

The Office of the Auditor General of Ontario

The Office of the Auditor General of Ontario (Office) serves the Legislative Assembly and the citizens of Ontario by conducting value-for-money and financial audits and reviews, and reporting on them. In so doing, the Office helps the Legislative Assembly hold the government, its administrators and grant recipients accountable for how prudently they spend public funds, and for the value they obtain for the money spent on behalf of Ontario taxpayers.

The work of the Office is performed under the authority of the *Auditor General Act*. In addition, under the *Government Advertising Act, 2004*, the Auditor General is responsible for reviewing and deciding whether or not to approve certain types of proposed government advertising (see Chapter 5 for more details on the Office’s advertising review function). Both acts can be found at www.e-laws.gov.on.ca.

In an election year the Auditor General is also required to review and deliver an opinion on the reasonableness of the government’s pre-election report on its expectations for the financial performance of the province over the next three fiscal years.

General Overview

VALUE-FOR-MONEY AUDITS IN THE ANNUAL REPORT

About two-thirds of the Office’s work relates to value-for-money auditing, which assesses how well a given “auditee” (the entity that we audit) manages and administers its programs or activities. Value-for-money audits delve into the auditee’s underlying operations to assess the level of service being delivered to the public and the relative cost-effectiveness of the service. The Office has the authority to conduct value-for-money audits of the following entities:

- Ontario government ministries;
- Crown agencies;
- Crown-controlled corporations; and
- organizations in the broader public sector that receive government grants (for example, agencies that provide mental-health services, children’s aid societies, community colleges, hospitals, long-term-care homes, school boards, and universities).

The *Auditor General Act* (Act) [in subclauses 12(2)(f)(iv) and (v)] identifies the criteria to be considered in this assessment:

- Money should be spent with due regard for economy.

- Money should be spent with due regard for efficiency.
- Appropriate procedures should be in place to measure and report on the effectiveness of programs.

The Act requires that the Auditor General report on any instances he or she may have observed where the three value-for-money criteria above have not been met. More specific criteria that relate directly to the operations of the particular ministry, program or organization being audited are also developed for each value-for-money audit.

The Act also requires that he or she report on instances where the following was observed:

- Accounts were not properly kept or public money was not fully accounted for.
- Essential records were not maintained or the rules and procedures applied were not sufficient to:
 - safeguard and control public property;
 - check effectively the assessment, collection and proper allocation of revenue; or
 - ensure that expenditures were made only as authorized.
- Money was expended for purposes other than the ones for which it was appropriated.

Assessing the extent to which the auditee was controlling against these risks is technically “compliance” audit work, but is generally incorporated into both value-for-money audits and “attest” audits (discussed in a later section). Other compliance work that is typically included in our value-for-money audits is:

- identifying the key provisions in legislation and the authorities that govern the auditee or the auditee’s programs and activities as well as those that the auditee’s management is responsible for administering; and
- performing the tests and procedures we deem necessary to obtain reasonable assurance that the auditee’s management has complied with these key legislation and authority requirements.

Government programs and activities are the result of government policy decisions. Thus, we could say that our value-for-money audits focus on how well management is administering and executing government policy decisions. It is important to note, however, that in doing so we do not comment on the merits of government policy. Rather, it is the Legislative Assembly that holds the government accountable for policy matters by continually monitoring and challenging government policies through questions during legislative sessions and through reviews of legislation and expenditure estimates.

In planning, performing and reporting on our value-for-money work, we follow the relevant professional standards established by the Chartered Professional Accountants of Canada (formerly the Canadian Institute of Chartered Accountants). These standards require that we have processes for ensuring the quality, integrity and value of our work. Some of the processes we use are described in the following sections.

Selecting What to Audit

The Office audits major ministry programs and activities at approximately five- to seven-year intervals. We do not audit organizations in the broader public sector and Crown-controlled corporations on the same cycle because there are so many of them, and their activities are numerous and diverse. Since our mandate expanded in 2004 to allow us to examine these auditees, our audits have covered a wide range of topics in several sectors, including health (hospitals, long-term-care homes, and mental-health service providers), education (school boards, universities and colleges), and social services (children’s aid societies and social service agencies), as well as several large Crown-controlled corporations.

In selecting what program, activity or organization to audit each year, we consider how great the risk is that an auditee is not meeting the three value-for-money criteria, which results in potential negative consequences for the public it serves. To help us choose higher-risk audits, we consider factors such as:

- the results of previous audits and related follow-ups;
- the total revenues or expenditures involved;
- the impact of the program, activity or organization on the public;
- the complexity and diversity of the auditee's operations;
- recent significant changes in the auditee's operations; and
- the significance of the issues an audit might identify.

We also consider whether the benefits of conducting the audit justify its cost.

Another factor we take into account in the selection process is the work the auditee's internal auditors have completed or planned. Depending on what that work consists of, we may defer an audit or change our audit's scope to avoid duplication of effort. In other cases, we do not diminish the scope of our audit, but we do rely on and present the results of internal audit work in our audit report.

Setting Audit Objectives, Audit Criteria, and Assurance Levels

When we begin an audit, we set an objective for what we want to achieve. We then develop suitable audit criteria that cover the key systems, policies and procedures that should be in place and operating effectively. Developing criteria involves extensive research into sources such as recognized bodies of expertise; other bodies or jurisdictions delivering similar programs and services; management's own policies and procedures; applicable criteria successfully applied in other audits or reviews; and applicable laws, regulations and other authorities.

To further ensure their suitability, the criteria we develop are discussed with the auditee's senior management at the planning stage of the audit.

The next step is to design and conduct tests and procedures to address our audit objective and criteria, so that we can reach a conclusion regarding our audit objective and make observations and recommendations. Each audit report has a section

entitled "Audit Objective and Scope," in which the audit objective is stated and the scope of our work is explained.

Conducting tests and procedures to gather information has its limitations, so we cannot provide what is called an "absolute level of assurance" that our audit work identifies all significant matters. Other factors also contribute to this. For example, we may conclude that the auditee had a control system in place for a process or procedure that was working effectively to prevent a particular problem from occurring, but auditee management or staff might be able to circumvent such control systems, so we cannot guarantee that the problem will never arise. Also, much of the evidence available for concluding on our objective is more persuasive than it is conclusive, and we must rely on professional judgment in much of our work—for example, in interpreting information.

