



CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION

Extending our roots to
Build **STRONGER**
ACCOUNTABILITY

ANNUAL REPORT 2018-2019

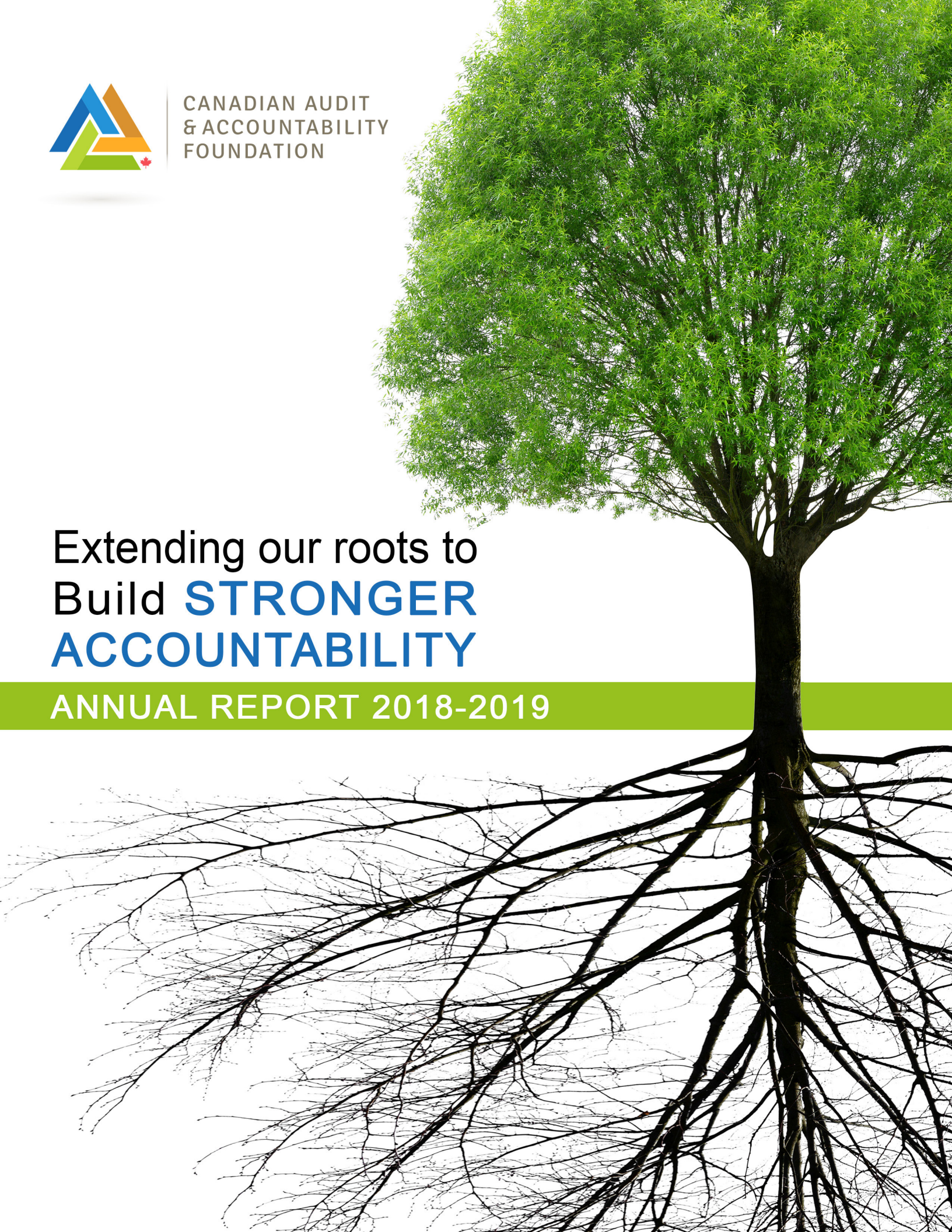




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Message from the Chair and CEO

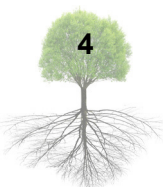
FOR ALMOST 40 YEARS, the Canadian Audit and Accountability Foundation (CAAF) has been providing auditors and those charged with oversight and good governance with the training and tools they need to fulfil their roles effectively so they can better serve the public's interest.

To develop and deliver those tools, CAAF brings together auditors and other professionals from organizations across the country and around the world to learn from each other and improve their craft. We offer our members access to a community of like-minded people, experts and organizations with diverse backgrounds and views with whom they can share experiences, improve practices and solve common challenges.

Although we are an independent research and education organization with our roots firmly planted in Canada, our reach has always extended more broadly, from the day we were founded. We are continuously forging new relationships—both in Canada and internationally—so we can provide our members with the information, products, and services they need. Over the past year, we have worked hard to spread these roots even further.

EXTENDING OUR REACH TO BETTER SERVE OUR INTERNATIONAL MEMBERS

CAAF's members include organizations from across Canada and from all levels of government. But we also welcome organizations from around the world. In 2018–19, we made it a priority to forge closer partnerships with some of those members and deliver them better value.



The Australasian Council of Auditors-General (ACAG) has been a member of the Foundation for more than 9 years. However, distance has made it challenging for us to provide them with the same support and services with which we provide our Canadian members. This past March, we took steps to rectify that.

Over a two-week period, we conducted an [*intensive training program*](#) tailor-made for the legislative audit offices of New Zealand, Papua New Guinea, Fiji, Queensland, Victoria, Western Australia, South Australia, Tasmania, Northern Territory and Australian Capital Territory, as well as the Australian National Audit Office. The aim was to help foster long-term training capacity among ACAG members—a goal we believe we achieved.

By working with our overseas members, such as ACAG, we aren't just better serving their needs. We are providing greater value to all of our members. As a learning organization, working with other jurisdictions helps us to identify best practices and build a body of knowledge that enriches our work, and the work of our members.

BUILDING CAPACITY OVERSEAS THROUGH OUR NEW INTERNATIONAL PROGRAM

This year, we embarked on a renewed international program to enhance the performance auditing and oversight practices of four partner countries. Through the International Governance, Accountability and Performance Program, we are partnering with supreme audit institutions (SAIs) and parliamentary oversight committees in Vietnam, Guyana, Rwanda and Senegal.



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



JOHN REED, M.E.S.
President and CEO

The goal is to help these SAIs and oversight committees improve their effectiveness, so they in turn can help their governments better manage public resources and provide a higher level of service to their citizens.

With financial assistance from Global Affairs Canada and the support of various audit offices and partners across the country, we are delivering our world-class courses and workshops in each country. As part of the program, we are also continuing our long-running and highly successful Fellowships. The international program, especially the fellowships component, is one of the ways in which CAAF is planting strong roots in organizations around the world and helping to develop future leaders within those organizations.

PROVIDING GREATER VALUE TO OUR MUNICIPAL MEMBERS

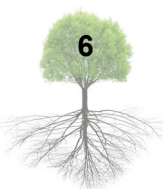
We are not just extending our roots internationally. Over the past year, we have also focused on building stronger relationships with municipalities here in Canada. In November 2018, we launched our new Municipal Oversight Capacity Building Program in partnership with CPA Canada and IIA Canada. The program directly supports municipal councils and audit committees and fills oversight gaps identified in recent studies of municipal governance and auditing. The aim is to provide municipal officials and audit committees with the tools they need to exercise appropriate and effective oversight of audits and audit functions.

We believe this new oversight program will go a long way in supporting our municipal members as they work to increase transparency and accountability in overseeing public funds. It is also another example of how CAAF is building partnerships that will help us grow and enable us to continue to provide real value to all our members in the years to come.

GROOMING THE AUDIT LEADERS OF TOMORROW

There is no question that the earlier you start developing leaders, the greater their potential impact within an organization. That is why over the past year, we continued to focus on providing the next generation of auditors with the tools, skills and confidence they need to reach their full potential.

In November 2018, a group of audit professionals from legislative audit offices across the country gathered in Ottawa for our second *Emerging Leaders' Summit*. Over five days of lectures, exercises, guest speakers and challenges, they developed and honed their innate leadership qualities.



But the training did not just benefit the individuals. It also benefited their audit offices, as the participants returned better equipped to introduce innovative new ideas within their offices—ideas that can make a real difference in the work they do and the impact of their reports. In fact, based on the success of the past two *Emerging Leaders' Summits*, we are already planning a third in 2020.

KEEPING OUR MEMBERS UP TO DATE WITH NEW COURSES AND PRODUCTS

CAAF may be almost 40 years old, but we are always evolving and working to better serve our members. The audit, public administration and oversight fields are constantly changing, as is the world around us. The role of the Foundation is to stay ahead of the curve so we can ensure our members also stay current. But if we want to stay relevant, we need to think about providing our members with new offerings, product types and subjects.

Over the past year, we rolled out three new product lines: *Audit Tips*, *Featured Audits* and *Research Highlights*. We are also continuing to update our *Audit News Database* of more than 6,700 audit documents. In addition, we added three new courses to our list of offerings. Through products and services like these—and our experience in Canada and globally—we can provide our members with the wealth of information and research at our disposal in a way that is both timely and easy to access.



