audit education	106,038	169,529
Interest	12,237	9,983
	<b>3,207,133</b>	<b>3,024,229</b>
<b>Direct program expenses (Note 5)</b>		
Performance audit programs and services	421,029	396,631
Performance audit education	90,989	147,398
Oversight programs and services	127,523	161,441
International program	1,840,037	1,552,749
	<b>2,479,578</b>	<b>2,258,219</b>
<b>General expenses (Note 5)</b>		
Corporate management	307,973	284,681
Operations and other support	397,263	391,379
Amortization of tangible capital assets	11,198	10,961
	<b>716,434</b>	<b>687,021</b>
<b>Total expenses</b>	<b>3,196,012</b>	<b>2,945,240</b>
<b>Excess of revenue over expenses for the year</b>	<b>11,121</b>	<b>78,989</b>
<b>Net assets, beginning of year</b>	<b>691,587</b>	<b>612,598</b>
<b>Net assets, end of year</b>	<b>\$ 702,708</b>	<b>\$ 691,587</b>

**CCAF-FCVI Inc.**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 11,121	\$ 78,989
Item not affecting cash:		
Amortization of tangible capital assets	<u>11,198</u>	10,961
	<b>22,319</b>	89,950
Changes in non-cash working capital balances:		
Accounts receivable	(26,451)	107,705
Government remittances receivable	(6,127)	(36,162)
International program funds receivable	381,602	(381,602)
Prepaid expenses	(17,508)	50,307
Accounts payable and accrued liabilities related to operations	159,326	(124,726)
Government remittances payable	-	(96,261)
Deferred revenue	(7,888)	27,793
Unexpended international program funds	<u>63,176</u>	(234,848)
	<b>568,449</b>	(597,844)
<b>Cash flows from investing activities</b>		
Acquisition of tangible capital assets	-	(17,818)
Decrease in accounts payable and accrued liabilities related to tangible capital assets	<u>-</u>	(15,540)
	<b>-</b>	(33,358)
<b>Increase (decrease) in cash during the year</b>	<b>568,449</b>	(631,202)
<b>Cash, beginning of year</b>	<u><b>651,836</b></u>	1,283,038
<b>Cash, end of year</b>	<b>\$ 1,220,285</b>	<b>\$ 651,836</b>

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**CCAF-FCVI Inc.**

**Summary of Significant Accounting Policies**

**March 31, 2014**

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**Nature and Purpose of the Organization**

CCAF-FCVI Inc. (the "Foundation") was established in 1980 by letters patent under the provisions of Part II of the Canada Corporations Act.

The Foundation's mission is to foster confidence in the public sector by promoting effective performance audit and oversight of government operations. 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 Foreign Affairs, Trade and Development Canada ("DFATD"), formerly the Canadian International Development Agency ("CIDA"), as set out in Note 4 to these financial statements. In addition, the Foundation derives approximately 42% of its membership fees and contributions from one member. The Foundation's current level of operations depends on the continuation of these revenue sources.

The Foundation was organized and is operated for the purposes outlined above and as such is not taxable under the Income Tax Act of Canada.

**Basis of Presentation**

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

**Use of Estimates**

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

Significant estimates include assumptions used in: estimating the initial fair value of financial instruments; estimating the amounts and collectibility of accounts receivable; establishing the useful lives and related amortization of tangible capital assets; estimating provisions for accrued liabilities; estimating the salaries and benefits allocated to various operational areas; and estimating the amount of contributions earned, receivable and deferred under the Foundation's contribution and other funding agreements.

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**CCAF-FCVI Inc.**  
**Summary of Significant Accounting Policies**

**March 31, 2014**

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**Financial Instruments**

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

*Measurement of financial instruments*

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

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

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

*Impairment*

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

*Transaction costs*

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

**Revenue Recognition**

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

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**CCAF-FCVI Inc.**

**Summary of Significant Accounting Policies**

**March 31, 2014**

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**Revenue Recognition**  
(continued)

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

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

Performance audit education revenue is recognized in the year in which it is earned.

**Contributions in Kind**

Members and other contributors provide a significant amount of time and absorb costs related to certain activities of the Foundation. Because of the difficulty in determining their fair value and completeness, contributions in kind are not recorded in the financial statements.

**Capital Assets**

Tangible capital assets consisting of furniture, office equipment and leasehold improvements are stated at acquisition cost. Amortization of furniture and office equipment is provided on the straight-line basis over a three-year period. Amortization of leasehold improvements is provided on a straight-line basis over the expected remaining term of the lease.