For all these reasons, the assurance that we plan for our work to provide is at an "audit level"—the highest reasonable level of assurance that we can obtain using our regular audit procedures. Specifically, an audit level of assurance is obtained by interviewing management and analyzing the information it provides; examining and testing systems, procedures and transactions; confirming facts with independent sources; and, where necessary because we are examining a highly technical area, obtaining independent expert assistance and advice.

With respect to the information that management provides, under the Act we are entitled to access all relevant information and records necessary to the performance of our duties. Out of respect for the principle of Cabinet privilege, we do not seek access to the deliberations of Cabinet. However, the Office can access virtually all other information contained in Cabinet submissions or decisions that we deem necessary to fulfill our responsibilities under the Act.

Infrequently, the Office will perform a review rather than an audit. A review provides a moderate level of assurance, obtained primarily through inquiries and discussions with management;

analyses of information provided by management; and only limited examination and testing of systems, procedures and transactions. We perform reviews when, for example:

- it would be prohibitively expensive or unnecessary to provide a higher level of assurance; or
- other factors relating to the nature of the program or activity make it more appropriate to conduct a review than an audit.

In the 2011 audit year, we conducted such a review of the electricity sector stranded debt, which complemented our related value-for-money audits of renewable energy initiatives and regulatory oversight of the electricity sector. Our 2009 review of the Unfunded Liability of the Workplace Safety and Insurance Board was well received by the Standing Committee on Public Accounts, which has shown an ongoing interest in the actions being taken to reduce that liability. In 2012, we reviewed the process used to review and approve the province's annual expenditure Estimates, and ways to make the process more effective.

Communicating with Management

To help ensure the factual accuracy of our observations and conclusions, staff from our Office communicate with the auditee's senior management throughout the value-for-money audit or review. Early in the process, our staff meet with management to discuss the objective and criteria, and the focus, of our work in general terms. During the audit or review, our staff meet with management to review progress and ensure open lines of communication. At the conclusion of on-site work, management is briefed on our preliminary results. A draft report is then prepared and discussed with the auditee's senior management, which provides written responses to our recommendations. These are discussed and incorporated into the draft report, which the Auditor General finalizes with the deputy minister or head of the agency, corporation or

grant-recipient organization, after which the report is published in Chapter 3 of the Annual Report.

SPECIAL REPORTS

As required by the Act, the Office reports on its audits in an Annual Report to the Legislative Assembly. In addition, the Office may make a special report to the Legislative Assembly at any time, on any matter that, in the opinion of the Auditor General, should not be deferred until the Annual Report.

Two sections of the Act authorize the Auditor General to undertake additional special work. Under section 16, the Standing Committee on Public Accounts may resolve that the Auditor General must examine and report on any matter respecting the Public Accounts. Under section 17, the Legislative Assembly, the Standing Committee on Public Accounts, or a minister of the Crown may request that the Auditor General undertake a special assignment. However, these special assignments are not to take precedence over the Auditor General's other duties, and the Auditor General can decline such an assignment requested by a minister if he or she believes it conflicts with other duties.

In recent years when we have received a special request under section 16 or 17, our normal practice has been to obtain the requester's agreement that the special report will be tabled in the Legislature on completion and made public at that time. This year the following special reports were requested under section 17 by the Standing Committee on Public Accounts:

- *Mississauga Power Plant Cancellation Costs* (tabled in April 2013);
- Ontario Northland Transportation Commission Divestiture Savings Estimates (in progress at the time this chapter was written); and
- Ontario Lottery and Gaming Corporation Modernization Plan Implementation and Cancellation of the Slots at Race Tracks Program (in progress at the time this chapter was written).

At the request of the Premier, also under section 17, we prepared a special report on the *Oakville*

Power Plant Cancellation Costs, which was tabled in October 2013.

ATTEST AUDITS

Attest audits are examinations of an auditee's financial statements. In such audits, the auditor expresses his or her opinion on whether the financial statements present information on the auditee's operations and financial position in a way that is fair and that complies with certain accounting policies (in most cases, with Canadian generally accepted accounting principles). As mentioned in the overview of value-for-money audits, compliance audit work is often incorporated into attest audit work. Specifically, we assess the controls for managing risks relating to improperly kept accounts; unaccounted-for public money; lack of recordkeeping; inadequate safeguarding of public property; deficient procedures for assessing, collecting and properly allocating revenue; unauthorized expenditures; and not spending money on what it was intended for.

The Auditees

Every year, we audit the financial statements of the province and the accounts of many agencies of the Crown. Specifically, the Act [in subsections 9(1), (2), and (3)] requires that:

- the Auditor General audit the accounts and records of the receipt and disbursement of public money forming part of the province's Consolidated Revenue Fund, whether held in trust or otherwise;
- the Auditor General audit the financial statements of those agencies of the Crown that are not audited by another auditor;
- public accounting firms appointed as auditors of certain agencies of the Crown perform their audits under the direction of the Auditor General and report their results to the Auditor General; and

- public accounting firms auditing Crown-controlled corporations deliver to the Auditor General a copy of the audited financial statements of the corporation and a copy of the accounting firm's report of its findings and recommendations to management (typically contained in a management letter).

Chapter 2 discusses this year's attest audit of the province's consolidated financial statements.

We do not discuss the results of attest audits of agencies and Crown-controlled corporations in this report. Agency legislation normally stipulates that the Auditor General's reporting responsibilities are to the agency's board and the minister(s) responsible for the agency. Our Office also provides copies of our independent auditor's reports and of the related agency financial statements to the deputy minister of the associated ministry, as well as to the Secretary of the Treasury Board.

When an agency attest audit notes areas requiring management to make improvements, the auditor prepares a draft findings report and discusses it with senior management. The report is revised to reflect the results of that discussion. After the draft report is cleared and the agency's senior management responds to it in writing, the auditor prepares a final report, which is discussed with the agency's audit committee (if one exists). If a matter were so significant that we felt it should be brought to the attention of the Legislature, we would include it in our Annual Report.

Part 1 of Exhibit 1 lists the agencies that were audited during the 2012/13 audit year. The Office contracts with public accounting firms to audit a number of these agencies on the Office's behalf. Part 2 of Exhibit 1 and Exhibit 2 list the agencies of the Crown and the Crown-controlled corporations, respectively, that public accounting firms audited during the 2012/13 audit year. Exhibit 3 lists organizations in the broader public sector whose accounts are also audited by public accounting firms and included in the province's consolidated financial statements.