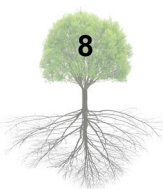
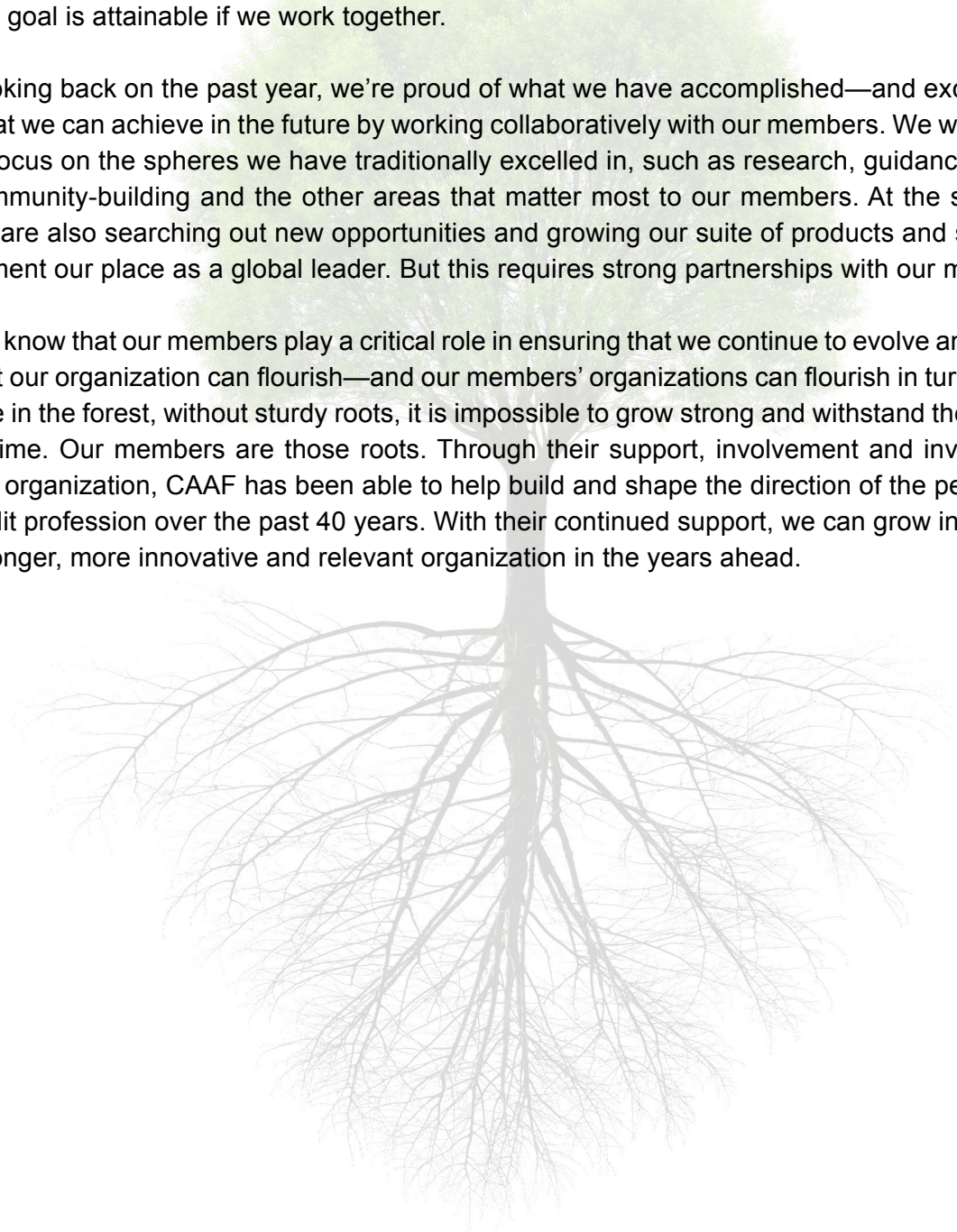
The CAAF Team

WORKING TOGETHER TO BUILD A STRONGER AUDIT COMMUNITY

In the last year, we worked to provide more value to our current members. But we also made significant strides in reaching out to new organizations. We extended our roots to provide training to people and organizations with whom we have never worked before. Achieving our vision to be a global leader in the audit community depends on our ability to expand our reach. We believe this goal is attainable if we work together.

Looking back on the past year, we're proud of what we have accomplished—and excited about what we can achieve in the future by working collaboratively with our members. We will continue to focus on the spheres we have traditionally excelled in, such as research, guidance, training, community-building and the other areas that matter most to our members. At the same time, we are also searching out new opportunities and growing our suite of products and services to cement our place as a global leader. But this requires strong partnerships with our members.

We know that our members play a critical role in ensuring that we continue to evolve and grow, so that our organization can flourish—and our members' organizations can flourish in turn. Like any tree in the forest, without sturdy roots, it is impossible to grow strong and withstand the elements of time. Our members are those roots. Through their support, involvement and investment in our organization, CAAF has been able to help build and shape the direction of the performance audit profession over the past 40 years. With their continued support, we can grow into an even stronger, more innovative and relevant organization in the years ahead.





Our Priorities

Research, Methodology and Information Products

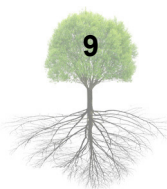
AS THE WORLD AROUND US CHANGES, so do the needs of auditors, oversight bodies and public administrators. That is why CAAF is continuously developing new products and services that address members' changing expectations and requirements. We create these products and services in consultation with audiences that extend well beyond our members so we are able to bring different viewpoints to the table.

This past year, we launched three new product lines to advance knowledge and practice in performance audit, oversight and accountability

- [*Audit Tips*](#)
- [*Featured Audits*](#)
- [*Research Highlights*](#)

PROVIDING A SNAPSHOT OF KEY ISSUES FACING THE AUDIT COMMUNITY

Our reliance on technology is significantly altering how we read, learn and access new information. Increasingly, people want information to be easy to access and presented in a manner that is easy to digest. Over the past year, we have worked hard to develop products that keep our members up to speed on key issues even when they are pressed for time.



In April 2019, we launched [Audit Tips](#) to offer bite-sized snapshots of various CAAF products, such as practice guides, courses or discussion papers. Throughout the year, we published five editions, covering issues such as how to write better audit reports, what to consider when choosing value-added audits and how to incorporate gender equality into audits.

We also launched [Featured Audits](#) as a way to highlight the innovative work our members are doing and share good practices. Each edition summarizes an audit conducted by one of our members or partners and highlights an important trend or lesson learned—from having access to the right expertise to ensuring data quality.

CAAF has access to a wealth of research and we are constantly looking for ways to pass on this information in an easy-to-access, digestible manner. This year, we launched [Research Highlights](#) to provide a slightly more in-depth look at issues or risks that might affect our members' practices. In 2018–19, we published two editions. We plan to continue releasing two or more a year to ensure our members are aware of ongoing trends.

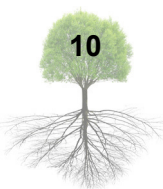
Our discussion papers are another way we keep our members informed. Each provides an overview of research available on various aspects of performance auditing. Our latest paper, [The Impact of Performance Audits: Defining, Measuring and Reporting Impact](#), highlights good practices that audit institutions in Canada and around the world use to ensure their reports have maximum impact. It was released at the 2019 CCOLA Performance Audit Symposium in Toronto and a panel discussion on the topic was also held on the first day of the Symposium. We have already begun work on the next discussion paper about data analytics.

“We’re working with Canadian and international institutions and we’re bringing that experience and input to bear on our products and services. In terms of the cost of developing them, **we are able to pool our resources which makes it very economical for our members** and provides more value than their individual membership dues.”

– Nicole Wieczorek, VP, Operations and Stakeholder Relations and CFO

TAPPING INTO THE POWER OF ARTIFICIAL INTELLIGENCE TO HELP MEMBERS ACCESS INFORMATION

We continued to update our substantial database of audit reports from around the world. Our [Audit News Database](#) now contains 6,700 documents from 57 different jurisdictions. We update it monthly to offer members quick access to information on any given audit topic. This year, we began working on ways to help our members get even more out of this invaluable resource through the use of artificial intelligence.





Our President and CEO, John Reed, signing the agreement with SageTea CEO David Long.

Artificial intelligence (AI) is a powerful tool that has the potential to help our members tap into the information our database contains. In July 2018, CAAF signed an agreement with SageTea, an Ottawa-based software development firm. SageTea has developed a Deep Learning Dashboard for unstructured data sets. Now, they're working on a similar AI tool that can be used to mine the audit reports contained in CAAF's database. Exploring new innovations is an important way that CAAF can increase the value it brings to its members.

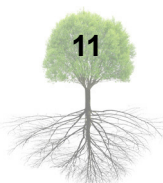
AUDIT NEWS
database contains



PROVIDING NEW PRODUCTS TO SUPPORT PUBLIC ACCOUNTS COMMITTEES

We continue to undertake research and develop methodology to help oversight bodies become more effective in carrying out their responsibilities. This year we conducted a survey on the processes and practices of Public Accounts Committees (PACs) in Canada. It was carried out in two parts: a survey of PAC clerks on practices and another of PAC members to understand their views on their own committees' effectiveness. We then sent the survey to the committees of the 10 provinces, three territories and the Parliament of Canada.

