

Dear Mayor or Chair:

I am seeking written feedback from your local government to assist in the establishment of a Municipal Auditor General office, further to the Province of British Columbia's commitment to create such an office.

The primary benefit of an office of the Municipal Auditor General is increased assurance that taxpayers are getting value-for-money from their local governments—just as they have that assurance through the Office of Auditor General's review of provincial finances. This supports the public interest, provides certainty and predictability to strengthen investor confidence in British Columbia, as well as supporting local governments in their budgeting processes.

This summer, staff with the Ministry of Community, Sport and Cultural Development are consulting with interested parties from across British Columbia on the establishment of the Municipal Auditor General office. Please review the attached survey and provide a response from your council or board. Individual council members or directors are also invited to submit a response.

I would greatly appreciate your response by September 9, 2011. Please return completed surveys to: CSCD.Minister@gov.bc.ca.

The survey responses will enable further conversation at the Union of British Columbia Municipalities' annual convention at the end of September. I look forward to receiving your views. Hearing from your local government is important to the successful implementation of a Municipal Auditor General office.

Sincerely,

"Original Signed By"

Ida Chong, FCGA
Minister of Community, Sport and Cultural Development

Attachment

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: _____
- Name of individual councillor or director (if applicable): _____

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?
- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?
- 3) Who should a Municipal Auditor General report to?
- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?
- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?
- 6) What do you see as the benefits of having an office of the Municipal Auditor General?
- 7) Do you have any additional comments?

Thank you for completing the survey.

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

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- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes):
- This survey response is from a local government council or board (no):
- Name of municipality or regional district: Cowichan Valley
R.D. _____
- Name of individual councillor or director (if applicable): Loren
Duncan

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

To give oversight, checks & balance , with a sense of prudence to the overview of Regional District expenditures.

Regional Districts already have a yearly audit of their accounting, and finances, the Municipal Auditor General needs to look for a certain degree of common sense in the expenditures.

For example, Regional Districts become involved in functions that they should not be in due to downloading and abandonment by the Provincial Government.

The local property tax base is in-elastic and needs to be used for what is local Governments mandate...and not other levels of governments responsibility.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

The Auditor General should focus on what is the mandate of local government and what is the mandate of other levels of government and examine any cross over, particularly downloading and it's appropriateness for local government to assume parts of what has historically been the mandate of higher levels of government.

3) Who should a Municipal Auditor General report to?

First, the public.

Second, the local government.

Third the, Province.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

There should be a responsibility to respond to the Auditors report at both the local government level, as well at the provincial level.

Particularly when the Auditor General finds a pattern of abuse by the Provincial level of government of the local level an appeal should be made directly to the public which ultimately funds and empowers both levels.

This is all with respect for the disconnect that has happened over the last decade between the two levels of government.

For example, the Provincial Governments inattentive response to the overall recommendations and resolutions from UBCM could be fortified by an effective Auditor General who measures the consequences to the diminished

working relationship between the two levels.

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

Perhaps, Improvement Districts

- 6) What do you see as the benefits of having an office of the Municipal Auditor General?
Another way, or avenue, in which dialogue which does not presently occur between the Local government and the Provincial government can be brought about, particularly when the Auditor General shares the data, observations and facts with the public.

- 7) Do you have any additional comments?

Thank you for completing the survey.



The Corporation of the District of Peachland

5806 Beach Avenue
Peachland, BC
V0H 1X7

Phone: 250-767-2647
Fax: 250-767-3433
www.peachland.ca

September 27, 2011

The Honourable Ms. Ida Chong, FCCA
Minister of Community, Sport and Cultural Development
CSCD.Minister@gov.bc.ca

Dear Minister Chong:

RE: Municipal Auditor General

I am writing on behalf of the District of Peachland Municipal Council in regards to the information distributed to British Columbia municipalities in reference to the proposed Municipal Auditor General (MAG) function. Please advise that the District of Peachland Council does not support the addition of a Municipal Auditor General.

Peachland is a small community in the Okanagan with a population under 5,000 and currently employs a staff of approximately 30. Our community is primarily residential, as both Kelowna to the north and Penticton to the south employ the majority of the industry in our region. With a finite tax base, it is difficult to justify additional reporting and auditing requirements which will undoubtedly place additional burdens on our current staff. Not only is each British Columbia municipality different in scope, and are all bound by the same legislation, but to place additional scrutiny on municipalities facing different challenges will be unjust.

British Columbia municipalities are governed by both the *Local Government Act* and the *Community Charter*, and set out specific financial reporting requirements that include annual audits and statutory reporting for various functions. In addition to the statutory reporting, the Inspector of Municipalities regulates various municipal actions including borrowing bylaws, and elector's approval of capital borrowing. An Ombudsman is additionally appointed, ensuring that the public has a safeguard guaranteeing that municipal projects, services and procedures are in their best interests. This scope of accountability has been in place to help service taxpayers and provide the scrutiny necessary to facilitate healthy, strong communities. A new provincial layer of accountability is unnecessary; it will translate into an additional expense for the taxpayer in the end.

Peachland Council has been following the development of the MAG topic since the questionnaire was distributed in July, and to date the majority of municipalities continue to echo the same principles: the MAG will not serve communities; it will only add another layer of bureaucracy. The District of Peachland urges the Ministry to reconsider its commitment to work with UBCM to reconsider its commitment to their proposal and further determine how the MAG process will benefit BC municipalities and taxpayers.

If you have any questions, I would be pleased to comment further. I can be reached at 250-767-2647.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Fielding". The signature is fluid and cursive, with the first name "Keith" and last name "Fielding" clearly distinguishable.

Mayor Keith Fielding
District of Peachland

Cc. District of Peachland Council
Elsie Lemke, CAO
Doug Pryde, Director of Finance

OFFICE OF THE MAYOR

File: 1.1.2.0

September 23, 2011

The Honorable Ida Chong, FCGA
Minister of Community, Sport
and Cultural Development
Room 323
Parliament Buildings
Victoria, BC
V8W 1X4

Dear Ms. Chong:

Subject: Municipal Auditor General

Kitimat Council discussed the establishment of a Municipal Auditor General at our September 19, 2011 Regular Meeting in response to correspondence received from the Town of Golden and the City of Port Coquitlam.

Kitimat Council shares the concerns raised by our colleagues in Golden and Port Coquitlam.

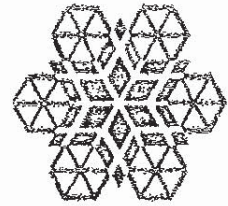
By motion, Kitimat Council asks that, prior to moving forward with establishing a Municipal Auditor General, that the matter be fully studied cooperatively by all stakeholders.

Yours truly,



Joanne Monaghan
Mayor

cc: Honorable Christy Clark



KITIMAT

DISTRICT OF KITIMAT
270 City Centre
Kitimat, British Columbia
Canada V8C 2H7

Phone (250) 632-8900
Fax (250) 632-4995



metrovanouver

Greater Vancouver Regional District • Greater Vancouver Water District

Greater Vancouver Sewerage and Drainage District • Metro Vancouver Housing Corporation

4330 Kingsway, Burnaby, BC, Canada V5H 4G8 604-432-6200 www.metrovanouver.org

Office of the Chair

Tel. 604 432-6215 Fax 604 451-6614

SEP 28 2011

File: CR-07-02-CSCD

The Honourable Ida Chong, Minister
Ministry of Community, Sport and Cultural Development
PO Box 9056 Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister Chong,

Re: Municipal Auditor General

Metro Vancouver's Board of Directors convened on September 23, 2011, our first meeting since the summer break, and considered the proposed establishment of a Municipal Auditor General's office.