OTHER STIPULATIONS OF THE AUDITOR GENERAL ACT

The *Auditor General Act* came about with the passage on November 22, 2004, of the *Audit Statute Law Amendment Act* (Amendment Act), which received Royal Assent on November 30, 2004. The purpose of the Amendment Act was to make certain changes to the *Audit Act* to enhance our ability to serve the Legislative Assembly. The most significant of these changes was the expansion of our Office's value-for-money audit mandate to organizations in the broader public sector that receive government grants. This *2013 Annual Report* marks the eighth year of our expanded audit mandate.

Appointment of Auditor General

Under the *Auditor General Act* (Act), the Auditor General is appointed as an officer of the Legislative Assembly by the Lieutenant Governor in Council—that is, the Lieutenant Governor appoints the Auditor General on the advice of the Executive Council (the Cabinet). The appointment is made “on the address of the Assembly,” meaning that the appointee must be also approved by the Legislative Assembly. The Act also requires that the Chair of the Standing Committee on Public Accounts—who, under the Standing Orders of the Legislative Assembly, is a member of the official opposition—be consulted before the appointment is made (for more information on the Committee, see Chapter 6). As in the past, an open-competition selection process was conducted, which included advertising the position in national publications and in-depth interviews conducted by a committee of representatives from the three political parties in the Assembly, including the Chair of the Standing Committee on Public Accounts; the Speaker and the Clerk of the Legislative Assembly; and an external member from the accounting profession. The Committee then made its recommendation to the Legislative Assembly.

Independence

The Auditor General and staff of the Office are independent of the government and its administration. This independence is an essential safeguard that enables the Office to fulfill its auditing and reporting responsibilities objectively and fairly.

The Auditor General is appointed to a 10-year, non-renewable term, and can be dismissed only for cause by the Legislative Assembly. Consequently, the Auditor General maintains an arm's-length distance from the government and the political parties in the Legislative Assembly and is thus free to fulfill the Office's legislated mandate without political pressure.

The Board of Internal Economy—an all-party legislative committee that is independent of the government's administrative process—reviews and approves the Office's budget, which is subsequently laid before the Legislative Assembly. As required by the Act, the Office's expenditures relating to the 2012/13 fiscal year have been audited by a firm of chartered accountants, and the audited financial statements of the Office are submitted to the Board and subsequently must be tabled in the Legislative Assembly. The audited statements and related discussion of expenditures for the year are presented at the end of this chapter.

CONFIDENTIALITY OF WORKING PAPERS

In the course of our reporting activities, we prepare draft audit reports and findings reports that are considered an integral part of our audit working papers. Under section 19 of the Act, these working papers do not have to be laid before the Legislative Assembly or any of its committees. As well, our Office is exempt from the *Freedom of Information and Protection of Privacy Act*, which means our draft reports and audit working papers, including all information obtained from an auditee during the course of an audit, cannot be accessed from our Office, thus further ensuring confidentiality.

CODE OF PROFESSIONAL CONDUCT

The Office has a Code of Professional Conduct to encourage staff to maintain high professional standards and ensure a professional work environment. The Code is intended to be a general statement of philosophy, principles and rules regarding conduct for employees of the Office, who have a duty to conduct themselves in a professional manner and to strive to achieve the highest standards of behaviour, competence and integrity in their work.

The Code explains why these expectations exist and further describes the Office's responsibilities to the Legislative Assembly, the public and our auditees. The Code also provides guidance on disclosure requirements and the steps to be taken to avoid conflict-of-interest situations. All employees are required to complete an annual conflict-of-interest declaration and undergo a police security check upon being hired and every five years thereafter.

Office Organization and Personnel

The Office is organized into portfolio teams, intended to align with related audit entities and to foster expertise in the various areas of audit activity. The portfolios, loosely based on the government's own ministry organization, are each headed by a Director, who oversees and is responsible for the audits within the assigned portfolio. Assisting the Directors and rounding out the teams are a number of audit Managers and various other audit staff (see Figure 1).

The Auditor General, the Deputy Auditor General, the Directors, and the Managers of Human Resources and of Communications and Government Advertising make up the Office's Senior Management Committee.

Canadian Council of Legislative Auditors

This year, Saskatchewan hosted the 41st annual meeting of the Canadian Council of Legislative Auditors (CCOLA) in Regina, from August 25 to 27, 2013. This annual gathering has, for a number of years, been held jointly with the annual conference of the Canadian Council of Public Accounts Committees. It brings together legislative auditors and members of the Standing Committees on Public Accounts from the federal government and the provinces and territories, and provides a useful forum for sharing ideas and exchanging information.

International Visitors

As an acknowledged leader in value-for-money auditing, the Office periodically receives requests to meet with visitors and delegations from abroad to discuss the roles and responsibilities of the Office and to share our value-for-money and other audit experiences. During the audit year covered by this report, the Office hosted delegations from Vietnam (2), Gauteng Province in South Africa, and Yunnan Province in China, as well as visitors from Taiwan, Bangladesh, Cameroon, Ghana, Tanzania and Vietnam.

Results Produced by the Office This Year

The 2012/13 fiscal year was another successful year for the Office, particularly given the unprecedented additional work requested this year.

In total, we conducted 10 value-for-money audits (see Chapter 3), issued two special reports under section 17, and completed the majority of work on