**Our PAC survey sent to the
sent to the Parliament of
Canada,**

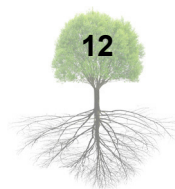




The preliminary findings were presented at the 2018 Joint Conference of the Canadian Council of Public Accounts Committees (CCPAC) and Canadian Council of Legislative Auditors (CCOLA). The final survey results were then collected, and we ultimately [published a report](#) that used those findings to illustrate how Canadian PACs measure up versus CAAF's good practices, as identified in our publication [Accountability in Action](#).


In September 2018, we also held an [oversight advisory group](#) meeting to get input from our members and direction on oversight products and services. We are prioritizing which products and services would be most beneficial to our members, and their respective oversight committees and will include them in our development plan for future products.

For almost 40 years, CAAF has made use of, identified and communicated good practices for oversight bodies. By doing so, we are ensuring that our work benefits not only elected officials who sit on oversight committees, but also staff like clerks, researchers and others whose support ensures resulting changes have a lasting and sustainable impact.



RESEARCH, METHODOLOGY & INFORMATION PRODUCTS

Advancing Knowledge, Understanding and Practice

Targets 2018-19	Results 2018-19	
Release two discussion papers	Released one discussion paper – <i>The Impact of Performance Audits: Defining, Measuring and Reporting Impact</i> . Second discussion paper released as <i>Research Highlight – Citizen Engagement in the Performance Audit Process</i> . Publicly released research paper – <i>Establishing a First Nations Auditor General</i> – in May 2018.	
Release guidance on oversight by municipal councils and audit committees	Launched project, developed draft guidance with input from Municipal Oversight Program Advisory Group and incorporated into pilot workshop in May 2019.	
Release <i>Practice Guide on Sampling</i>	Practice Guide under development and planned for release in Winter 2020.	
Begin Practice Guide #8	Development of Practice Guide #8 deferred until completion of <i>Practice Guide on Sampling</i> .	
Release <i>Focus-On</i> Edition #4	Released <i>Focus on Information Technology Security</i> in June 2018.	
Update <i>Audit News Database</i> monthly	Increased <i>Audit News</i> content by approximately 10%.	
Continue release of new audit products	Released following audit products: <ul style="list-style-type: none"> • <i>Five Audit Tips</i> • <i>Four Featured Audits</i> • <i>Two Research Highlights</i> Performance Audit Inventory document updated and released in June and December 2018.	
Release Quick Reference Sheets and/or other tools for PAC members	Development of Quick Reference Sheets deferred, and three will be developed to support 2019 CCPAC-CCOLA Annual Conference. Published <i>Beyond Westminster: A Global Perspective on Public Governance and Accounts</i> on behalf of Frederick Staphenurst, McGill University.	
Carry out and report on results of Canadian PAC Survey	Developed and carried out survey. Launched preliminary results in first oversight Research Highlights – <i>The PAC Perspective: Insights from our Recent Survey of Public Accounts Committee Members and Clerks</i> – in January 2019. Final PAC survey report drafted for release in June 2019.	



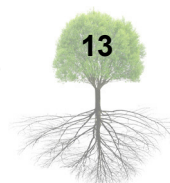
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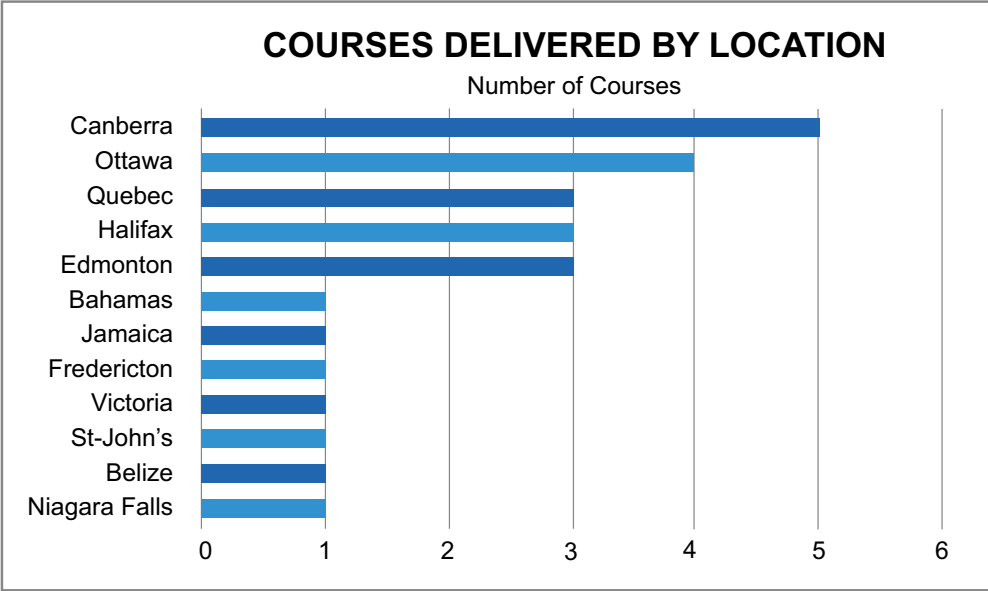


Education and Professional Development

Providing tailor-made training and other professional development opportunities to auditors, oversight bodies and public administrators is at the heart of what we do at CAAF. Since the Foundation was formed in 1980, we have continuously developed and delivered courses that meet the changing needs of our members and help them improve their knowledge and skills. In fact, over the past 40 years, we have trained more than 9,200 audit professionals.



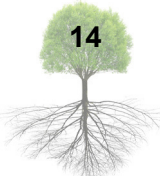
This year, we doubled the number of training courses we hosted—increasing them from 12 to 25 offerings. We also expanded our reach, working with offices from Victoria to St. John’s and Jamaica to Australia.



DEVELOPING NEW COURSES TO PROVIDE AUDITORS WITH THE SKILLS THEY NEED

Our core training courses, such as the [Fundamentals of Performance Audit](#) and [Effective Report Writing](#), continue to be popular. But this year we developed three new training courses that are ground-breaking in terms of their topic areas and approach:

- [Root Cause Analysis in Auditing](#)
- [Auditing Gender Equality](#)
- [Leading Successful Audits](#) (a revamp of our Advanced Performance Audit course)



The Root Cause Analysis course helps auditors identify underlying causes of observed deficiencies and make audit recommendations that address those root causes. We piloted the two-day course at OAG Alberta in January 2019. As is the case for many areas of our training development, our preliminary work in this topic area started a few years ago with the development of a research discussion paper [Better Integrating Root Causes Analysis into Legislative Performance Audit](#).

We also piloted *Leading Successful Audits* in January 2019 with our International Fellows and auditors from OAG BC and Alberta, and subsequently our first full offering to the [ACAG](#) group. We've inserted many leadership components into this revamped course to create a unique approach to training participants to manage performance audit teams. Successful audits can bring about improvements, changes and innovations to programs and services that governments deliver—which ultimately benefits and brings value to citizens.

“Membership in CAAF represents an investment in your people and in your institution, because our research products, training programs, thought leadership and community outreach help to build and shape the direction of the performance audit profession.”

– John Reed, CEO and President CAAF



Auditor General of Nova Scotia, Michael Pickup, welcomes participants to the first offering of our new Root Cause Analysis in Auditing course in Halifax, March 2019

Providing value for money is at the heart of any audit institution’s mission. By working with our members and partners, we believe this new course will bring real value to the audit community, not just domestically but internationally.

When we develop new courses, we do not do it alone. We collaborate with members from across the country, as well as other experts. For example, when we create an advisory group to workshop a new course, we gather representatives from our member organizations as well as experts from other communities. This does not just lead to a new course—it also allows those individuals who participate in the development process to hone new skills, which benefits their offices as well.

BUILDING THE LEADERS OF TOMORROW THROUGH OUR SECOND EMERGING LEADERS’ SUMMIT

In November 2018, we held our second highly successful Emerging Leaders’ Summit in Ottawa. Led by associate Laurie Rose and other members of the CAAF team, 19 participants from 10 legislative audit offices took part this year. Once again, the week brought together bright auditors from across the country to help them foster the knowledge and skills they need to become the next generation of audit leaders.

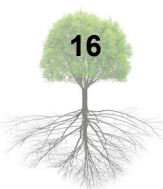
The week incorporated teambuilding and self-awareness exercises, presentations from guest speakers and work on “Innovation Challenge” projects. As part of the challenge, participants collaborated in small groups to explore one of four innovation issues identified by legislative audit offices:

- remaining relevant, timely and impactful in today’s digital age
- taking advantage of emerging IT technologies in future audits
- working with entities to increase the impact and value of audits
- working with others to provide value on large, one-time government projects

The training, as well as the work on the Innovation Challenges, did not end with the Summit. Throughout the year, we continued to advise, nurture and support the Emerging Leaders as they continued on their leadership journeys and worked on their Innovation Challenges.