The Board shares the concerns raised by the Union of BC Municipalities (UBCM) and will be engaging fully with the rest of the UBCM members as this topic is discussed and debated during the policy forum at the upcoming UBCM Convention. We will be pleased to add any additional Metro Vancouver comments to the UBCM position once it has been articulated.

Respectfully I remain,

Lois E. Jackson
Chair, Metro Vancouver Board

LEJ/JR/tb

cc: Councillor Barbara Steele, President, UBCM
Metro Vancouver member municipalities



CITY OF BURNABY
OFFICE OF THE MAYOR
DEREK R. CORRIGAN
MAYOR

2011 September 08

FILE: 02125-01

Honourable Ida Chong
Minister of Community, Sport and
Cultural Development
P.O. Box 9056 Stn. Prov. Govt.
Victoria, BC V8W 9E2

Dear Minister Chong:

SUBJECT: PROPOSED MUNICIPAL AUDITOR GENERAL OFFICE

Burnaby City Council, at its Open Council meeting held on 2011 August 29, received your correspondence seeking feedback from local government regarding establishment of a Municipal Auditor General Office.

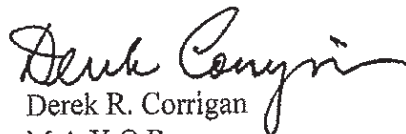
Council expressed concern regarding this matter as your government has not properly identified the problem(s) a Municipal Auditor General is intended to resolve. We are unaware of any issues which would warrant the creation of a Municipal Auditor General Office and therefore believe the more pertinent question is whether this entity is required or needed. Any information you may provide us in response would be appreciated.

We would like to remind you local governments are already required to have a financial plan which requires a public consultation process thereby necessitating financial accountability to our citizens. We conduct both internal and external audits on an annual basis. And, unlike Provincial governments, local governments are required to produce a balanced budget.

Should it actually be determined such a measure is required, Council would suggest your government consider utilizing one of the entities already in place, such as the Office of the Inspector of Municipalities, the Auditor General of BC or the BC Ombudsperson. The creation of a new Municipal Auditor General Office would only add more bureaucracy and another cost burden to the tax payers of the Province. It is our belief the funds required to create a Municipal Auditor General Office would be better used to fund other more worthwhile programs in this Province.

Your consideration of our suggestions is both appreciated and important.

Yours truly,


Derek R. Corrigan
MAYOR

Copied to: Mr. Raj Chouhan, MLA Burnaby-Edmonds
 Hon. Harry Bloy, MLA Burnaby-Lougheed
 Mr. Richard Lee, MLA Burnaby-North
 Mrs. Kathy Corrigan, MLA Burnaby-Deer Lake
 Ms. Barbara Steele, President, Union of British Columbia Municipalities
 Mr. Harry Lali, MLA Fraser-Nicola, Opposition Critic for Community and Rural Development



THE CORPORATION OF THE
DISTRICT OF WEST VANCOUVER
OFFICE OF THE MAYOR

September 19, 2011

File: 0175-01

The Honourable Ida Chong
Minister of Community, Sport and Cultural Development
PO Box 9490 Stn Prov Govt
Victoria, BC V8W 9N7

Dear Madam Minister:

Re: Establishment of Municipal Auditor General Office

The District of West Vancouver Council received your letter and the "Municipal Auditor General Survey" as attached to the email dated July 27, 2011 from Deputy Minister Don Fast. Our Council, at its September 12, 2011 regular meeting received information regarding the establishment of an office of Municipal Auditor General and passed the following motion:

THAT Council undertake to work with the Province and the Union of BC Municipalities to support the establishment of the Office of the Municipal Auditor General.

I have enclosed a copy of a letter that I wrote to the Editor of the Vancouver Sun regarding "A Municipal Auditor General for British Columbia?"

Thank you for the opportunity to provide comment on the establishment of the new office.

Sincerely,

Pamela Goldsmith-Jones,
Mayor

cc: Council

Fazil Mihlar

Editor, Vancouver Sun

September 6, 2011

Dear Fazil,

Re: A Municipal Auditor General for British Columbia?

British Columbians should feel good about the fact that the province is thinking about creating a Municipal Auditor General. Most people believe that an Auditor General is giving them the truth. And, we should support the effort of the Union of BC Municipalities (UBCM) - made up of elected officials from local government and regional districts - to ask direct questions of the provincial government, about what is proposed.

From the point of view of local government the main question for the province is what is the problem the province is seeking to address? That's a good question. Premier Clark, in her Families First agenda, has said that she will create an Office of the Municipal Auditor General, that it will be funded as part of the Auditor General's office, that it will provide advice to local government on financial decisions, provide a measure of accountability, and review the municipal taxation formula.

The province is raising important questions of public accountability and taxpayer's ability to pay. Use of an independent third party to ensure that local government is accountable seems reasonable. I would welcome drawing attention to our annual audits, our balanced budget, the credit rating of local government's Municipal Finance Authority which is the envy of the world, and in West Vancouver's case - and likely many more - six years straight of achieving compliance with the Government Finance Officers' Association (North America) for our annual reporting.

And, where we are challenged, the province is responding to multiple interests in a way that could be quite helpful to local government. Business maintains its interest in reducing the ratio

between its property tax rate and the residential property tax rate. The cost of regional government or agencies like Translink is difficult to get a handle on. Everyone is concerned about labour settlements and executive salaries within government in general. An independent third party may be able to draw attention to issues like these with greater success than politicians or bureaucrats.

On the other hand, an Office of the Municipal Auditor General may not be the best way of bringing greater accountability and best practices to local government. The UBCM's discussion paper expresses concern that the provincial government may be going too far. The UBCM is seeking assurance that the provincial government will respect local government policy choices and jurisdiction and that whatever plan is put in place builds on existing systems (which is what Alberta has done, without implementing a Municipal Auditor General). The UBCM agrees that requiring performance auditing and value for money reviews could be a good thing. It also asks that the province share its research with them, which is entirely reasonable.

Another concern is which level of government pays? Initially the province stated that the Municipal Auditor General would come within the Auditor General's office. More recently it has been suggested that municipalities would have to pick up the tab, which is a very sensitive trigger at the local level. Provincial government downloading has put pressure on our budgets for well over a decade.

Those of us in public service must remember that government has no money of its own. It is the taxpayer who pays the bills we create. We should welcome any form of responsible accountability, as would the taxpayers.

If the provincial government's mind is made up, which it might be since it has indicated that legislation could be tabled this fall, then the UBCM has asked if at least local government could work as partners to develop the Office of the Municipal Auditor General. Given the Premier's commitment to better community consultation, her government can only benefit by collaboration with the UBCM. The UBCM convention at the end of September is the arena to launch this process – it is when all the Mayors, Councillors and Regional Directors come together. We are a representative group of people, and we too have been elected to put the public interest first.