Figure 1: Office Organization, September 30, 2013

Auditor General Bonnie Lysyk ¹	Human Resources Barbara Sturrock, Manager Shayna Whiteford	Operations Administration Maureen Bissonnette Sohani Myers Shanta Persaud Christine Wu Communications and Government Advertising Review Christine Peadias, Manager Mariana Green Shirley McGibbon Tiina Randoja Information Technology Shams Ali Peter Lee
Deputy Auditor General Gary Peall	Quality Assurance and Special Projects Paul Amodeo, Manager Kristin Snowden, Manager Shariq Saeed	
	Standards and Research Rebecca Yosipovich, Manager	
Financial Statement Audit Portfolios and Staff²		
Crown Agencies (1), Finance John McDowell, Director Walter Allan, Manager Tom Chatzidimos Kandy Fletcher Mary Romano Megan Sim	Crown Agencies (2) Laura Bell, Director Teresa Carello, Manager Izabela Beben Margaret Chen Constantino De Sousa Roger Munroe Zachary Thomas Cynthia Tso	Public Accounts Bill Pelow, Director Sandy Chan ³ , Manager Loretta Cheung Allen Fung ⁴ Georgegiana Tanudjaja Whitney Wah
Value-for-money Audit Portfolios and Staff²		
Community and Social Services, and Revenue Vanna Gotsis, Director Sandy Chan ³ , Manager Celia Yeung, Manager Tino Bove Inna Guelfand Jennifer Lee Michael Okulicz Gurinder Parmar Zhenya Stekovic Janet Wan	Education and Training Gerard Fitzmaurice, Director Zahra Jaffer, Manager (Acting) Emanuel Tsikritis, Manager Michael Baxter Johan Boer Rumi Janmohamed ⁴ Michael Katsevman Nina Khant Tara Petroff Mythili Pratheeskar Mark Smith Ellen Tepelenas Dora Ullisse	Energy and Health Rudolph Chiu, Director Gigi Yip, Manager Denise Young, Manager Arujunan Balakrishnan Ariane Chan Anita Cheung Helen Chow Lisa Li ⁴ Oscar Rodriguez Pasha Sidhu Alla Volodina
Environment and Natural Resources Gus Chagani, Director Kim Cho, Manager Nick Stavropoulos, Manager Bartosz Amerski Marcia DeSouza Katrina Exaltacion Lauren Hanna Kristy Ho Li-Lian Koh Shreya Shah Alexander Truong Jing Wang	Health and Long-term-care Providers Susan Klein, Director Wendy Cumbo, Manager Naomi Herberg, Manager Kevin Aro Sally Chang Dimitar Dimitrov Jennifer Fung Ingrid Goh Veronica Ho Linde Qiu Tiffany Yau	Justice and Regulatory Vince Mazzone, Director Rick MacNeil, Manager Fraser Rogers, Manager Vivian Sin, Manager Jesse Dufour Rashmeet Gill Kiran Grewal Tanmay Gupta Alfred Kiang Margaret Lam Wendy Ng Alice Nowak Ruchir Patel Brian Wanchuk Robyn Wilson Michael Yarmolinsky

1. Effective September 3, 2013, replacing retiring Auditor General Jim McCarter.

2. Staff below manager level shift between portfolios to address seasonal financial statement audit workload pressures.

3. Manager's time is divided 50/50 between two portfolios.

4. A member of the portfolio who contributed to this Annual Report but left the Office before September 30, 2013.

two other requests with the reports to follow. One planned value-for-money audit, Civil Courts, had to be postponed to the following year to allow completion of the more urgent special work requested, all while holding the line on our expenditures.

As mentioned in the earlier Attest Audits section, we are responsible for auditing the province's consolidated financial statements (further discussed in Chapter 2), as well as the statements of more than 40 Crown agencies. We again met all of our key financial-statement audit deadlines while continuing our investment in training to successfully implement significant revisions to accounting and assurance standards and methodology for conducting our financial-statement audits.

We successfully met our review responsibilities under the *Government Advertising Act, 2004*, as further discussed in Chapter 5.

The results produced by the Office this year would clearly not have been possible without the hard work and dedication of our staff, as well as that of our agent auditors, contract staff and expert advisers.

Financial Accountability

The following discussion and our financial statements outline the Office's financial results for the

2012/13 fiscal year. This is the second year our financial statements have been prepared in accordance with public-sector accounting standards. In accordance with these standards, we have presented a breakdown of our expenses by the main activities our Office is responsible for: value-for-money and special audits, financial-statement audits, and the review of government advertising. This breakdown is provided in Note 9 to the financial statements and indicates that almost two-thirds of our resources were used to perform value-for-money and special audits, a stated priority of the Standing Committee on Public Accounts. About one-third was devoted to completing the audits of the annual financial statements of the province and some 40 of its agencies. The remaining 1% was devoted to our statutory responsibilities under the *Government Advertising Act*. These percentages changed only slightly from 2012, mostly because the review of the Pre-Election Report early in the 2011/12 fiscal year was not required this year. The time previously needed for the Pre-Election Report was required this year to help several agencies to adopt Public Sector Accounting Standards for the first time.

Figure 2 provides a comparison of our approved budget and expenditures over the last five years. Figure 3 presents the major components of our spending and shows that over 74% (72% in 2011/12) related to salary and benefit costs for

Figure 2: Five-year Comparison of Spending (Accrual Basis) (\$ 000)

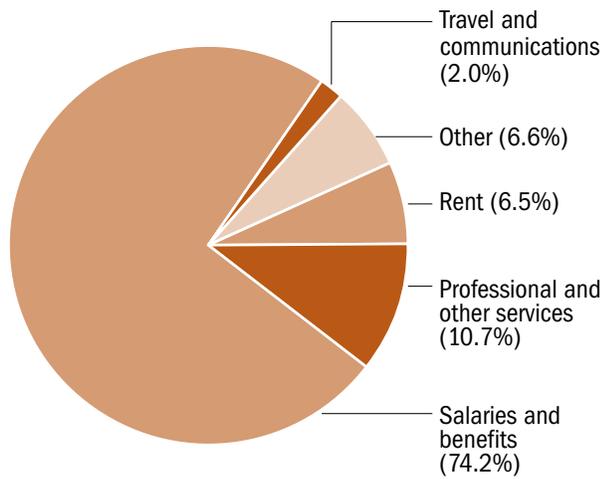
Prepared by the Office of the Auditor General of Ontario

	2008/09	2009/10	2010/11	2011/12	2012/13
Approved budget	16,245	16,224	16,224	16,224	16,224
Actual expenses					
Salaries and benefits	10,279	10,862	11,228	11,039	11,390
Professional and other services	1,776	1,489	1,491	1,667	1,643
Rent	1,051	1,069	1,036	1,016	989
Travel and communications	332	360	337	303	309
Other	1,096	1,073	1,071	1,216	1,015
Total	14,534	14,853	15,163	15,241	15,346
Returned to province*	1,561	1,498	1,222	997	1,000

* These amounts are typically slightly different than the excess of appropriation over expenses as a result of non-cash expenses (such as amortization of capital assets, deferred lease inducements and employee future benefit accruals).