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

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

**Development Costs**

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

**Allocation of Expenses**

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

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**CCAF-FCVI Inc.**  
**Notes to Financial Statements**

**March 31, 2014**

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**1. Cash**

The Foundation's cash is held in two accounts at one Canadian chartered bank, the majority of which is held in a corporate investment account that earns a variable rate of interest based on a tiered arrangement. As at March 31, 2014, the corporate investment account had a balance of \$1,019,167 (2013 - \$307,714) and was earning an approximate average rate of interest of 1% (2013 - approximate average rate of interest of 1%). The other bank account is a business cash account that earns interest at a nominal variable rate, if any, at the lesser of 0.35% and the bank's prime rate less 3% (2013 - lesser of 0.35% and the bank's prime rate less 3%). Cash earning nominal interest, if any, as at March 31, 2014 totals \$201,118 (2013 - \$344,122).

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**2. Tangible Capital Assets**

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture, office equipment and leasehold improvements	<b>\$ 33,358</b>	<b>\$ 22,159</b>	<b>\$ 11,199</b>	\$ 33,358	\$ 10,961	\$ 22,397

During the March 31, 2014 fiscal year, the Foundation wrote off \$nil (2013 - \$40,438) of fully amortized tangible capital assets.

During the March 31, 2014 fiscal year, the Foundation purchased \$nil (2013 - \$17,818) of office equipment.

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**3. Deferred Revenue**

Deferred revenue consists of membership fees and contributions related to subsequent years as summarized below.

	2014		2013	
Membership fees	<b>\$ 15,667</b>	\$	18,190	
Contributions	<b>19,729</b>		25,094	
	<b>\$ 35,396</b>	\$	43,284	

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**CCAF-FCVI Inc.**  
**Notes to Financial Statements**

**March 31, 2014**

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**4. International Program Funds**

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

International program costs are funded by Foreign Affairs, Trade and Development Canada ("DFATD"), formerly the Canadian International Development Agency ("CIDA"), 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. DFATD pays direct costs associated with the program and makes a contribution to the Foundation's general expenses. The current agreement with DFATD was effective August 29, 2012, and provides program funding of \$8,800,000 over the period ending on December 31, 2017. Activities for the previous agreement concluded by July 31, 2012 and a final report was submitted to DFATD in December 2012. The total funding under the current agreement yet to be potentially recognized as revenue at March 31, 2014 is \$6,017,467 (2013 - \$7,992,833).

The flow of the program funds is as follows:

	<u>2014</u>	<u>2013</u>
Unexpended funds, beginning of year	\$ 122,433	\$ 357,281
Advances from DFATD, including amounts receivable	<u>2,038,542</u>	<u>1,535,062</u>
	<b>2,160,975</b>	1,892,343
Revenue recognized representing expenses for the year including contributions to general expenses	<u>1,975,366</u>	<u>1,769,910</u>
Unexpended funds, end of year	<u><b>\$ 185,609</b></u>	<u>\$ 122,433</u>

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**CCAF-FCVI Inc.**  
**Notes to Financial Statements**

**March 31, 2014**

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**5. Salaries and Benefits**

The total amount of salaries and benefits for the 2014 fiscal year is \$1,288,720 (2013 - \$1,147,224). Salaries and benefits are allocated to various operational areas based on management's estimate of resource utilization as outlined in the following table.

	<u>2014</u>	<u>2013</u>
Performance audit programs and services	\$ 270,707	\$ 283,008
Performance audit education	2,580	17,100
Oversight programs and services	58,010	72,347
International program	547,096	378,171
Corporate management	187,255	188,641
Operations and other support	223,072	207,957
	<u>\$ 1,288,720</u>	<u>\$ 1,147,224</u>

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**6. Commitments**

The Foundation's lease agreement for its office premises expires on February 28, 2016. The lease has the following annual fiscal year commitments remaining.

2015	\$ 89,585
2016	<u>83,622</u>
	<u>\$ 173,207</u>

The Foundation also has residential leases as part of its international program. Leases have been negotiated starting in March 2014, expire on February 28, 2015 and continue on a month-to-month basis thereafter. The fiscal year commitment for 2014-2015 is \$27,375.

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**CCAF-FCVI Inc.**  
**Notes to Financial Statements**

**March 31, 2014**

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**7. Financial Instruments Risks and Concentrations**

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations as at March 31, 2014.

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

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, government remittances payable, and its ability to provide the activities related to its deferred revenue and unexpended international program funds.

Credit risk

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

Market risk

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

Currency risk

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

Interest rate risk

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

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**CCAF-FCVI Inc.**  
**Notes to Financial Statements**

**March 31, 2014**

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**7. Financial Instruments Risks and Concentrations** (continued)

Other price risk

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

Changes in risks

There have been no significant changes in the Foundation's risk exposures from its 2013 fiscal year.

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**8. Corresponding Amounts**

In certain instances, 2013 fiscal year corresponding revenue amounts presented in the statement of operations and changes in net assets have been reclassified to conform with the financial statement presentation adopted for the 2014 fiscal year.

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