Any Issue of accountability and transparency can only be solved where both levels of government are accountable to one another, and policy is developed in full view. The leadership of Premier Clark on this issue could be seen by both parties as an opportunity to work together. The questions the UBCM is asking should be the beginning of a great relationship – one which we all need.

Sincerely,

Pamela Goldsmith-Jones

Mayor, West Vancouver



September 15, 2011

THE RESORT MUNICIPALITY OF WHISTLER

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Whistler, BC Canada V0N 1B4
www.whistler.ca

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TF 1 866 932 5535
FAX 604 935 8109

Honourable Ida Chong
Minister of Community, Sport and Cultural Development
PO Box 9056
STN PROV GOVT.
Victoria BC V8W 9E2

Dear Minister Chong:

Further to your letter regarding feedback on the Municipal Auditor General office. The following is the Resort Municipality of Whistler's (RMOW) input with respect to the Municipal Auditor General Survey.

The survey response is not from an individual elected official.
This survey response is from a local government council.
The name of the Municipality is: Resort Municipality of Whistler
The name of the individual who filled the survey is non applicable.

1) *What should be the general role or purpose of the Municipal Auditor General?*

The role should focus on value-add activities, such as value-for-money audits and gauging the effectiveness of programs. As the province is aware, municipalities are already required to undergo an external financial audit, so this area is already covered.

2) *What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? Should it identify best practices?)?*

The municipal auditor general is in an unique position to set best practices and raise the general level of effectiveness across all municipalities, through determining best practices and disseminating same through training and instruction.

3) *Who should a Municipal Auditor General report to?*

There are a number of options, a few suggestions might be:

- Standing committee of legislature,
- External board of recognized experts, or
- Provincial auditor general.

4) *What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?*

The RMOW suggests the recommendations and the Municipal Auditor General be included up front in the planning stage (and therefore be part of the financial plan) – the annual report, we feel is too late.

...2

- 5) *Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?*

To the extent that other bodies have taxation authority, they should also be included. If a local body is funded by user fees, we feel it's unnecessary, and they should be excluded.

- 6) *What do you see as the benefits of having an office of the Municipal Auditor General?*

The RMOW sees three benefits:

- Objective review of value-for-money,
- A source of benchmarking comparables, and
- Practical advice for best practices for municipalities to implement.

- 7) *Do you have any additional comments:*

The RMOW is in support of the program. We did have concern around funding of the program, but understand that the Province has indicated it will be funding costs associated with the Municipal Auditor General.

Thank you for giving us the opportunity to provide our comments on this survey. If you require any further information please do not hesitate to contact me at 604.935.8101.

Sincerely,



Ken Melamed
Mayor

CORRESPONDENCE
BRANCH
Received
SEP 28 2011
Sent:
ASSIGN TO:
☐ INFO/FILE
☐ COMMENTS/ADVICE
☐ NECESSARY ACTION
☐ REPLY DIRECT
☐ PREM. BULLETS
☐ MIN. RESPONSE
☐ D.M. RESPONSE

MINISTRY OF COMMUNITY
SPORT AND CULTURAL DEVELOPMENT
MINISTER'S OFFICE
RECEIVED
SEP 26 2011
ROUTE TO:
CC
DRAFT REPLY ☐
REPLY DIRECT ☐
FNA ☒
FILE ☐
FV ☐
RM ☐



HOME OF THE
KILLER WHALE

The Corporation of the Village of Alert Bay

Bag Service 2800, Alert Bay, British Columbia V0N 1A0

TEL: (250) 974-5213 -- FAX: (250) 974-5470

WEBSITE: <http://www.alertbay.ca>

September 20, 2011

Honourable Ida Chong
Minister of Community, Sport and Cultural Development
PO Box 9056, Stn. Provincial Govt.
Victoria, BC V8W 9E2

Dear Minister Chong:

Re: Municipal Auditor General (MAG) Initiative

The Council of the Village of Alert Bay has followed the discussion and responses to this initiative and we are not at all supportive. As others have so well pointed out, we can ill afford a function that, according to the information received to-date, will cost money and time that small communities cannot afford. We are already burdened with much-expanded reporting requirements in addition to our regular and successful annual audits and adding another layer for the sake of gathering statistics is, in our opinion, redundant. Rather, it might be more useful for your Ministry staff to read the information provided within the current reporting mechanisms and audits to extract the needed information and assist, rather than simply auditing, any Municipalities that may have trouble complying.

Unfortunately the Village of Alert Bay will not be sending representatives to this year's UBCM but we would like to add our voice to the growing opposition against the creation of a MAG department within your Ministry.

Sincerely,

Mayor Michael Berry & Council



REGIONAL DISTRICT of Fraser-Fort George

Head Office:
155 George Street
Prince George, BC
V2L 1P8

Telephone:
(250) 980-4400
Long Distance
from within
the Regional District:
1-800-667-1959

Fax: (250) 563-7520

<http://www.rdffg.bc.ca>

Municipalities:
McBride
Mackenzie
Prince George
Valemount

Electoral Areas:
Chilako River-Nechako
Crooked River-Parsnip
Robson Valley-Canoe
Salmon River-Lakes
Tabor Lake-Stone Creek
Willow River-Upper Fraser
Woodpecker-Hixon

September 6, 2011

BOA 1.8

Honourable Ida Chong
Minister of Community, Sports and Cultural Development
PO Box 9056, STN PROV GOVT
Victoria, BC V8W 9E2

Dear Minister Chong:

Thank you for the opportunity to provide feedback on the initiative to introduce a Municipal Auditor General. The matter was discussed at the August 18, 2011 Regular Board Meeting, and directors felt more information was required before an informed opinion could be made.

It is understood that the issue will be part of the agenda at the upcoming Union of BC Municipalities Convention next month. The executive with UBCM has been reviewing the issue and identifying where challenges and solutions may lie, and we would concur with their assertion that the introduction of a Municipal Auditor should be slowed down until the purpose of such an initiative is better known.

Like most Local Governments across BC, the Regional District of Fraser-Fort George adheres to strict financial policies, processes and management. We undergo an extensive audit each year, and forward financial information to the Inspector of Municipalities.

We look forward to further discussion on the matter at the UBCM Convention, as we hope to gain a better understanding of the implications of this new initiative and how it may impact the Regional District of Fraser-Fort George.

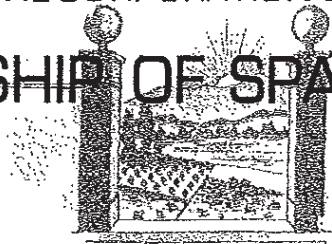
Sincerely,

Art Kaehn
Chair

AK:RM:jg

THE CORPORATION OF THE
TOWNSHIP OF SPALLUMCHEEN

TEL. (250) 546-3013
FAX. (250) 546-8878
OUR FILE NO.



4144 Spallumcheen Way
Spallumcheen, B.C. V0E 1B6

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www.spallumcheentwp.bc.ca

September 12th, 2011

Honorable Ida Chong
Ministry of Community, Sport & Cultural Development
PO Box 9056 Stn Prov Govt
Victoria, BC V8W 9N7

Dear Minister Chong:

Re: Municipal Auditor General Office

This is to advise at the Tuesday, September 6th, 2011 Regular Meeting of Spallumcheen Council the following resolution was supported:

"...That the Township of Spallumcheen Council direct staff to provide a letter response to the Honourable Ida Chong, Minister of Community, Sport and Cultural Development to advise that the Township of Spallumcheen is not in favor of the establishment of a Municipal Auditor General."