Figure 3: Spending by Major Expenditure Category, 2012/13)

Prepared by the Office of the Auditor General of Ontario



staff, while professional and other services, and rent, comprised most of the remainder. These proportions have been relatively stable in recent years.

Overall, our expenses increased just 0.7% (0.5% in 2011/12) and were again significantly under budget. Our budget has been frozen over the last five years, yet we have successfully fulfilled our Office mandate while returning unspent funds totalling \$6.3 million. The main reason for this is that we have historically faced challenges in hiring and retaining qualified professional staff in the competitive Toronto job market—our public-service salary ranges have simply not kept pace with compensation increases for such professionals in the private sector. In addition, we have been reluctant to fully staff up because of the province's tight fiscal circumstances, and the fact that there have been no increases to our budget over the last four years.

A more detailed discussion of the changes in our expenses and some of the challenges we face follows.

SALARIES AND BENEFITS

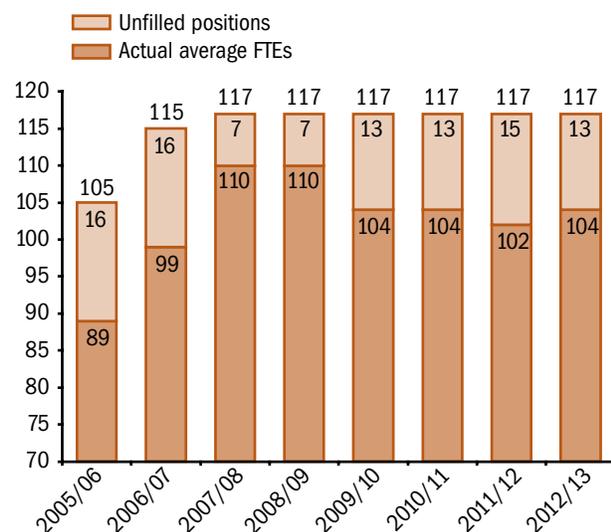
Our salary costs increased 3.7% after a decline of 3.2% the prior year, while benefit costs rose 0.9% following a 5.2% increase the previous year.

With the legislated freeze on salary ranges, any increases due to promotions earned by trainees who obtained their professional accounting designations during the year, and for those staff who demonstrated the ability to take on additional responsibilities, continued to be offset by delays in replacing retiring and departing staff. However, new hires accounted for much of the increase this year, with our average staffing level rising by two staff to 106 from the prior year of 104, as shown in Figure 4. We continue to employ fewer student trainees, as students who earned their professional accounting designation during the year remained with us. To be competitive, we must pay our newly qualified staff considerably more than they were paid as trainees, because salaries for qualified accountants rise fairly quickly in the first five years following qualification.

With the economic uncertainty and the continuing need for cost containment, we remained cautious by delaying the replacement of retiring senior staff and hiring experienced but more junior staff as opportunities arose. Staff departures continue as the market for professional accountants has remained fairly robust despite economic uncertainties. Our hiring continues to be primarily at more junior levels, where our salaries and benefits are

Figure 4: Staffing, 2005/06–2012/13

Prepared by the Office of the Auditor General of Ontario



competitive. We quickly fall behind private- and broader-public-sector salary scales for more experienced professional accountants. This is one reason that, as Figure 4 shows, we still have a number of unfilled positions. The growing complexity of our audits requires highly qualified, experienced staff as much as possible. The challenge of maintaining and enhancing our capacity to perform these audits will only increase as more of our most experienced staff retire over the next few years.

Under the Act, our salary levels must be comparable to the salary ranges of similar positions in the government. These ranges remain uncompetitive with the salaries that both the not-for-profit and the private sectors offer. According to the most recent survey by the Canadian Institute of Chartered Accountants (now known as the Chartered Professional Accountants of Canada), published in 2011, average salaries for CPAs in government (\$111,200) were 14% lower than those in the not-for-profit sector (\$129,900) and, most importantly, 26% lower than those at professional service CPA firms (\$150,400), which are our primary competition for professional accountants. The salaries of our highest-paid staff in the 2012 calendar year are disclosed in Note 7 to our financial statements.

PROFESSIONAL AND OTHER SERVICES

These services include both contract professionals and contract CPA firms, and represent our next most significant spending area, at almost 11% of total expenditures. These costs were slightly less than last year, but we continue to use contract staff to cover for parental and unexpected leaves, and to help us manage peak workloads during the summer months. An increase in contract professional help this year was offset by our one-time investment the previous year in a contract to review our IT infrastructure and security arrangements.

We continue to have to rely on contract professionals to meet our legislated responsibilities given more complex work and tight deadlines for finalizing the financial-statement audits of Crown agen-

cies and the province. We also believe that using more contract staff to fill temporary needs, such as parental leaves, is a prudent approach to staffing, particularly during uncertain economic times, in that it provides more flexibility and less disruption if in-year cuts to our budget are requested. Also, even during the economic downturn, it has remained difficult for us to reach our approved full complement, given our uncompetitive salary levels, particularly for professionals with several years of post-qualifying experience. Further, after four years of budget freezes, we can no longer afford to move up to our approved complement of 117 staff.

Contract costs for CPA firms we work with remain higher because of the higher salaries they pay their staff and the additional hours required to implement ongoing changes to accounting and assurance standards. We continue to test the market for such services as contracts expire, and we have achieved savings in some cases.

RENT

Our costs for accommodation were again slightly less than the previous year, owing primarily to a decline in building operating costs, particularly utilities. Accommodation costs declined as a percentage of total spending and should remain stable or decline further under the terms of the lease renewal completed in the fall of 2011.

TRAVEL AND COMMUNICATIONS

Our travel and communications costs increased less than 2% after a decline of over 10% the previous year. In general, we are incurring significantly more travel costs since the expansion of our mandate to audit broader-public-sector organizations. However, these will vary each year depending on the audits selected. This year, the value-for-money audits we carried out generally required more travel relative to last year. However, we were able to offset some of the increase in travel costs by reducing our communications costs through a change in

service providers, and by implementing cost-saving opportunities identified by the IT infrastructure and security review conducted last year.