“The CAAF Emerging Leaders’ Summit was **quite simply the most outstanding professional development experience of my career**. I got to spend a full week in Ottawa working with some of the best and brightest young legislative audit professionals from all across Canada (literally “coast to coast to coast”)—people who, after a week of intense teambuilding and learning, I’m proud to call colleagues but even more happy to call friends.”

– John Zabos, OAG Alberta



In the end, the 19 participants presented the results of their work to an audience of almost 180 professionals from the CCOLA community at the 2019 Performance Audit Symposium in Toronto.

Based on the success of the past two Emerging Leaders' Summits, we are already planning to deliver a third—with a new group of professionals—in 2020. We are also looking to make the program available to other communities.



Our 2018 Emerging Leaders received certificates at the April 2019 Performance Audit Symposium to acknowledge their successful completion of the program.

Pictured from left to right: Étienne Piedboeuf (QC), Guylaine Leclerc (AG QC), Jasmine Bergeron (QC), Luke Rowledge (PEI), Jane MacAdam (AG PEI), Peter MacLeod (NB), Zack Suelzle (AB), Kim MacPherson (AG NB), Eric Wang (NB), TinaLise LeGresley (CAN), Lissa Lamarche (AAG CAN), Jenna Lindley (CAN), Eric Leonty (Assistant AG, AB), Genna Woolston (CAN), Michael Pickup (AG NS), Michelle Edmonds (NS), Matt King (NS), Kelly Deis (SK), Martina Petrova (AB), Marc Blake (NFLD), Julia Mullaey (AG NFLD), Jayme Martin (NFLD), Carol Bellringer (AG BC), John McNeil (BC), Katie Olthuis (BC), Norm Ricard (AG MB), Graham Hickman (MB), Ryan Riddell (MB), Melanie Heebner (SK)

WELCOMING NEW INTERNATIONAL FELLOWS TO CANADA

With the launch of our new seven-year International Governance, Accountability and Performance Program (IGAP), we also welcomed a new class of International Fellows to Canada. In September 2018, we began training four auditors from the SAIs of Guyana and Rwanda. During their nine-month stays, they developed the skills, knowledge and experience to enable them to emerge as leaders in their respective SAIs.

OUR GOAL is to have
19 
+ 18 
Complete CAAF Fellowships



The 2018-19 Fellows: Marlon Leitch (Guyana), Epimaque Kanyankore (Rwanda), Karel Canterbury (Guyana) and Pie Harerimana (Rwanda).

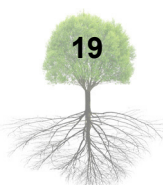
During their first two weeks in Canada, the Fellows completed a series of professional training courses and orientation activities at CAAF's Ottawa office before joining their host offices: the Offices of the Auditors General of Canada and of British Columbia. Over the nine months, each Fellow was also part of an audit team. This enabled them to learn from their Canadian colleagues while contributing their skills and experience to a performance audit.

In addition to working with their host offices, each Fellow developed a plan for a performance audit about development priorities to be carried out upon their return home. Each project addressed themes of gender equality and environmental sustainability as well as other sustainable development goals. The Fellows, their host OAGs and their audit plan topics are presented in the table below.

Fellow	Gender	Country	Host OAG	Audit Plan Topic
Karel Canterbury	Female	Guyana	British Columbia	National Preparedness for an Oil Spill
Marlon Leitch	Male	Guyana	British Columbia	Technical and Vocational Training Outcomes by Gender
Pie Harerimana	Male	Rwanda	Canada	Effectiveness of Skills Development by Rwanda Polytechnic
Epimaque Kanyankore	Male	Rwanda	Canada	Sustainability of Forests in Rwanda

Read more about the Fellows and their audit topics in our [annual booklet](#) on the International Program.

Over the seven years of the International Program, our goal is to have 19 women and 18 men complete CAAF Fellowships. We look forward to welcoming the next group of 8 fellows in September 2019.



PROVIDING WORKSHOPS TO SUPPORT PUBLIC ACCOUNTS COMMITTEES ACROSS THE COUNTRY

Throughout the year, CAAF holds workshops to help members better perform their oversight roles. Each workshop is based on a theme that addresses a situation facing the Public Accounts Committee (PAC) and is chosen in consultation with the host office's Auditor General and the PAC chair and vice-chair.

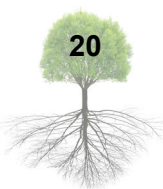
This year, we held two workshops across the country. In October, CAAF associate Andrew Lennox led a workshop in Ottawa on federal public accounts. The aim was to ensure members are prepared to hold hearings on the public accounts by familiarizing them with what the accounts are, key sections of interest and potential questions they may want to ask stakeholders.

In November 2018, we held an *Effective Public Accounts Workshop* in Nova Scotia. It provided an introduction to parliamentary oversight and highlighted the important relationship between the Auditor General and the PAC. It also tackled other important topics, such as planning and priority setting, asking effective questions and the importance of follow-up in implementing recommendations.

This year, we also held an orientation workshop for new committee members and support staff in Rwanda. We worked with the Rwandan PAC and Budget Committee to consider their roles and responsibilities and explore good practices for an effective oversight committee. It was the first time that CAAF addressed a national parliament outside Canada. We believe this demonstrates Rwanda's commitment to accountability as well as the level of international respect for our organization.

“CAAF was vital to the Committee's work by providing tailored briefings on the Public Accounts of Canada, as well as on PACP best practices; consequently, the next Committee is strongly encouraged to request the Foundation's training, especially for new PACP members.”

– Do Service Well: The Standing Committee on Public Accounts of the Forty-Second Parliament














Our President and CEO, John Reed, addressing the Parliament of Rwanda in January 2019, about the importance of parliamentary oversight.



EDUCATION & PROFESSIONAL DEVELOPMENT

Strengthening Knowledge and Skills of Performance Auditors and Oversight Bodies

Targets 2018-19	Results 2018-19	
Plan and deliver thematic webinars	No webinars planned or delivered in 2018-19.	
Deliver performance audit courses based on demand	25 courses delivered: <ul style="list-style-type: none"> • Five Fundamentals of Performance Audit • Three Leading Successful Audits • Three Evidence Collection and Analysis • Nine Effective Report Writing • Four Root Cause Analysis • One Train the Trainer workshop Overall participant assessment = 4.27 / 5.	
Continue to develop new performance audit training courses/modules	Developed three new training courses: <ul style="list-style-type: none"> • <i>Leading Successful Audits and Root Cause Analysis</i> piloted and delivered in Winter 2019. • <i>Auditing Gender Equality</i> developed and piloted in Spring 2019. 	
Deliver PAC workshops based on demand	Delivered two workshops (Federal; Nova Scotia).	
Deliver capacity-building training to support municipal oversight	Municipal Oversight Program content developed under guidance of advisory group. Pilot workshop developed for delivery in May 2019.	
Begin new Fellowship program as part of IGAP program	Four Fellowships begun: two Fellows from Guyana placed at OAG British Columbia and two Fellows from Rwanda at OAG Canada.	
Deliver Leaderships and in-country performance audit training as part of new IGAP program	Delivered six training sessions: <ul style="list-style-type: none"> • Fundamentals of Performance Audit in Guyana and Vietnam • Audit Topic Selection and Multiyear Planning in Guyana and Vietnam • Effective Report Writing in Guyana (two deliveries) Delegation visit (Leadership) planned for the SAI and National Assembly of Vietnam (held in April 2019).	
Deliver oversight workshops to parliamentarians as part of new IGAP program	Delivered workshop on Sustaining an Effective Public Accounts Committee for parliamentarians in Rwanda.	
Deliver support to four IGAP countries based on needs assessment	Conducted baseline assessments of the participating SAIs at the outset of the new program, to enable planning support for future years.	



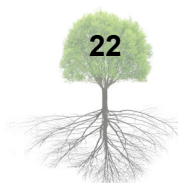
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Knowledge Sharing and Networking

Throughout the year, we bring together members and experts from across the country and around the world to learn from each other. We serve as a focal point—or convener—for knowledge sharing, networking and collaboration among auditors, oversight bodies and public administrators. In doing so, we help them to become more innovative and fulfill their roles in making accountability work properly.

STRENGTHENING RELATIONSHIPS OVERSEAS THROUGH OUR INTERNATIONAL PROGRAM

Since CAAF was formed in 1980, we've made international development a priority. Over the years, we've continuously delivered international programs that draw on Canadian expertise in performance auditing and parliamentary oversight. This year, we continued this tradition with the launch of our new International Governance, Accountability and Performance Program (IGAP).



Leaders from all audit departments and regional offices of the Vietnam SAI gathering in Hanoi, in March 2019, for our Audit Topic Selection and Multiyear Planning workshop.



Participants in our Fundamentals of Performance Audit course for new performance auditors in Guyana in January, 2019.

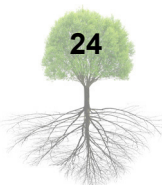
Through this seven-year initiative, we are continuing our ongoing relationship with Vietnam, re-establishing our partnerships with Guyana and Senegal, and working for the first time with Rwanda.