It was noted during Council discussion that although the implementation of this office may have a benefit, it was questioned whether this position would only create an additional level of bureaucracy for local governments to report to, which would further inhibit municipal personnel's already heavy work load and deadline schedules.

Thank you for your attention to this matter, if you have any questions in this regard please contact Brian Freeman-Marsh, Chief Financial Officer at 250-546-3013.

Respectfully,

A handwritten signature in black ink, appearing to read 'Cindy Graves'.

Cindy Graves
Deputy Corporate Officer



CITY OF DUNCAN

September 9, 2011

Ida Chong, MLA,
Minister of Community, Sport and Cultural Development
Boom 323
Parliament Buildings
Victoria, BC V8V 1X4

Emailed to: ida.chong.mla@leg.bc.ca

Re: Establishment of a Municipal Auditor General Office

Dear Minister Chong,

Thank you for your recent invitation for Council's response on the establishment of the Municipal Auditor General office.

While the City of Duncan appreciates the essence of this proposal, it will be supporting the Union of BC Municipalities involvement and its work in developing answers to questions around the issue of perceived deficits in municipal accountability and will not be participating in the online survey.

Sincerely,

Phil Kent
Mayor

- The Town of Osoyoos is committed to open and transparent government. To that end, we widely advertise and circulate our proposed 5 year budget plan and annual business and budget prior to adoption in an open council meeting, in accordance with all provincial legislation. In addition, in the past year we hired a consultant to do an independent review of our operations, staffing and financial arrangements. The resulting report was made public and is in the process of being implemented.

Town Council feels that while there may be some savings in a "best practices" model, we don't see how this small office could properly assess the initiatives and make broad recommendations to the whole province.

The Town of Osoyoos would be pleased to provide comment on a detailed provincial "white paper" on this matter. In the interim, we look to our municipal organization, the Union of BC Municipalities (UBCM), to confer with your ministry and staff on our behalf about this matter until we have a more detailed proposal to examine.

If the Ministry was truly looking at efficiency we would suggest an overview of the provincial municipal governance model. Seeing as BC is one of the last areas in North America to govern on a Regional District system there may be better models in use. We understand that this was studied a few years back, but the major stakeholders were the Regional Districts. There was just too much at stake to be fairly evaluated by a self assessment process.

We look forward to hearing more about this proposal at the forthcoming convention of the UBCM.

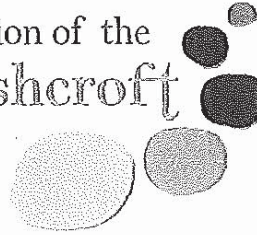
Yours truly,


Stu Wells
Mayor

SW/dc

cc: Council
Barry Romanko, CAO

The Corporation of the Village of Ashcroft



August 25, 2011

Sent via email to: CSCD.Minister@gov.bc.ca

Hon. Ida Chong, FCGA
Minister of Community, Sport and Cultural Development
PO Box 9056 STN PROV GOVT
Victoria, BC V8W 9E2

Dear Minister Chong:

Re: **Municipal Auditor General Survey**

Council for the Village of Ashcroft discussed the implementation of the Office of the Municipal Auditor General at their last meeting and have very strong objections to this proposal. Indeed, it is disrespectful to all local governments to suggest that an entire level of bureaucracy be developed without the identification of specific problems that they are to address and solve.

Local Governments are currently governed by legislation that makes them accountable to their taxpayers and the Province. They embrace the rules, checks and balances that are required to ensure that they are making decisions with their community's best interest in mind. Taxpayers are invited to all Council meetings and special public forums are held annually in conjunction with the preparation of the five year financial plan. Any taxpayer who is unhappy with the actions of their elected officials already has a reporting system in place and can contact the Inspector of Municipalities with their concerns.

In a time when the sustainability of vital programs is in jeopardy due to budget cutbacks and deficits it is insulting to suggest the formation of a new office that does not have a Mission Statement, Policy or other reasons for its existence. The Government has not provided information on how this office will be funded and we can only assume that the funding will be downloaded onto local governments or through funding cuts to other programs.

On behalf of Council and all of the residents of the Village of Ashcroft I urge you to immediately reconsider the formation of this office and instead congratulate local governments on their accomplishments and exceptional level of accountability to their own taxpayers.

Yours truly,

Morley H. (Andy) Anderson,
Mayor

Cc: UBCM

"Wellness Awaits You"

www.ashcroftbc.ca

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Toll Free: 1-877-453-9161
Email: admin@ashcroftbc.ca

May 13, 2011

File: 1680-01

The Honourable Ida Chong
Minister of Community, Sport and Cultural Development
Po Box 9490 Stn Prov Govt
Victoria BC V8W 9N7

- and -

Union of British Columbia Municipalities
#60 - 10551 Shellbridge Way
Richmond, BC V6X 2W9

Dear Sirs/Mesdames:

**Re: Corporate Report R178 - Provincial Initiative Related to the Establishment
of a Municipal Auditor General Office**

The City received a letter and survey dated July 28, 2011 from UBCM with regard to the Minister of Community, Sport and Cultural Development seeking feedback from local governments regarding the establishment of a Municipal Auditor General Office.

At the Regular Council - Public Hearing meeting of Monday, September 12, 2011, Council considered Corporate Report R178 "*Provincial Initiative Related to the Establishment of a Municipal Auditor General Office*" and passed the following resolution:

"That Council:

1. *Receive this Corporate Report R178 as information;*
2. *Support in principle the establishment of a Municipal Auditor General Office subject to the following:*
 - (a) *That this Provincial initiative not be a duplication of services or responsibilities such as the Inspector of Municipalities, the Provincial Ombudsman, and/or the Internal Audit functions of municipalities;*
 - (b) *That municipalities not bear any of the costs associated with this Provincial initiative;*
 - (c) *That the objectives for the MAG Office be clearly defined by the Province;*

- (d) That the MAG Office be structured to work with the Internal Audit Division of a municipality where such a Division has been established by the municipality;
 - (e) That this Initiative not result in the Province limiting local government's ability to establish or adjust property tax rates; and
 - (f) That there be clear guidelines and protocols established with input from municipalities that the MAG Office will follow in relation to its work with municipalities; and
3. Authorize staff to forward a copy of this report and the related Council resolution to:
- (a) the Minister of Community, Sport and Cultural Development, as the City of Surrey's response to the survey being conducted by that Ministry relative to the establishment of a Municipal Auditor General office; and,
 - (b) the UBCM as information."

In accordance with the above resolution, enclosed herewith please find a copy of Corporate Report No. R178, together with the Council Resolution, for your information and/or action.

Yours truly,



Jane Sullivan
City Clerk

JS/la

Enclosure

G. CORPORATE REPORTS

1. The Corporate Reports, under date of September 12, 2011, were considered and dealt with as follows:

Item No. R178	Provincial Initiative Related to the Establishment of a Municipal Auditor General Office File: 1680-01
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The General Manager, Finance and Technology, the City Solicitor and the Manager, Internal Audit submitted a report to provide information about the concept of a Municipal Auditor General Office and to obtain Council approval to forward input from the City to the Minister of Community, Sport and Cultural Development in relation to a survey being conducted by that Ministry relative to the establishment of a Municipal Auditor General Office (MAG).