OTHER

Other costs include asset amortization, supplies and equipment maintenance, training, and statutory expenses. Such costs were 16.5% lower than last year, primarily because we required far less expertise from contract specialists this year. In the 2011/12 fiscal year, we required contract expertise to complete our statutory review of the 2011 Pre-Election Report, which we reported on in June 2011. Our costs for asset amortization, supplies and equipment maintenance, training, and statutory expenses for administering the *Government Advertising Act* were also slightly less than the previous year as we continued to carefully manage our costs.

FINANCIAL STATEMENTS



Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Office of the Auditor General are the responsibility of management of the Office. Management has prepared the financial statements to comply with the *Auditor General Act* and with Canadian public sector accounting principles.

Management maintains a system of internal controls that provides reasonable assurance that transactions are appropriately authorized, assets are adequately safeguarded, appropriations are not exceeded, and the financial information contained in these financial statements is reliable and accurate.

The financial statements have been audited by the firm of Adams & Miles LLP, Chartered Accountants. Their report to the Board of Internal Economy, stating the scope of their examination and opinion on the financial statements, appears on the following page.

Gary R. Peall, CPA, CA, LPA
Acting Auditor General
August 17, 2013

Susan Klein, CPA, CA, LPA
Acting Deputy Auditor General
August 17, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Internal Economy of
Legislative Assembly of Ontario

We have audited the accompanying financial statements of the Office of the Auditor General of Ontario, which comprise the statement of financial position as at March 31, 2013 and the statements of operations and accumulated deficit and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Auditor General of Ontario as at March 31, 2013 and the results of its operations and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

Adams & Miles LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
August 17, 2013

www.adamsmiles.com

An independent firm associated
with AGN International Ltd.

Office of the Auditor General of Ontario

Statement of Financial Position

As at March 31, 2013

	2013	2012
	\$	\$
Financial assets		
Cash	411,965	290,695
Harmonized sales taxes recoverable	111,688	122,604
Due from Consolidated Revenue Fund	178,145	237,316
Lease inducement receivable (Note 10)	322,225	322,225
	<u>1,024,023</u>	<u>972,840</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	1,622,827	1,647,041
Accrued employee benefits obligation [Note 5(B)]	2,404,000	2,172,000
Deferred lease inducement (Note 10)	276,576	308,799
	<u>4,303,403</u>	<u>4,127,840</u>
Net financial debt	(3,279,380)	(3,155,000)
Non-financial assets		
Tangible capital assets (Note 3)	596,115	593,979
Accumulated deficit	<u>(2,683,265)</u>	<u>(2,561,021)</u>

Commitments (Note 6)

Measurement uncertainty [Note 2(F)]

See accompanying notes to financial statements.

Approved by the Office of the Auditor General of Ontario:



Gary R. Peall, CPA, CA, LPA
Acting Auditor General



Susan Klein, CPA, CA, LPA
Acting Deputy Auditor General

Office of the Auditor General of Ontario

Statement of Operations and Accumulated Deficit For the Year Ended March 31, 2013

	2013 Budget (Note 11) \$	2013 Actual \$	2012 Actual \$
Expenses			
Salaries and wages	9,755,400	9,286,283	8,953,561
Employee benefits (Note 5)	2,041,200	2,103,948	2,085,050
Professional and other services	1,714,500	1,642,632	1,666,589
Office rent	1,062,400	989,446	1,016,280
Amortization of capital assets	—	316,462	324,489
Travel and communication	418,800	308,567	303,072
Training and development	378,600	150,417	165,152
Supplies and equipment	377,500	196,550	208,311
Transfer payment: CCAF-FCVI Inc.	73,000	72,989	72,989
Statutory expenses: <i>Auditor General Act</i>	242,700	245,732	246,575
<i>Government Advertising Act</i>	30,000	8,625	10,942
<i>Statutory services</i>	130,000	24,578	187,582
Total expenses (Notes 8 and 9)	16,224,100	15,346,229	15,240,592
Revenue			
Consolidated Revenue Fund – Voted appropriations [Note 2(B)]	16,224,100	16,224,100	16,224,100
Excess of appropriation over expenses		877,871	983,508
Less: returned to the Province [Note 2(B)]		1,000,115	997,433
Net operations deficiency		(122,244)	(13,925)
Accumulated deficit, beginning of year		(2,561,021)	(2,547,096)
Accumulated deficit, end of year		(2,683,265)	(2,561,021)

See accompanying notes to financial statements.

Office of the Auditor General of Ontario

Statement of Cash Flows

For the Year Ended March 31, 2013

	2013	2012
	\$	\$
Operating transactions		
Net operations deficiency	(122,244)	(13,925)
Amortization of capital assets	316,462	324,489
Accrued employee benefits expense	181,000	184,000
	<u>375,218</u>	<u>494,564</u>
Changes in non-cash working capital		
Decrease in harmonized sales taxes recoverable	10,916	6,323
Decrease (increase) in due from Consolidated Revenue Fund	59,171	(188,122)
Increase in lease inducement receivable	—	(322,225)
Increase (decrease) in accounts payable and accrued liabilities	26,786	(92,250)
Increase (decrease) in deferred lease inducement	(32,223)	308,799
	<u>64,650</u>	<u>(287,475)</u>
Cash provided by operating transactions	<u>439,868</u>	<u>207,089</u>
Capital transactions		
Purchase of tangible capital assets	<u>(318,598)</u>	<u>(416,564)</u>
Increase (decrease) in cash	121,270	(209,475)
Cash, beginning of year	<u>290,695</u>	<u>500,170</u>
Cash, end of year	<u>411,965</u>	<u>290,695</u>

See accompanying notes to financial statements.

Office of the Auditor General of Ontario

Notes to Financial Statements For the Year Ended March 31, 2013

1. Nature of Operations

In accordance with the provisions of the *Auditor General Act* and various other statutes and authorities, the Auditor General, through the Office of the Auditor General of Ontario (the Office), conducts independent audits of government programs, of institutions in the broader public sector that receive government grants, and of the fairness of the financial statements of the Province and numerous agencies of the Crown. In doing so, the Office promotes accountability and value-for-money in government operations and in broader public sector organizations.

Additionally, under the *Government Advertising Act, 2004*, the Office is required to review specified types of advertising, printed matter or reviewable messages proposed by government offices to determine whether they meet the standards required by the Act.

Under both Acts, the Auditor General reports directly to the Legislative Assembly.