In the summer of 2018, we completed assessment missions with three of our four partner countries and conducted assessments with our fourth country in 2019. We worked with each to conduct a baseline study and gap analysis and identify their strengths and weaknesses. Working with each country, we identified strategies to move forward and came up with a unique plan for each. Once we understood their starting points and objectives, we began working with their SAIs and oversight committees to develop long-term strategies for improving and planning how we can support them.

During 2018–19, we also completed our first round of training in both Guyana and Vietnam. In each country, we held our *Audit Topic Selection and Multiyear Planning* workshop with SAI managers and our *Fundamentals of Performance Audit* course. In Guyana, we also delivered our *Effective Report Writing* course and a corresponding session for SAI managers. As well, we delivered the *Sustaining an Effective PAC* workshop in Rwanda that included participants from the SAI.

The lessons taught in these courses will ensure the SAIs' performance audits have a greater impact by considering gender equality issues and root causes. They will also support the sustainability of the program's results by enabling participants to become trainers.

While our current International Program focuses on four countries, we also continue to share resources and tools with our network of graduated Fellows that reaches around the world—since 1980, 255 Fellows have graduated, from 54 countries.



EXPANDING OUR REACH “DOWN UNDER” TO BUILD ACAG’S CAPACITY

In March 2019, our CEO and president, John Reed, and associates Laurie Rose and Neil Maxwell held an intensive two-week training program in Canberra, Australia. The event was nearly a year in the making and represented a big step in fulfilling our vision to build a stronger relationship with members of the Australasian Council of Auditors-General (ACAG).

During this one-of-a-kind offering, the CAAF team worked with 15 senior auditors from the legislative audit offices of New Zealand, Papua New Guinea, Fiji, Queensland, Victoria, Western Australia, South Australia, Tasmania, Northern Territory and Australian Capital Territory as well as the Australian National Audit Office.

“The CAAF trainers offered excellent insights into performance auditing not available through existing training opportunities in Australia.

The investment in targeted performance audit training enabled us to recognize the unique skills needed by performance auditors and managers and build on these, learning not only from the CAAF trainers, but also from colleagues in the room from other jurisdictions.”

– Lisa Rauter, National Audit Office of Australia



Facilitators and participants during week two of our course deliveries for auditors from the member offices of the Australasian Council of Auditors-General in Canberra, Australia.

Over the two weeks, we delivered our *Leading Successful Audits* and *Evidence Collection and Analysis* courses back to back while integrating our train-the-trainer programming into the course design and delivery. We trained a group of performance auditors from the first week who then delivered the courses in week two with CAAF mentoring. Our goal was to make the shift from delivering training to enabling ACAG offices to perform the training in their own offices.

WORKING WITH MUNICIPAL MEMBERS ACROSS THE COUNTRY

Over the past year, we made great strides in building stronger relationships with municipal members through our new Municipal Oversight Program. The idea behind the program is to better support municipal councils. Municipal oversight committees often lack guidance or training on how to oversee audit recommendations. To address this gap, our program will provide relevant, tailored and accessible guidance, tools and training materials for Canadian municipal elected officials and members of audit committees. This is being done with input from our [Municipal Oversight Program Advisory Group](#). This group includes auditors general, city auditors, elected officials, academics and strategic partners, including Chartered Professional Accountants of Canada (CPA) and The Institute of Internal Auditors Canada (IIA-Canada). The Advisory Group helped to identify the potential topics to be included in the program, and specific needs of audit committee members and municipal councillors.

In November 2018, we held the first meeting of our Advisory Group in Ottawa. The meeting helped to solidify the program work plan and identify existing materials, knowledge gaps and ways to fill them.



Members of our Municipal Oversight Program Advisory Group during their first meeting at CAAF offices in Ottawa in November 2018.

Front row: Colleen Macdonell, Marianne Wilkinson, David Siegel, Stefan Mihailovich, Katherine Palmer, Evangeline Colman-Sadd. Back row: Nicole Wieczorek, Richard Pootmans, Lesley Burns, John Reed, Gordon Ruth, Michel Samson.

PLAYING A SUPPORTING ROLE IN THE 2018 CCPAC-CCOLA CONFERENCE

Every year, legislators and staff from federal, provincial and territorial Public Accounts committees meet with legislative auditors from across Canada for the [*Joint Conference of the Canadian Council of Public Accounts Committees \(CCPAC\) and Canadian Council of Legislative Auditors \(CCOLA\)*](#). The annual event is an opportunity to discuss all matters relating to parliamentary oversight and accountability.

This year's conference took place in Charlottetown, PEI in September 2018. CAAF played a key role in the event by providing support to the two hosts, the Legislative Assembly of Prince Edward Island and the Auditor General of Prince Edward Island. During the conference, we moderated a session on Information Technology and audit and accountability, and the organizers distributed the conference evaluation survey, which we had developed. We also presented preliminary results from our surveys of PAC staff and members to the joint CCPAC-CCOLA session on September 24.

In 2019, we are working to support this year's host, Ontario.



Our President and CEO, John Reed, and Director of Oversight, Dr. Lesley Burns, present the preliminary results of our survey of public accounts committees at the CCPAC-CCOLA Joint Annual Conference, held in Charlottetown, Prince Edward Island, in September 2018.

PROVIDING SUPPORT FOR THE 2018 CCOLA PERFORMANCE AUDIT SYMPOSIUM

The Foundation also played an active role in the 2018 CCOLA Performance Audit Symposium. This year, more than 180 people from every provincial legislative audit office in Canada and representing the municipalities of Vancouver, Calgary, Toronto, Winnipeg, Ottawa, Québec City and Lévis, as well as from the Auditor General for Local Government BC, gathered in Toronto from April 9–10, 2018.

The symposium is a valuable opportunity for auditors from across the country to network and share information on good practices and experiences. They also get to hear perspectives from other performance auditors and stay up to date on emerging issues in the profession.

Two members of CAAF's staff (Yves Genest and Julien Raynaud) were part of the Symposium's planning committee. The Foundation also either led or helped arrange six sessions at the symposium:

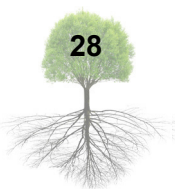
- Auditing Governance and Oversight in Public Agencies Panel
- Status Update on Emerging Leaders' Summit
- Auditing to Achieve Women's Empowerment and Gender Equity
- AASB Public Sector Task Force Update, CSAE 3001 Update
- Potential Use of Artificial Intelligence in Performance Auditing
- IMPACT – International Meeting of Performance Audit Critical Thinkers Update

We will continue to support the Performance Audit Symposium in the future, as it is a chance to interact with our members and work together to shape the direction of the performance audit profession in Canada.

USING SOCIAL MEDIA TO REACH OUR MEMBERS AND NEW AUDIENCES







Social media is playing an increasingly important role in people's lives, especially as a way of connecting with friends and relatives. But it also offers organizations like CAAF a cost-effective tool to connect with members and others, to keep them informed and tell our organization's story.

In 2018–2019, we made an even more concerted effort to use [Twitter](#) and [LinkedIn](#) to promote and raise awareness of CAAF's activities and accomplishments. We also continue to use more traditional methods to keep members up to date, such as the CAAF news emails, which we distribute once or twice a month.



KNOWLEDGE SHARING & NETWORKING

Fostering Networks and Information Exchange Opportunities

Targets 2018-19	Results 2018-19	
Support CCOLA's Performance Audit Symposium	Supported delivery of April 2018 event and planning 2019 event. Sessions delivered were positively rated.	
Support CCPAC-CCOLA Annual Conference	Supported host jurisdiction (Prince Edward Island) in planning event. Presentation and peer exchange session were positively rated.	
Continue Ronald C. Thompson Memorial Scholarship Award initiative	Award issued for 2017-18 to Jacob Smale.	
Convene 2nd Emerging Leaders Summit for performance audit professionals	19 participants from 10 federal and provincial legislative audit offices attended the five-day Summit in Ottawa. Over 90% rated the event excellent or very good overall.	
Develop and deliver one-day forum to municipal auditor generals	Delivered event for municipal auditors following wrap up of Performance Audit Symposium in April 2018.	
Continue outreach with international program partners	Participated in an AFROSAI-E meeting and CAROSAI meeting, and a conference on auditing SDGs held by IDI and the UN Department of Economic and Social Affairs. Met with IDI to discuss opportunities for collaboration.	



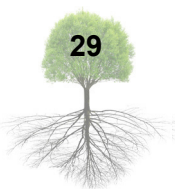
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Sustainability and Accountability

AS A PRIMARILY MEMBER-FUNDED ORGANIZATION, we are always working to ensure we are accountable and sustainable. We are continuously seeking ways to build a stronger, more innovative organization—one that can better meet our members' needs while remaining financially responsible.

LOOKING FOR WAYS TO INCREASE THE IMPACT OF OUR PRODUCTS AND SERVICES

To ensure we are providing the best value to our members, this year our board undertook a review of our dues structures. This resulted in a change in philosophy: we are moving from member-only access for many of our research products to a “public good” model where the products will be available freely on our website. As most of our funding comes from public sector institutions, they have an interest in raising the accountability bar to better serve the public. Therefore, the more people and institutions with access to our valuable materials, the more capable we are of achieving our mission of increasing public accountability.