The General Manager, Finance and Technology, the City Solicitor and the Manager, Internal Audit was recommending approval of the recommendations outlined in the report.

It was	Moved by Councillor Hunt Seconded by Councillor Steele That Council:
--------	--

1. Receive this Corporate Report R178 as information;
2. Support in principle the establishment of a Municipal Auditor General Office subject to the following:
 - (a) That this Provincial initiative not be a duplication of services or responsibilities such as the Inspector of Municipalities, the Provincial Ombudsman, and/or the Internal Audit functions of municipalities;
 - (b) That municipalities not bear any of the costs associated with this Provincial initiative;
 - (c) That the objectives for the MAG Office be clearly defined by the Province;
 - (d) That the MAG Office be structured to work with the Internal Audit Division of a municipality where such a Division has been established by the municipality;
 - (e) That this Initiative not result in the Province limiting local government's ability to establish or adjust property tax rates; and
 - (f) That there be clear guidelines and protocols established with input from municipalities that the MAG Office will follow in relation to its work with municipalities; and

REGULAR COUNCIL – PUBLIC HEARING MINUTES
MONDAY, JULY 25, 2011

3. Authorize staff to forward a copy of this report and the related Council resolution to:
- (a) the Minister of Community, Sport and Cultural Development as the City of Surrey's response to the survey being conducted by that Ministry relative to the establishment of a Municipal Auditor General office; and,
 - (b) the UBCM as information.

Carried



CORPORATE REPORT

NO: R178

COUNCIL DATE: September 12, 2011

REGULAR COUNCIL

TO: Mayor & Council DATE: September 9, 2011

FROM: General Manager, Finance & Technology
City Solicitor
Manager, Internal Audit FILE: 1680-01

SUBJECT: Provincial Initiative Related to the Establishment of a Municipal Auditor
General Office

RECOMMENDATION

The Finance and Technology Department, the Legal Services Division and the Internal Audit Division recommend that Council:

1. Receive this report as information;
2. Support in principle the establishment of a Municipal Auditor General Office subject to the following:
 - a. That this Provincial initiative not be a duplication of services or responsibilities such as the Inspector of Municipalities, the Provincial Ombudsman and/or the Internal Audit functions of municipalities;
 - b. That municipalities not bear any of the costs associated with this Provincial initiative;
 - c. That the objectives for the MAG Office be clearly defined by the Province;
 - d. That the MAG Office be structured to work with the Internal Audit Division of a municipality where such a Division has been established by the municipality;
 - e. That this Initiative not result in the Province limiting local government's ability to establish or adjust property tax rates; and
 - f. That there be clear guidelines and protocols established with input from municipalities that the MAG Office will follow in relation to its work with municipalities; and
3. Authorize staff to forward a copy of this report and the related Council resolution to:
 - a. the Minister of Community, Sport and Cultural Development as the City of Surrey's response to the survey being conducted by that Ministry relative to the establishment of a Municipal Auditor General office; and
 - b. the UBCM as information.

INTENT

The purpose of this report is to provide information about the concept of a Municipal Auditor General Office and to obtain Council approval to forward input from the City to the Minister of Community, Sport and Cultural Development in relation to a survey being conducted by that Ministry relative to the establishment of a Municipal Auditor General Office (MAG).

BACKGROUND

The Minister of Community, Sport and Cultural Development is seeking feedback from local governments regarding the establishment of a MAG. The Minister has stated that the benefits of the MAG would include:

- Increased assurance that taxpayers are getting value-for-money from their local governments;
- Greater certainty and predictability that would strengthen investor confidence; and
- Coordinated support for local governments as they build their annual budgets.

The Ministry has distributed a letter and a survey related to the establishment of a MAG, both of which are attached as Appendix "A" to this report, and has requested that local government Councils respond to the survey so that the responses can be compiled by Ministry staff for discussion at the upcoming Union of British Columbia Municipalities (UBCM) Annual Convention at the end of September. Although the survey responses were to be forwarded to the Ministry by September 9, 2011, staff has been advised by Ministry staff that a City of Surrey response received during the week of September 12, 2011 would be acceptable.

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both financial and performance audits. In the Province of British Columbia, the Office of the Auditor General (AG) of British Columbia takes on this role and is given the relative authority under the Auditor General Act. The AG of BC reports directly to the Legislative Assembly. The AG's key mandate is to audit the Government Reporting Entities (GRE); this includes ministries, crown corporations, universities, health authorities and other public sector organizations that are controlled or accountable to the Provincial Government. The AG of BC has three main functional areas of focus:

- Financial audits;
- Performance audits; and
- Governance and Accountability.

For fiscal 2010/2011, the AG of BC completed 71 audits with an appropriation of \$15.4 million and a staff contingent of 112 full time equivalents.

UBCM Context Paper

UBCM has prepared a Context Paper that provides information to assist local governments in responding to the above-referenced survey. That Context Paper is attached as Appendix "B" to this report. The following is a summary of the key findings of the UBCM as articulated in the Paper.

Considerations for Further Policy Development

Policy Development has been challenged by a process that began with a solution rather than the identification of a problem to be addressed and an analysis of the options to resolve it:

1. The approach carries a risk of creating a new public institution at considerable public cost, which does not address the public policy problem that it is intended to resolve;
2. Problem definition could be enhanced through a review of the local government accountability framework, to consider whether or not the system is performing as intended. If weaknesses are identified, further policy development could be focussed on options to address those weaknesses;
3. Principles could be established that would help to evaluate options to resolve the problem that is to be identified, including both a MAG and alternative options;
4. Principles under consideration by the Province are a good starting point, but policy development could benefit from a broader perspective, and considerations of additional principles, such as:
 - a. Respect for local government policy choices;
 - b. Respect for jurisdiction;
 - c. Build on existing systems; and
 - d. Maximize public accountability benefits while respecting local autonomy and recognizing local capacity.

Local Government Financial Accountability System in BC

While different, the local government and provincial accountability systems in BC compare favourably:

1. The Provincial system relies more heavily on performance measurement and performance auditing; but the local government system is heavily reliant on statutory limitations imposed by the Province, and direct provincial oversight roles.
2. The Role of the Inspector of Municipalities is a significant component of the overall accountability system for local government and there is no equivalent in the Provincial system. Significant powers of the Inspector include the following:
 - a. Requirement of local government to provide financial information;
 - b. Requirement for local government auditors to provide further reports; and
 - c. Ability to hold an inquiry into any local government matter, which may ultimately result in a Cabinet Order that is binding on local government.

Deficit Budgets:

In the context of financial responsibilities and accountabilities, there is one very fundamental and significant difference between local governments in comparison to the federal and provincial governments. Local governments in BC are not permitted by law to budget for annual deficits while both the federal or provincial governments do not have such a restriction upon them. Currently, the Province of BC has budgeted for an annual deficit of approximately \$925 million. The current projected annual deficit for the Province is \$2.8 billion. Similarly, the Federal government's current annual budget includes a budgeted deficit, which is currently projected at \$32.8 billion.

