



OFFICE OF THE
Auditor General
of British Columbia

NEWS RELEASE

For Immediate Release

October 26, 2021

**COVID-19 programs, \$6-billion disagreement, \$550 million in errors impacting deficit corrected,
and \$850-million sale of St. Paul's Hospital highlighted in new report**

VICTORIA – For the 10th year in a row, the Office of the Auditor General has qualified its audit opinion on the government's summary financial statements. This means the office disagrees with the government's presentation of its financial accounts.

"The reason for this disagreement is that the summary financial statements are not presented using public sector generally accepted accounting principles," says Auditor General Michael Pickup. "It is important for government to record revenue according to these principles to create consistency in financial reporting and allow the financial statements of the Province to be more easily compared with most other Canadian jurisdictions. By under-reporting revenues by \$6 billion, the government's summary financial statements do not give a clear picture of the Province's financial position."

Full details of the audit opinion are included in the *Auditor General's Report on the Audit of the Public Accounts – Fiscal 2020/21* released today – but there is more to the report than the audit opinion.

For the first time, the report provides insight into the issues of most significance to the audit and includes excerpts of management letters to public sector organizations outlining areas for improvement. The report also explores other areas of financial interest, including the implementation of COVID-19 economic programs.

Highlights

This year's report summarized errors identified in the audit with a deficit impact totalling \$550 million. These errors required fixing in the government's summary financial statements. Simply put, this means that without our audit there would have been errors significantly impacting the financial statements.

The audit also resulted in management letters in which auditors identified areas where programs could strengthen or streamline their internal controls and business practices.

Insights into key audit matters – the issues of most significance to the audit – include consideration of which organizations should be included in government's summary financial statements, personal income tax revenue estimates, and the impact of the COVID-19 pandemic on the summary financial statements.

The report also discusses three COVID-19 programs: the BC Emergency Benefit for Workers program, BC Recovery Benefit for families and individuals, and the Small and Medium Sized Business Recovery Grant. While the office had no concerns in relation to financial reporting, it found that the eligibility controls for the emergency benefit program were insufficient.



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It also discusses financial areas of interest to the province, including the complex accounting for the \$850-million sale of St. Paul's Hospital, a \$66 million write off for personal protective equipment, and the government's executive salary freeze directive for Crown organizations.

Background

At the end of every fiscal year, the B.C. government combines the financial information of all the entities within its control and produces a consolidated set of financial statements, called the summary financial statements. The information in these statements is important because it indicates the financial well-being of the province. The Office of the Auditor General audits these statements from over 160 public sector organizations (including ministries, Crown organizations, post-secondary institutions, school districts, and health authorities), making it the largest audit undertaken in the province.

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About the Office of the Auditor General of British Columbia

The auditor general is a non-partisan, independent officer of the legislature who reports directly to the legislative assembly. The *Auditor General Act* empowers the auditor general and staff to conduct audits, report findings and make recommendations.

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