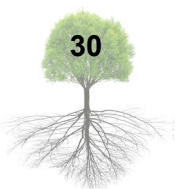
FINDING WAYS TO STRETCH MEMBERSHIP DUES EVEN FURTHER

We believe that to achieve long-term financial sustainability, CAAF cannot continue to rely solely on its members. It needs to find ways to generate new revenue sources. To do this, we are looking to:

- access new markets
- recruit new members
- expand our training course offerings
- host conferences and learning events
- conduct contracted research
- provide new advisory services

Our goal is to diversify our funding base to reduce our relative dependence on the same one or two sources of funding that we've traditionally relied upon to sustain our operations. This year, we continued to invest in our training business by developing two new courses and revamping another. We are now armed with a suite of world-class training products that will form the basis of our training business going forward.

In fact, we are already seizing opportunities to generate revenues from new sources. For example, in 2018–19, we delivered performance audit training courses to non-members both in Canada and internationally. We are also working to expand our training offerings to the internal audit community.



SUSTAINABILITY & ACCOUNTABILITY

Maintaining a Sustainable, Adequately Resourced, and Accountable Organization

Targets 2018-19	Results 2018-19	
Seek and foster opportunities to collaborate with other organizations on common ground research	Received support from CPA Canada and IIA Canada in the development of its Municipal Oversight Program. Started planning for Women Deliver side event (held June 2019)	
Conclude member fees and benefits review	Board approved a new member fees and benefits structure in February 2019. New structure to be rolled out incrementally in 2019-20.	
Continue monitoring and implementation of HR plan	Recruited new VP – International Programs in July 2018. Recruited two new Program Officers in October 2018. Recruited new Administrative Coordinator in February 2019.	
Recruit and train new associates, as required	Recruited and trained new associates to support development and delivery of new training courses/workshops and products.	
Secure in-kind resources from stakeholders, as required	Course deliveries and product development supported by in-kind contributions from member communities through participation on project teams, co-delivery of courses, and participation on advisory groups.	
Continue implementing communication strategy activities	Carried out communications initiatives to keep members and stakeholders informed of products and activities. 25 news items communicated to members by email.	
Continue promoting products during events and training activities	Promoted Foundation and its products at training courses and presentations at conferences, symposia and other external events.	
Continue reporting on performance to Board and members, aligned with member accountability arrangements	Reported to the Board and CCOLA as per MOU and other accountability arrangements.	
Deliver annual performance report to members	Released 2017-18 Annual Report to members in September 2018.	
Prepare and deliver 3 Board meetings and committee meetings as required	Held four board meetings and 14 committee meetings.	
Prepare and deliver AGM	Held AGM in September 2018.	
Begin new strategic plan development process	Board approved approach to strategic planning at February 2019 meeting. Strategic planning process to begin with Board strategic review session in fall 2019.	



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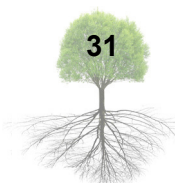


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OUR PRIORITIES



Who We Are

TO BUILD AN INNOVATIVE AND STRONG ORGANIZATION that continuously meets the needs of our members, we need the right team. And CAAF has it. The dedication of our staff, as well as our board of directors and associates from across the country, ensure we are able to develop and deliver the research, tools and training our members need. Their knowledge, years of experience and expertise allows us to identify what matters most to our members, partners and stakeholders—so they can work together to build stronger accountability in Canada and around the world.

BOARD OF DIRECTORS (AS OF MARCH 31, 2019)

CHAIR



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

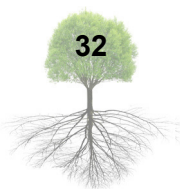
VICE-CHAIR

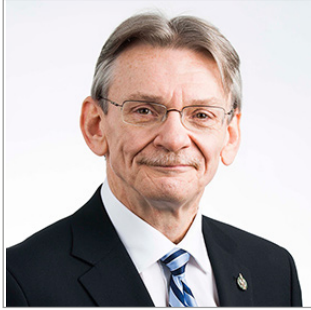


EVANGELINE COLMAN-SADD, CPA, CA
Auditor General of the Halifax Regional
Municipality



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





DAVID CHRISTOPHERSON
Member of Parliament (Canada) for
Hamilton Centre



MALCOLM GASTON, CPA, CMA, CPFA (UK)
Deputy Auditor General, Office of the
Auditor General of British Columbia



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



GUYLAINE LECLERC, FCPA AUDITOR, FCA
Auditor General of Québec



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



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



MERWAN SAHER, FCPA, FCA
Former Auditor General of Alberta



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



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

STAFF (AS OF SEPTEMBER 30, 2019)



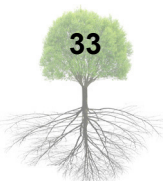
JOHN REED,
President and CEO



AMIRA BAYOUMY
Senior Finance & Risk Officer



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





LESLEY BURNS
Director, Oversight



LYNNE CASIPLE
IT and Web Officer



SHARON CLARK
Vice-President, Professional
Development



BARBARA DUMONT
Administration & Logistics Officer,
International Programs



PIERRE FR CHETTE
Director of Research, Products
and Services



YVES GENEST
Vice-President, Products and
Services



KATE GERTZ
Communications and Reporting
Officer, International Programs



TERRY HUNT
Vice-President, International
Programs



CAROLINE JORGENSEN
Director, International Program



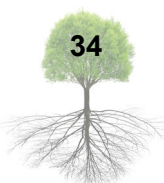
JAMES OULTON
Governance and Research Officer



JULIEN RAYNAUD
Projects Officer, Products and
Services



MANDY RICARD
Administrative Coordinator





ENZA SANTALUCIA
Program Officer, International
Fellowships and Leadership
International Programs



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

ASSOCIATES



JOHN AFFLECK



RÉGENT CHOUINARD



DIANNE CHIASSON



JEAN CINQ-MARS



RICHARD DOMINGUE



JANE FULLER



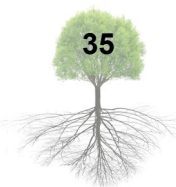
SARAH MACFADYEN



NEIL MAXWELL



MICHAEL J. MCLAUGHLIN





SHAWN A. MURPHY



GUY PERRON



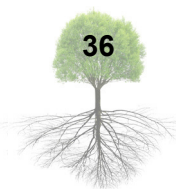
BILL RAFUSE



LAURIE ROSE



ELIZABETH WEIR

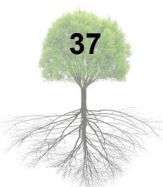


Acknowledging our Members and Partners

CAAF WOULD NOT EXIST IF IT WASN'T FOR OUR MEMBERS and the other PARTNERS who help fund the important work we do. By working together, we are able to fulfil our mission of promoting and strengthening public sector performance audit, oversight, and accountability. Through their support we are able to provide performance auditors and members of oversight bodies, in Canada and globally, with the training and tools they need to carry out their important work for the ultimate benefit of citizens.

In particular, we would like to acknowledge the community of Canadian federal and provincial legislative audit institutions who are organizational members of the Foundation, for the significant financial and human resource contributions they provide our organization. Quite simply, without their assistance, CAAF could not exist.

MEMBERS (AS OF MARCH 31, 2019)





Office of the Auditor General of Canada

Bureau du vérificateur général du Canada



CPA

CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

Commission municipale

Québec



Cour des comptes



EY Building a better working world



Bureau du vérificateur général de Laval



Natural Resources Canada

Ressources naturelles Canada



AUDITOR GENERAL OF NEW BRUNSWICK



Nova Scotia Office of the Auditor General



Office of the Auditor General



Prince Edward Island Office of the Auditor General



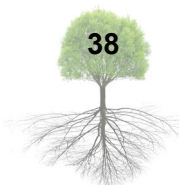
Vérificateur général



Office of the Auditor General



ACKNOWLEDGING OUR MEMBERS AND PARTNERS





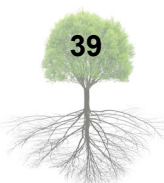
INTERNATIONAL PROGRAM

We would like to recognize the many partners who make our International Governance, Accountability and Performance Program a success. Most importantly, we would like to thank Global Affairs Canada for their funding. But we would also like to acknowledge the other organizations that collaborate with us, both here in Canada and overseas, and contribute to our program's success.