Annual Spending by Orders of Government:

A further point of comparison between orders of government is the magnitude of their expenditures. The City of Surrey's operating budget for 2011 calls for expenditures of approximately \$800 per Surrey resident. By comparison the current provincial annual budget calls for expenditures of approximately \$10,000 per capita (i.e., over 10 times the amount per capita that the City of Surrey will spend this year).

Municipal Auditors General in other Canadian Provinces

MAGs are only required for municipalities in Nova Scotia (Nova Scotia introduced in 2008 legislation to appoint a MAG, although full implementation has not yet occurred), municipalities in Quebec with a population of more than 100,000, and for the City of Toronto. Specific statutory provisions for Ontario and Winnipeg, and generalized statutory powers in Alberta and BC allow local governments to establish a MAG and assign duties to the Office.

Duties include compliance and performance auditing. Auditors are typically prohibited from commenting on government policy and do not typically have the power to enforce recommendations. Most MAGs are appointed by and report to municipal Councils.

DISCUSSION

Openness and transparency at all levels of government is important to maintaining public trust. Surrey continues to achieve favourable results in unsolicited third party reviews when compared to other municipalities across Canada and boasts the lowest municipal taxes per capita (\$481) in the Lower Mainland. Similarly, Surrey's property taxes for an average single family dwelling (\$1,371) and the percentage of the total annual property tax levy collected by the City of Surrey from business (31%) in comparison to the percentage collected from residential development (69%) are the most favourable in the region.

The graphs attached to this report as Appendices "C", "D" and "E", respectively provide information about how the City of Surrey compares from a property tax perspective in relation to other cities in the lower mainland. Appendix "F" provides information on how the City of Surrey compares from a property tax perspective in relation to other Canadian cities.

The City of Surrey has received from the Government Finance Officers Association of Canada an annual award for the quality of its financial reporting every year since 1996, which demonstrates the City's commitment to open, transparent and accountable financial reporting.

Cost of MAG Office

BC has a combined total of 180 local governments and regional districts. For a MAG to provide a reasonable level of service to this number of jurisdictions could require a fairly significant complement of staff, which could be costly and could become quite bureaucratic due to scale. Even though the annual cost of the Office should be the responsibility of the Province, the overall cost of any process should not outweigh the benefits that the process is targeted at achieving. In this circumstance, since there is no definition of the problem or opportunity that is intended to be addressed by the MAG, it is difficult to determine whether the establishment of such an Office is appropriate and would be the most cost effective approach.

The City of Surrey has introduced many innovative efficiencies that have helped to keep expenditures in check as evidenced by the City's relatively low taxes and related tax rates. The City of Surrey also has a relatively sophisticated expenditure control systems and governance in place. For example, the City of Surrey has an Internal Audit Division that conducts both regular and random audits of the City's operations to ensure that internal controls are effective and that provides advice on possible performance improvements to Departments. As such, the City of Surrey may not materially benefit from the introduction of a MAG; however, smaller municipalities may benefit more from the establishment of a MAG than larger municipalities such as Surrey.

Duplication of Effort

The Inspector of Municipalities currently provides oversight to local governments as outlined in the UBCM context paper. In addition, the Provincial Ombudsman investigates complaints that citizens may have regarding their experiences with local governments. As noted above, some local governments, such as the City of Surrey, have implemented an internal audit function that is responsible for operational, compliance and performance audits. The creation of a MAG could end up to be a duplication of these existing functions.

The Community Charter outlines financial limitations with which local governments must comply. Part 6 is dedicated to 'Financial Management' and specifically requires local governments to:

- a. Enter into a public process prior to adopting an annual Five Year Financial Plan;
- b. Set objectives and establish policy around funding sources such as the distribution of property value taxes across property classes;
- c. Report Council remuneration and expenses; and
- d. Appoint a municipal auditor who must report to Council on the annual financial statements.

Responses to the Survey Questions

1. *What should be the general role or purposes of the Municipal Auditor General?*

It is difficult to determine the role of such an Office without first understanding the problem it is intended to address; however, if a MAG is established its the role and purpose should be separate and distinct from both the Inspector of Municipalities and the Provincial Ombudsman and should not duplicate the roles and duties of other entities.

2. *What specific functions or duties should the MAG have?*

Typically an audit function includes financial and/or performance audits. The identification of best practices would typically require specific expertise that is obtained through third parties.

3. *To whom should the MAG report?*

Since the MAG is a provincial initiative, if it is established it should be funded provincially and should probably report to a Minister.

4. *What should be done with the recommendations made by a MAG as a result of an audit?*

Recommendations made as a result of an audit should be provided to the local council for consideration. Where findings have broader applicability they should be disseminated by means of appropriate communications to all local governments. In some circumstances, findings may suggest the need for legislative amendments in which case they should be forwarded to the appropriate provincial Ministry for consideration.

5. *Should the MAG have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies?*

It is difficult to determine the role of such an Office without first understanding the problem it is intended to address; however, if a MAG is established its role and purpose should be separate and distinct from both the Inspector of Municipalities and the Provincial Ombudsman and should not duplicate the roles and duties of other entities.

6. *What do you see as the benefits of having an office of the MAG?*

The MAG may have benefit to local governments that do not have established Internal Audit functions within their organization; more typical of smaller local governments. It is imperative that a decision with respect to the establishment of a MAG office be based on an objective determination that the value of the benefits to society derived from of the MAG office clearly and significantly outweigh its costs. There is a strong focus by all orders of government on "reducing red tape" and the establishment of new elements of bureaucracy such as a MAG Office in principle run counter to this focus.

CONCLUSION

The City of Surrey is very supportive of openness and transparency by all orders of government and of the sharing of best practices throughout the province to ensure that public resources are used effectively.

Based on the information contained in this report, it is recommended that Council:

- Support in principle the establishment of a Municipal Auditor General Office subject to the following:
 - That this Provincial initiative not result in a duplication of services or responsibilities such as those of the Inspector of Municipalities, the Provincial Ombudsman and/or the Internal Audit functions of municipalities;
 - That municipalities not bear any of the costs associated with this Provincial initiative;
 - That the objectives for the MAG Office be clearly defined by the Province;
 - That the MAG Office be structured to work with the Internal Audit Division of a municipality where such a Division has been established by the municipality;
 - That this Initiative not result in the Province limiting local government's ability to establish or adjust property tax rates; and
 - That there be clear guidelines and protocols established with input from municipalities that the MAG Office will follow in relation to its work with municipalities; and

- Authorize staff to forward a copy of this report and the related Council resolution to:
 - the Minister of Community, Sport and Cultural Development as the City of Surrey's response to the survey being conducted by that Ministry relative to the establishment of a Municipal Auditor General office; and
 - the UBCM as information.



Vivienne Wilke
General Manager,
Finance & Technology



Craig MacFarlane
City Solicitor



Kam Grewal
Manager, Internal Audit

Attachments:

- Appendix "A": Letter and Survey from the Minister of Community, Sport and Cultural Development Related to the Establishment of a Municipal Auditor General Office
- Appendix "B": Context Paper prepared by the UBCM titled "Municipal Auditor General Context Paper" dated July 2011
- Appendix "C": 2010 Tax Comparison Chart - Per Capita
- Appendix "D": 2010 Tax Comparison Chart - Residential
- Appendix "E": 2010 Tax Comparison Chart - Typical Business
- Appendix "F": 2010 Municipal Property Tax Chart - For A Sample House 2010 - Canadian Comparison

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- It should not duplicate the existing accountability framework for local government;
- It should have independence and credibility;
- It should be cost effective, and;
- It should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: _____
- Name of individual councillor or director (if applicable): _____

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?
- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?
- 3) Who should a Municipal Auditor General report to?
- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?
- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?
- 6) What do you see as the benefits of having an office of the Municipal Auditor General?
- 7) Do you have any additional comments?