As required by the *Fiscal Transparency and Accountability Act, 2004*, in an election year the Office is also required to report on the reasonableness of a Pre-Election Report prepared by the Ministry of Finance.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are as follows:

(A) ACCRUAL BASIS

These financial statements are accounted for on an accrual basis whereby expenses are recognized in the fiscal year that the events giving rise to the expense occur and resources are consumed.

(B) VOTED APPROPRIATIONS

The Office is funded through annual voted appropriations from the Province of Ontario. Unspent appropriations are returned to the Province's Consolidated Revenue Fund each year. As the voted appropriation is prepared on a modified cash basis, an excess or deficiency of revenue over expenses arises from the application of accrual accounting, including the capitalization and amortization of tangible capital assets, the deferral and amortization of the lease inducement and the recognition of employee benefits expenses earned to date but that will be funded from future appropriations.

The voted appropriation for statutory expenses is intended to cover the salary of the Auditor General as well as the costs of any expert advice or assistance required to help the Office meet its responsibilities under the *Government Advertising Act* and the *Fiscal Transparency and Accountability Act*, or to conduct special assignments under Section 17 of the *Auditor General Act*.

Office of the Auditor General of Ontario

Notes to Financial Statements

For the Year Ended March 31, 2013

2. Summary of Significant Accounting Policies (Continued)

(C) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at historical cost less accumulated amortization. Amortization of tangible capital assets is recorded on the straight-line method over the estimated useful lives of the assets as follows:

Computer hardware	3 years
Computer software	3 years
Furniture and fixtures	5 years
Leasehold improvements	The remaining term of the lease

(D) FINANCIAL INSTRUMENTS

The Office's financial assets and financial liabilities are accounted for as follows:

- Cash is subject to an insignificant risk of change in value so carrying value approximates fair value.
- Due from Consolidated Revenue Fund is recorded at cost.
- Accounts payable and accrued liabilities are recorded at cost.
- Accrued employee benefits obligation is recorded at cost based on the entitlements earned by employees up to March 31, 2013. A fair value estimate based on actuarial assumptions about when these benefits will actually be paid has not been made as it is not expected that there would be a significant difference from the recorded amount.

It is management's opinion that the Office is not exposed to any interest rate, currency, liquidity or credit risk arising from its financial instruments due to their nature.

(E) DEFERRED LEASE INDUCEMENT

The deferred lease inducement is being amortized as a reduction of rent expense on a straight-line basis over the 10-year lease period that commenced November 1, 2011.

(F) MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Items requiring the use of significant estimates include: useful life of capital assets and accrued employee benefits obligation.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Office of the Auditor General of Ontario

Notes to Financial Statements For the Year Ended March 31, 2013

3. Tangible Capital Assets

	Computer hardware \$	Computer software \$	Furniture and fixtures \$	Leasehold improvements \$	2013 Total \$
Cost					
Balance, beginning of year	687,370	352,985	211,914	349,823	1,602,092
Additions	165,520	98,564	5,128	49,386	318,598
Disposals	(174,113)	(55,442)	(71,017)	(235,868)	(536,440)
Balance, end of year	678,777	396,107	146,025	163,341	1,384,250
Accumulated amortization					
Balance, beginning of year	403,848	210,495	152,204	241,566	1,008,113
Amortization	171,482	104,288	26,552	14,140	316,462
Disposals	(174,113)	(55,442)	(71,017)	(235,868)	(536,440)
Balance, end of year	401,217	259,341	107,739	19,838	788,135
Net Book Value, March 31, 2013	277,560	136,766	38,286	143,503	596,115

	Computer hardware \$	Computer software \$	Furniture and fixtures \$	Leasehold improvements \$	2012 Total \$
Cost					
Balance, beginning of year	597,134	340,833	378,491	235,868	1,552,325
Additions	243,826	49,072	9,711	113,955	416,564
Disposals	(153,590)	(36,919)	(176,288)	—	(366,797)
Balance, end of year	687,370	352,985	211,914	349,823	1,602,092
Accumulated amortization					
Balance, beginning of year	397,966	147,169	294,185	211,101	1,050,421
Amortization	159,472	100,245	34,307	30,465	324,489
Disposals	(153,590)	(36,919)	(176,288)	—	(366,797)
Balance, end of year	403,848	210,495	152,204	241,566	1,008,113
Net Book Value, March 31, 2012	283,522	142,490	59,710	108,257	593,979

Office of the Auditor General of Ontario

Notes to Financial Statements

For the Year Ended March 31, 2013

4. Accounts Payable and Accrued Liabilities

	2013	2012
	\$	\$
Accounts payable	270,967	254,757
Accrued salaries and benefits	419,860	409,284
Accrued severance, vacation and other credits	932,000	983,000
	<u>1,622,827</u>	<u>1,647,041</u>

Accounts payable relates largely to normal business transactions with third-party vendors and is subject to standard commercial terms. Accruals for salaries and benefits and severance, vacation and other credits are recorded based on employment arrangements and legislated entitlements.

5. Obligation for Employee Future Benefits

Although the Office's employees are not members of the Ontario Public Service, under provisions in the *Auditor General Act*, the Office's employees are entitled to the same benefits as Ontario Public Service employees. The future liability for benefits earned by the Office's employees is included in the estimated liability for all provincial employees that have earned these benefits and is recognized in the Province's consolidated financial statements. In the Office's financial statements, these benefits are accounted for as follows:

(A) PENSION BENEFITS

The Office's employees participate in the Public Service Pension Fund (PSPF) which is a defined benefit pension plan for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF, determines the Office's annual payments to the fund. As the sponsor is responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Office. The Office's required annual payment of \$754,442 (2012 - \$719,119), is included in employee benefits expense in the Statement of Operations and Accumulated Deficit.

(B) ACCRUED EMPLOYEE BENEFITS OBLIGATION

The costs of legislated severance, compensated absences and unused vacation entitlements earned by employees during the year amounted to \$261,000 (2012 - \$274,000) and are included in employee benefits in the Statement of Operations and Accumulated Deficit. The total liability for these costs is reflected in the accrued employee benefits obligation, less any amounts payable within one year, which are included in accounts payable and accrued liabilities, as follows:

Office of the Auditor General of Ontario

Notes to Financial Statements For the Year Ended March 31, 2013

5. Obligation for Future Employee Benefits (Continued)

(B) ACCRUED EMPLOYEE BENEFITS OBLIGATION

	2013 \$	2012 \$
Total liability for severance, vacation and MCO credits	3,336,000	3,155,000
Less: Due within one year and included in accounts payable and accrued liabilities	932,000	983,000
Accrued employee benefits obligation	<u>2,404,000</u>	<u>2,172,000</u>

(C) OTHER NON-PENSION POST-EMPLOYMENT BENEFITS

The cost of other non-pension post-retirement benefits is determined and funded on an ongoing basis by the Ontario Ministry of Government Services and accordingly is not included in these financial statements.