Global Affairs
Canada

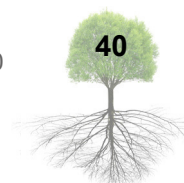
Affaires mondiales
Canada



Target Deliverables 2019-20

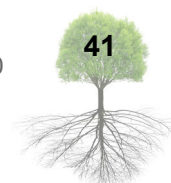
Strategic Goal 1: Research, Methodology & Information Products

1.1 Undertake research that advances knowledge and innovation in performance auditing, oversight and accountability.	1.2 Develop and maintain methodology tools and information products to support performance auditors.	1.3 Develop and maintain methodology tools and information products to support members of oversight bodies.
<ul style="list-style-type: none"> ◆ Release discussion paper on data analytics. ◆ Update and revise discussion paper on root cause analysis. ◆ Begin developing discussion paper on implementing Sustainable Development Goals. 	<ul style="list-style-type: none"> ◆ Release Practice Guide on Sampling Methodology. ◆ Release Practice Guide on Gender Mainstreaming for Audit Institutions. ◆ Update and revise Practice Guide on Auditing Efficiency. ◆ Update Performance Audit Inventory. ◆ Update Audit News Database monthly and explore enhancing the tool to support improved functionality. ◆ Continue release of additional information products including: Research Highlights; Featured Audits; Audit Tips. ◆ Release guide for citizens and CSOs on how to work with audit institutions and oversight bodies to hold government accountable for the SDGs and gender equality. 	<ul style="list-style-type: none"> ◆ Release report on PAC survey results. ◆ Develop guidance on oversight in municipalities. ◆ Release additional information products, including: Research Highlights; Featured Oversight Practice; Oversight Tips. ◆ Begin developing training for oversight committee support staff.



Strategic Goal 2: Education & Professional Development

<p>2.1 Develop, maintain, and deliver courses and online-based learning linked to professional standards and competencies for performance auditors in Canada.</p>	<p>2.2 Develop and deliver workshops and online-based learning to support the strengthening of oversight bodies in Canada.</p>
<ul style="list-style-type: none"> ◆ Deliver performance audit courses, based on demand. ◆ Develop new training courses on audit project management, and sampling methodology. 	<ul style="list-style-type: none"> ◆ Deliver capacity building workshops to PACs in Canada, tailored to their needs, based on demand from the PACs and CCOLA offices. ◆ Plan to deliver capacity development workshop for PAC support staff. ◆ Develop and deliver capacity-building training to support municipal oversight.
<p>2.3 Develop and deliver fellowships, mentoring, courses, and workshops to supreme audit institutions (SAIs) in selected developing countries.</p>	<p>2.4 Develop and deliver workshops and other support to oversight bodies in selected developing countries.</p>
<ul style="list-style-type: none"> ◆ Complete 2018-19 Fellowships and commence 2019-20 Fellowships as part of International Governance, Accountability and Performance (IGAP) Program. ◆ Deliver in-country training, including delivery of new Auditing Gender Equality course, in each of the four countries participating in the IGAP Program (Guyana, Rwanda, Senegal and Vietnam). ◆ Deliver Leaderships (short study missions to Canada) for IGAP SAIs. ◆ Mentor IGAP SAIs on gender mainstreaming. 	<ul style="list-style-type: none"> ◆ Deliver oversight workshops to parliamentarians and support staff as part of IGAP Program.
<p>2.5 Support the implementation of performance measurement, reporting and quality assurance tools and methodology in audit organizations.</p>	
<ul style="list-style-type: none"> ◆ Deliver support to IGAP SAIs based on needs. 	



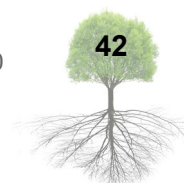
Strategic Goal 3: Knowledge Sharing and Networking

3.1 Support and foster information exchange events and networking opportunities for audit practitioners, legislators and others to share knowledge, tools and expertise on issues and practices.

- ◆ Support planning and delivery of annual CCOLA PA Symposium.
- ◆ Support planning and delivery of CCPAC-CCOLA Annual Conference (Ontario 2019 / British Columbia 2020).
- ◆ Continue Ronald C. Thompson initiative.
- ◆ Explore demand for Emerging Leaders program for municipal auditors.
- ◆ Participate and deliver sessions at Women Deliver 2019 Conference.
- ◆ Deliver forum for municipal auditors general.

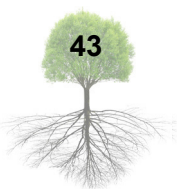
3.2 Strengthen collaboration, harmonization and knowledge sharing among development partners, SAls and their regional associations.

- ◆ Continue outreach with international program partners and participate in events on auditing the SDGs.
- ◆ Support IGAP SAls to attend international conferences, training and other learning opportunities.



Strategic Goal 4: Sustainability and Accountability

<p>4.1 Diversify sources and types of funding and in-kind support and forge collaborative partnerships in Canada and abroad.</p>	<p>4.2 Continuously build and strengthen human resources and organizational capacity.</p>
<ul style="list-style-type: none"> ◆ Seek and foster opportunities to collaborate with other organizations for common ground research programs that align with our mission and vision. ◆ Implement new member fees and benefits strategy. ◆ Seek strategic partners and expertise to support development of products and services. 	<ul style="list-style-type: none"> ◆ Continue monitoring and implementation of HR plan. ◆ Recruitment and training, as required, of new associates. ◆ Identify and secure in-kind resources as required, to deliver programs and activities.
<p>4.3 Build awareness, understanding and use of CAAF products and activities.</p>	<p>4.4 Develop and implement an organizational performance measurement and reporting framework.</p>
<ul style="list-style-type: none"> ◆ Continue implementing communication strategy activities. ◆ Continue promoting products in Canada and abroad during events and training activities. 	<ul style="list-style-type: none"> ◆ Continue reporting on performance to Board, members and funders aligned with accountability arrangements. ◆ Deliver annual performance report to members. ◆ Prepare for and deliver 3 Board meetings and, as required, Board Committee meetings. ◆ Prepare for and deliver AGM. ◆ Begin new strategic plan development process.





Management Analysis and Discussion

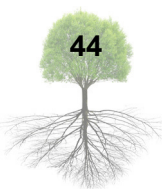
The Canadian Audit and Accountability Foundation’s financial statements for the year ended March 31, 2019, together with the independent auditor’s report thereon, are presented in this annual report. The external auditor, Welch LLP, has issued an unqualified audit opinion on the Foundation’s financial statements.

The financial statements contained in this report have been prepared by management according to Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and audited by Welch LLP in accordance with Canadian generally accepted auditing standards. This report provides our Members, stakeholders and other interested parties with information on the Foundation’s financial position and performance and explains significant items, fluctuations or changes in the policies affecting the presentation of financial results.

REVENUES AND BUSINESS DEVELOPMENT

The Foundation has traditionally relied upon two main sources of funding: Annual membership fees and contributions, and funding provided through a contribution agreement with Global Affairs Canada (GAC) for its international programming. Membership fees and contributions consist of a combination of cash membership fees and donated human resources, the majority of which is provided by Canada’s federal and provincial legislative audit offices. As original founders of this organization, these Members have remained steadfast in their support for the mission and vision of the Foundation.

In 2018-2019, the Foundation realized an 85% increase in international program funding from the prior year – this significant increase is cyclical and related to the culmination of the last



five-year agreement in March 2018, whereby a limited number of activities were carried out as the program reporting was wrapped up in 2017-2018. In contrast, 2018-2019 marked the beginning of a new seven-year agreement, where new countries were engaged, needs analyses conducted and activities were ramped up as the year progressed. We anticipate that 2019-2020, the 2nd year of the seven-year program, will see another increase in related revenues as the program normalizes to its regular annual activities.

Membership fees and contributions for 2018-2019 were 24% higher than the prior year, due to one-time contributions by the OAGs of Canada, Alberta and British Columbia. The leadership shown by these three Offices to increase their support to the Foundation as it faced several years of membership funding reductions, along with the continued funding by the Foundation's existing Members continues to enable us to deliver the best in class products and services that our Members have come to expect. The one-time contributions come at a critical time for the Foundation, as we continue to work toward diversifying our sources of funding to reduce funding risk.

The Foundation's funding diversification strategy started with its 5-year strategic plan in 2015-2016, which saw increased investment in research, methodology and training materials. We are pleased to note that this approach is yielding results, with training revenues increasing by 177% over last year (with a record offering of 25 training courses, in comparison with prior years, which on average ranged from 10-12 offerings annually).

Our revenues related to Interest and other fell by 52%, related to a one-time project (*"Establishing a First Nations Auditor General"*) that was completed in 2017-2018.

EXPENDITURES

The above-noted revenue increases from training and the international development program resulted in corresponding increases in the expenditures for these two areas – 44% and 76.5% respectively. The Foundation is committed to managing its expenses prudently and it is worth noting that expenses increased at a lower rate than the related revenues.

NET ASSETS AND RISK MANAGEMENT

Like all well-managed businesses, the Foundation has managed to accumulate net assets throughout its almost 40 years of operations – reserves that provide a cushion against future funding and operational risks. The Board has adopted a policy that guides the organization in its use of net assets by specifying an optimal reserve ratio based upon forecasted revenues. The current unrestricted net asset balance of \$792,943 exceeds the minimum threshold set by the Board, helping to ensure the on-going operations of the Foundation.

POISED FOR GROWTH

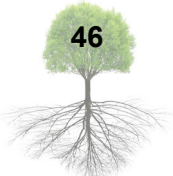
While we will continue to maintain net asset balances to mitigate against future funding risks, we will make investments in the coming year to grow the Foundation’s reach and visibility in order to continue to grow non-membership fee revenue. This will be achieved in part through the addition to our team of a full-time communications and marketing professional. Our team will also expand to include an additional full-time audit professional, donated from one of our Members, to lead our professional development programs. These new additions to our team will allow us to raise awareness, and increase the use of, our performance audit and oversight products and services. They will also allow us to further develop our training business and bring greater value to our members in Canada (federal, provincial and municipal) and abroad.