Thank you for completing the survey.

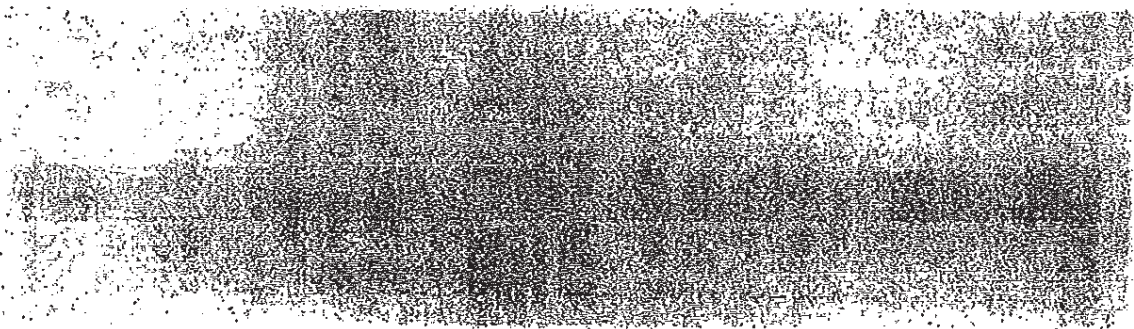
Municipal Auditor General Context Paper

**Background and context to the proposed
Office of the Municipal Auditor General under
consideration by the Province of British Columbia**

Prepared by: Union of British Columbia Municipalities



July, 2011





EXECUTIVE SUMMARY

The Honourable Ida Chong, Minister of Community, Sport and Cultural Development, is surveying local governments about the design of a proposed Office of the Municipal Auditor General (MAG) in BC. The Minister has also invited us to share our views on MAG with her colleagues. This paper provides information to local governments to support these activities.

UBCM has declared a strong local government interest in a robust accountability system to the Minister and her staff, and has stressed that the MAG questions it poses should not be taken as questioning the need for local government accountability. Rather, UBCM is seeking clarity about what gaps there are in the existing accountability system, and if there are gaps, whether a MAG is the best corrective action.

The paper sets out UBCM's preliminary policy analysis, with the following key findings:

CONSIDERATIONS FOR FURTHER POLICY DEVELOPMENT

- Policy development has been challenged by a process that began with a solution rather than the identification of a problem to be addressed and an analysis of the options to resolve it.
- The approach carries a risk of creating a new public institution at considerable public cost, which does not address the public policy problem that it is intended to resolve.
- Problem definition could be enhanced through a review of the local government accountability framework, to consider whether or not the system is performing as intended. If weaknesses are identified, further policy development could be focused on options to address those weaknesses.
- Principles could be established that would help to evaluate options to resolve the problem that is to be identified, including both a MAG and alternative options.
- Principles under consideration by the Province are a good starting point, but policy development could benefit from a broader perspective, and consideration of additional principles, such as: *Respect for local government policy choices; Respect for jurisdiction; Build on existing systems; and Maximize public accountability benefits while respecting local autonomy and recognizing local capacity.*

LOCAL GOVERNMENT FINANCIAL ACCOUNTABILITY SYSTEM IN BC

- While different, the local government and provincial accountability systems in BC compare favourably. The Provincial system relies more heavily on performance measurement and performance auditing; but the local government system is heavily reliant on statutory limitations imposed by the Province, and direct Provincial oversight roles.
- The Role of the Inspector of Municipalities is a significant component of the overall accountability system for local governments, and there is no equivalent in the Provincial system. Significant powers of the Inspector include: require local governments to provide financial information; require local government auditors to provide further reports; and ability to hold an inquiry into any local government matter, which may ultimately result in a Cabinet Order that is binding on the local government.

MUNICIPAL AUDITORS GENERAL IN CANADIAN PROVINCES

- MAGs are only required for municipalities in Nova Scotia, municipalities over 100,000 in Quebec, and for the City of Toronto; specific statutory provisions Ontario and for Winnipeg, and generalized statutory powers in Alberta and BC allow local government to establish a MAG and assign duties to the Office.
- Duties include compliance and performance auditing; auditors are typically prohibited from commenting on government policy and do not typically have the power to enforce recommendations.
- Most MAGs are appointed by, and report to, municipal Councils; the Nova Scotia MAG is to be appointed by the Minister, and report to Council(s) with a copy to the Minister.



INTRODUCTION

The Ministry of Community, Sport and Cultural Development (the Ministry) is engaged in policy development work towards the implementation of an Office of the Municipal Auditor General (MAG)¹ commitment made by Premier Clark.

UBCM does not have specific policy direction from the membership on a MAG, so has begun research and policy development work prior to seeking that direction, most likely through a Policy Paper to be presented for consideration at the next Convention.

The Minister has asked for a session at Convention, and is conducting a survey of Councils and Boards on various aspects of a MAG prior to Convention, in order that the results of the survey can be used to shape the Convention session.

UBCM is aware that information provided by the Minister in conjunction with the survey is brief. Consequently, UBCM has prepared this Municipal Auditor General Context Paper in order to provide further information to Councils and Boards as they consider their responses to the survey.

The paper identifies our early findings in relation to MAG across Canada, sets out the local government financial accountability framework in BC, and considers what further policy development work is needed.

It should be noted that UBCM's policy development on this file is just beginning, and as such, the paper identifies some information gaps. We apologize for these information gaps, and commit to a more fulsome discussion in the Policy Paper.

This paper presents UBCM's initial research relating to Auditors General and Municipal Auditors General across Canada; and the local government financial accountability framework in British Columbia; along with considerations relating to further policy development work.

The paper is intended to inform discussions of local government Councils and Boards as they consider responses to a survey on the proposed BC Municipal Auditor General from the Minister of Community, Sport and Cultural Development.

As well, this paper is intended to assist members as they prepare for a broader public discussion of the initiative within their communities.

This paper is not intended to influence the outcomes of Council and Board discussions in response to the Minister's MAG survey, but merely to inform them.

Local governments may also find the paper useful as they prepare for further discussions on MAG within their communities or with Members of the Legislative Assembly.

¹ While the commitments related to a Municipal Auditor General made by Premier Clark refer to municipalities only, the Minister's survey was directed to both municipalities and regional districts, and asks for feedback on whether the MAG should have authority to audit "just municipalities and regional districts, or should the office also have authority over other local bodies". Consequently, local governments are advised to consider that the discussion includes all local governments, despite language that would suggest that the MAG is intended only for municipalities.



PROVINCIAL POLICY DEVELOPMENT AND DISCUSSIONS WITH UBCM

The impetus behind the Province's policy development on the MAG file is the Premier's stated intention to implement an Office of the MAG. This intention was first expressed in a speech to the BC Chamber of Commerce, and later featured in the Families First Agenda.