6. Commitments

The Office has an operating lease to rent premises which expires on October 31, 2021. The minimum rental commitment for the remaining term of the lease is as follows:

	\$
2013–14	488,400
2014–15	495,900
2015–16	501,300
2016–17	508,800
2017–18	514,200
2018–19 and beyond	1,897,800

The Office is also committed to pay its proportionate share of realty taxes and operating expenses for the premises amounting to approximately \$506,000 during 2013.

Office of the Auditor General of Ontario

Notes to Financial Statements

For the Year Ended March 31, 2013

7. Public Sector Salary Disclosure Act, 1996

Section 3(5) of this Act requires disclosure of the salary and benefits paid to all Ontario public-sector employees earning an annual salary in excess of \$100,000. This disclosure for the 2012 calendar year is as follows:

Name	Position	Salary \$	Taxable Benefits \$
McCarter, Jim	Auditor General	245,732	3,865
Peall, Gary	Deputy Auditor General	189,866	239
Bell, Laura	Director	127,818	174
Bordne, Walter	Director	139,934	187
Chagani, Gus	Director	127,818	174
Chiu, Rudolph	Director	142,913	187
Fitzmaurice, Gerard	Director	139,934	187
Gotsis, Vanna	Director	121,834	164
Klein, Susan	Director	142,913	187
Mazzone, Vince	Director	139,934	187
McDowell, John	Director	139,934	187
Pelow, William	Director	121,834	164
Allan, Walter	Audit Manager	110,263	152
Carello, Teresa	Audit Manager	113,214	152
Chan, Sandy	Audit Manager	113,214	152
Cho, Kim	Audit Manager	110,711	149
Cumbo, Wendy	Audit Manager	113,214	152
Herberg, Naomi	Audit Manager	113,214	152
MacNeil, Richard	Audit Manager	113,214	152
Rogers, Fraser	Audit Manager	113,214	152
Stavropoulos, Nick	Audit Manager	113,214	152
Tsikritsis, Emanuel	Audit Manager	113,214	152
Yip, Gigi	Audit Manager	112,821	151
Young, Denise	Audit Manager	113,214	152
Wiebe, Annemarie	Manager, Human Resources	115,624	152
Boer, Johan	Audit Supervisor	103,656	143
Bove, Tino	Audit Supervisor	102,148	143
Gupta, Tanmay	Audit Supervisor	100,211	142
Tepelenas, Ellen	Audit Supervisor	105,660	143
Wanchuk, Brian	Audit Supervisor	103,656	143

Office of the Auditor General of Ontario

Notes to Financial Statements For the Year Ended March 31, 2013

8. Reconciliation to Public Accounts Volume 1 Basis of Presentation

The Office's Statement of Expenses presented in Volume 1 of the Public Accounts of Ontario was prepared on a basis consistent with the accounting policies followed for the preparation of the Estimates submitted for approval to the Board of Internal Economy, under which purchases of computers and software are expensed in the year of acquisition rather than being capitalized and amortized over their useful lives. Volume 1 also excludes the accrued obligation for employee future benefits and deferred lease inducement recognized in these financial statements. A reconciliation of total expenses reported in Volume 1 to the total expenses reported in these financial statements is as follows:

	2013 \$	2012 \$
Total expenses per Public Accounts Volume 1	15,199,588	15,240,093
purchase of capital assets	(318,598)	(416,564)
amortization of capital assets	316,462	324,489
change in accrued future employee benefit costs	181,000	106,000
amortization of deferred lease inducement	(32,223)	(13,426)
	146,641	499
Total expenses per the Statement of Operations and Accumulated Deficit	15,346,229	15,240,592

Office of the Auditor General of Ontario

Notes to Financial Statements For the Year Ended March 31, 2013

9. Expenses by Activity

	2013				%
	Salaries and Benefits	Other Operating Expenses	Statutory Expenses	Total	
Value for money and special audits	7,699,796	2,044,794	227,785	9,972,375	65.0
Financial Statement audits	3,565,142	1,604,031	30,238	5,199,411	33.9
Government Advertising	125,293	28,238	20,912	174,443	1.1
	<u>11,390,231</u>	<u>3,677,063</u>	<u>278,935</u>	<u>15,346,229</u>	<u>100.0</u>
%	74.2	24.0	1.8	100.0	

	2012				%
	Salaries and Benefits	Other Operating Expenses	Statutory Expenses	Total	
Value for money and special audits	7,417,946	2,233,192	265,415	9,916,553	65.1
Financial Statement audits	3,355,738	1,445,314	24,657	4,825,709	31.7
Pre Election Report	143,502	46,781	131,756	322,039	2.1
Government Advertising	121,425	31,595	23,271	176,291	1.1
	<u>11,038,611</u>	<u>3,756,882</u>	<u>445,099</u>	<u>15,240,592</u>	<u>100.0</u>
%	72.4	24.7	2.9	100.0	

Expenses have been allocated to the Office's three (2012 – four) main activities based primarily on the hours charged to each activity as recorded by staff in the Office's time accounting system, including administrative time and overhead costs that could not otherwise be identified with a specific activity. Expenses incurred for only one activity, such as most travel costs and professional services, are allocated to that activity based on actual billings.

10. Deferred Lease Inducement and Receivable

As part of the lease arrangements for its office premises, the Office negotiated a lease inducement of \$322,225 to be applied to future accommodation costs. This deferred lease inducement is being amortized as a reduction of rent expense on a straight-line basis over the 10-year lease period that commenced November 1, 2011.

11. Budgeted Figures

Budgeted figures were approved by the Board of Internal Economy and were prepared on a modified cash basis of accounting for presentation in Volume 1 of the Public Accounts of Ontario. This differs from Public Sector Accounting Standards, as discussed in Note 8. They are presented for information purposes only and have not been audited.