We look forward to collaborating with our Members and Partners in the coming year, as we begin working on a strategic planning review exercise that will see us developing our strategic direction for the coming five years.



Nicole Wiczorek

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



FINANCIAL STATEMENTS
For
**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**
For year ended
MARCH 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of

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

Opinion

We have audited the financial statements of Canadian Audit and Accountability Foundation/Fondation canadienne pour l'audit et la responsabilisation (the Foundation), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

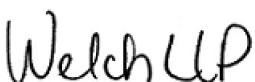
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
June 26, 2019.


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

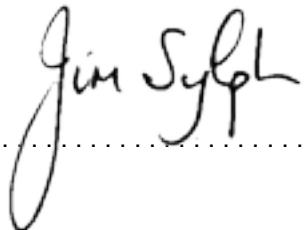
STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,334,636	\$ 452,657
Accounts receivable	383,388	671,534
HST receivable	-	5,505
Prepaid expenses	<u>83,976</u>	<u>35,197</u>
	1,802,000	1,164,893
TANGIBLE CAPITAL ASSETS (note 4)	<u>48,704</u>	<u>45,924</u>
	<u>\$ 1,850,704</u>	<u>\$ 1,210,817</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 750,789	\$ 364,998
HST payable	1,983	-
Deferred international program funds (note 5)	254,026	250,000
Lease inducements	45,900	51,196
Deferred membership revenue	<u>5,063</u>	<u>5,688</u>
	<u>1,057,761</u>	<u>671,882</u>
NET ASSETS		
Unrestricted	<u>792,943</u>	<u>538,935</u>
	<u>\$ 1,850,704</u>	<u>\$ 1,210,817</u>

Approved by the Board:


 Director


 Director

(See accompanying notes)

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

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Membership fees and contributions	\$ 1,497,912	\$ 1,207,682
International program funds (note 5)	1,365,974	738,310
Professional development	404,077	145,808
Interest and other	<u>35,795</u>	<u>74,996</u>
	<u>3,303,758</u>	<u>2,166,796</u>
Expenses		
Direct program expenses		
Research, methodology and information products	414,012	366,999
Education and professional development	518,282	359,629
Knowledge sharing and networking	209,634	126,245
International program	<u>1,238,334</u>	<u>701,757</u>
	<u>2,380,262</u>	<u>1,554,630</u>
General expenses		
Sustainability and accountability	339,979	395,227
Operations and other support	298,678	306,393
Amortization	<u>30,831</u>	<u>23,903</u>
	<u>669,488</u>	<u>725,523</u>
Total expenses	<u>3,049,750</u>	<u>2,280,153</u>
Excess (deficiency) of revenue over expenses	254,008	(113,357)
Unrestricted net assets, beginning of year	<u>538,935</u>	<u>652,292</u>
Unrestricted net assets, end of year	<u>\$ 792,943</u>	<u>\$ 538,935</u>

(See accompanying notes)

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

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 254,008	\$ (113,357)
Adjustments for:		
Amortization	<u>30,831</u>	<u>23,903</u>
	284,839	(89,454)
Changes in non-cash working capital components:		
Accounts receivable	288,146	(587,735)
HST receivable	7,488	18,265
Prepaid expenses	(48,779)	4,641
Accounts payable and accrued liabilities	385,791	130,476
Deferred international program funds	4,026	(35,162)
Lease inducements	(5,296)	51,196
Deferred membership revenue	<u>(625)</u>	<u>5,313</u>
	<u>915,590</u>	<u>(502,460)</u>
INVESTING ACTIVITIES		
Tangible capital asset additions	<u>(33,611)</u>	<u>(65,890)</u>
INCREASE (DECREASE) IN CASH	881,979	(568,350)
CASH, BEGINNING OF YEAR	<u>452,657</u>	<u>1,021,007</u>
CASH, END OF YEAR	<u>\$ 1,334,636</u>	<u>\$ 452,657</u>

(See accompanying notes)

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

1. NATURE OF OPERATIONS

Canadian Audit and Accountability Foundation/Fondation canadienne pour l'audit et la responsabilisation was established in 1980 by letters patent under the provisions of Part II of the Canada Corporations Act. The Foundation continued under the Canada Not-for-profit Corporations Act (the "Act") effective September 9, 2014. Effective March 31, 2017 the Foundation changed its legal name from CCAF-FCVI Inc.

In accordance with the Foundation's Articles of Continuance under the Act, the purpose of the Foundation is to promote and strengthen public sector auditing, oversight, and accountability in Canada and abroad. The Foundation provides education, research and capacity development for public sector auditors and oversight committees, helping them to work with other public officials for accountable government. The Foundation's products and services are widely respected, referenced and applied by auditors, legislators and other public officials in Canada and abroad.

Significant portions of the Foundation's revenue, including a contribution to general expenses, are derived from Global Affairs Canada ("GAC") as set out in Note 5 to these financial statements. In addition, the Foundation derives approximately 58% of its membership fees and contributions from one member. The Foundation's current level of operations depends on the continuation of these revenue sources.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Revenue recognition

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

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

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

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

Development costs

The Foundation develops educational products and research publications for the purposes outlined in note 1. Fees charged for the use and purchase of these items are generally set such that direct costs are recovered. Related development costs are expensed in the year incurred.

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Allocation of expenses

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

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value adjusted by transaction costs. Financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Cash is subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

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

Contributions in kind

Members and other contributors provide a significant amount of time and absorb costs related to certain activities of the Foundation. These services are in the normal course of the Foundation's operations but in certain instances their fair value and completeness are not reasonably determinable. Some of these contributed services are volunteer services which would not otherwise be purchased by the Foundation so they are not recognized in the financial statements. Other in kind contributions of services would however be otherwise purchased by the Foundation if they had not been contributed, and their fair value and completeness are reasonably determinable such that they are recognized in the financial statements. The benefit of the contribution is included in revenue and there is an offsetting expense with no resulting impact on the Foundation's net results of operations.

Tangible capital assets

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

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

Lease inducements

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

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

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

Cash

The Foundation's cash is held in two accounts at one Canadian chartered bank, the majority of which is held in a business premium investment account that earns a variable rate of interest based on a tiered arrangement. As at March 31, 2019, the corporate investment account had a balance of \$1,111,543 (2018 - \$298,025) and was earning an approximate average rate of interest of 1.9% (2018 - approximate average rate of interest of 0.9%). The other bank account is a non-interest bearing operating account and its balance as at March 31, 2019 is \$222,353 (2018 - \$154,191).

3. FINANCIAL INSTRUMENTS

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

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

Credit risk

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

Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2019

3. FINANCIAL INSTRUMENTS - Cont'd.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

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

ii) *Interest rate risk*

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

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

iii) *Other price risk*

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

Changes in risk

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

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2019</u>	<u>2018</u>
Furniture, IT and AV equipment	\$ 105,406	\$ 71,795
Accumulated amortization	<u>56,702</u>	<u>25,871</u>
	<u>\$ 48,704</u>	<u>\$ 45,924</u>

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2019

5. INTERNATIONAL PROGRAM FUNDS

International program costs are funded by Global Affairs Canada ("GAC") with in-kind contributions from Canadian experts at the Office of the Auditor General of Canada, participating provincial audit offices, the Foundation, municipal audit offices, parliamentarians and individual Canadians. GAC pays direct costs associated with the program and makes a contribution to the Foundation's general expenses.

	<u>2019</u>	<u>2018</u>
Deferred program funds, beginning of year	\$ 250,000	\$ 285,162
Advances from GAC	<u>1,370,000</u>	<u>703,148</u>
	1,620,000	988,310
Revenue recognized representing direct expenses for the year including contributions to general expenses	<u>1,365,974</u>	<u>738,310</u>
Deferred program funds, end of year	<u>\$ 254,026</u>	<u>\$ 250,000</u>

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

6. SALARIES AND BENEFITS

The total amount of salaries and benefits for the 2019 fiscal year is \$1,709,115 (2018 - \$1,511,736). Salaries and benefits are allocated to various operational areas based on management's estimate of resource utilization as outlined in the following table.

	<u>2019</u>	<u>2018</u>
Research, methodology and information products	\$ 376,107	\$ 333,405
Education and professional development	272,292	264,161
Knowledge sharing and networking	142,740	122,977
International program	554,197	371,427
Sustainability and accountability	250,977	287,659
Operations and other support	<u>112,802</u>	<u>132,107</u>
	<u>\$ 1,709,115</u>	<u>\$ 1,511,736</u>

Included in salaries and benefits are in kind contributions of services of \$141,914 (2018 - \$142,369) which are also included in membership fees and contributions revenue, resulting in no net impact in the Foundation's net results of operations.

7. COMMITMENTS

The Foundation is committed to payments under an operating lease for office space which expires November 30, 2027. During the year, five apartment lease agreements were established for the international program which expire between May 31, 2019 and August 31, 2019. The minimum aggregate rent payable to the expiry date is as follows:

2020	\$ 90,195
2021	67,973
2022	70,928
2023	70,928
2024 and beyond	344,296