Creating an Office of the MAG is one element of the Families First Agenda commitments related to the review of municipal taxation, but there are others, including funding the office as

Families First Agenda Review Municipal Taxation

Our government will:

- Create an Office of the Municipal Auditor General.
- Fund the office as part of the Auditor General's Office. The office will provide advice on financial decisions and provide a measure of accountability.
- Review the municipal taxation formula.
- Work with the Union of B.C. Municipalities to ensure municipalities are properly funded and communities can provide the services British Columbians want from local government.

part of the Provincial Auditor General's office, reviewing the municipal taxation formula, and ensuring municipalities are properly funded.

UBCM has offered to participate in a joint Provincial/UBCM policy development process related to the MAG. To date the Province has not agreed to such a joint process. Consequently, UBCM is reliant on discussions with Minister Chong and her staff to become informed on the Province's policy development process and timelines.

Discussions between the Ministry and UBCM began in June, and Minister Chong and her senior staff devoted 2 hours to a discussion of the MAG with UBCM Executive on July 22.

Highlights of the Minister's July 22 Discussion with Executive

- Executive expressed concern about the lack of consultation with UBCM and local governments; the Minister clarified that consultations are ongoing and that government has not yet taken a position on the MAG;
- MAG is part of the Premier's platform and a key priority for the Ministry. The Minister is responsible for its implementation. No specific implementation timelines were given, but the Minister indicated it would likely not be ready for a Fall 2011 Legislative Session;
- Ministry officials indicated that although the local government accountability framework was strong, it could be strengthened, particularly in relation to performance auditing;
- Ministry research into MAG models found nothing suitable for BC; research is still underway; they are seeking input from local government, business and ratepayer groups on design;
- The Minister indicated that MAG was not intended to question local government accountability to the public, but rather to find best practices which could support local governments;
- The Ministry noted that AGs are usually precluded from a review of policy decisions of elected officials; no assurances were given that the design of a BC MAG would ensure this; the Minister indicated the MAG would initially be responsible for value for money auditing and best practices, but that further roles, including a municipal tax review, if suggested by the MAG, might be considered;



Highlights of the Minister's July 22 discussion with Executive, continued

- Executive asked for a commitment to undertake policy development on the Premier's commitment to ensure local governments are properly funded in parallel with policy development on MAG, since both issues have been connected by the Premier in the Families First Agenda; the Minister declined to make that commitment, stating a preference to ensure implementation of MAG was not delayed by dealing with the more complex issue of local government funding at the same time;
- Executive asked about the Premier's commitment that MAG be funded as part of the Provincial Auditor General's office; the Ministry advised that those decisions have not yet been made, and that they are gathering information about whether this would be appropriate;
- Executive asked the Minister to identify the problem MAG was intended to resolve, how MAG fits into the overall local government accountability system, what gaps there were in that system, if any, and whether any consideration had been given to strengthening existing mechanisms as an alternative to developing a new Office of the MAG if there were gaps. The Minister stated that specific problems may only come to light once a MAG is in place, but that a MAG will produce benefits by finding efficiencies and best practices to help local governments do things better;
- The Minister indicated her intention to survey local governments on various elements of the MAG prior to Convention, in order to use the results to help shape a Ministry session on MAG at Convention. In addition, the Minister invited UBCM to share its views on MAG with all of her colleagues.

UBCM RESEARCH AND POLICY DEVELOPMENT TO DATE

Extent of MAG in Canada

Nova Scotia legislation requires a MAG for all municipalities, although only the legislation specific to Halifax has been implemented. Discussions are ongoing between the Union of Nova Scotia Municipalities and the Province about how best to implement the 2008 legislation for all other municipalities.

The only other MAG requirements in Canada are for municipalities with populations greater than 100,000 in Quebec, and for the City of Toronto.

Both Ontario municipalities and the City of Winnipeg are specifically empowered to appoint a MAG, but are not required to do so (examples of those that have are Ottawa and Oshawa). More generalized legislative authority allows Alberta and BC local governments to appoint a MAG, and this power has been used by Edmonton and Calgary.

The legislative provisions relating to BC local governments warrant discussion. While there is no specific authority for a BC local government to appoint a MAG, the audit provisions relating to both municipalities and regional districts allow Councils and Boards to require reports (in addition to the required financial statement reports) from their auditors. This would allow Councils/Boards to require such things as performance audits. In addition, the natural persons powers of municipalities and broad corporate powers of regional districts should be sufficient for Councils/Boards to establish an Office of the MAG and assign duties to that Office, if they so choose.

Legislation to require a MAG for all Alberta municipalities was introduced in 2009 and subsequently dropped in favour of other measures that the Minister stated "would meet the intent of the Bill with current resources and without the creation of a new government body". The proposed alternatives to the creation of a MAG in Alberta are: rotating municipal corporate reviews; reviewing auditor independence; establishing an information portal to enhance public access to municipal financial information; and releasing recommendations made in audit letters.

This table shows an initial scan of MAG legislation for Canadian provinces:

Where required	Local government empowered to appoint MAG	No provision for MAG (yet)
Nova Scotia (all)	BC (through general corporate powers)	Saskatchewan
Quebec (over 100,000)	Alberta (through general officer powers)	Manitoba (except Winnipeg)
Toronto	Ontario (specific provisions)	Quebec (under 100,000)
	Winnipeg (specific provisions)	New Brunswick
		Prince Edward Island
		Newfoundland

Typical powers/duties, restrictions and reporting relationships of Auditors General

Early research into the structure of Auditor General (AG) and MAGs, where they are authorized or required, indicated that they typically undertake the following core functions:

- Compliance auditing: to determine whether financial and administrative rules have been complied with;
- Performance auditing²: to determine whether money was spent with due regard for economy and efficiency and whether appropriate procedures are in place to measure and report on the effectiveness of government programs; and
- Some form of special examinations at the discretion of the AG/MAG or upon request of the governing body of the entity being audited.

All federal and provincial AGs are also responsible for attest audits (i.e. to provide an opinion on the fair representation of the government's financial statements in accordance with applicable accounting rules). External auditors carry out this function for local governments, and MAG legislation typically excludes this from MAG responsibilities.

² While the scan did not indicate a specific requirement for a MAG or specific municipal empowerment to appoint a MAG, local governments in these provinces may have sufficient generalized powers to appoint a MAG, under the same types of authorities as are available in Alberta and BC. Consequently, research into more generalize legislative powers that could be used for this purpose would be required before making a final determination as to the ability of local governments in these provinces to appoint a MAG.

³ Some statutes refer to "Performance Auditing" whereas others refer to "Value for Money Auditing". While there may be some technical differences, for the purposes of this discussion they can be considered parallel terms; therefore, for simplicity, we refer to both as "Performance Auditing".



In addition, some AGs/MAGs have duties/powers not listed above (e.g. some MAGs take on internal audit functions, some provincial AGs have customized review powers in areas of significance to that Province, such as government advertising or environmental stewardship).

AGs and MAGs are typically precluded from making comment on government policy. That is, they may consider how policy is implemented, how effectiveness is measured, etc, but cannot comment on the policy itself.

For instance, an AG would not report on whether or not a program or service should be undertaken or the extent of the program or service (since that is a matter of government policy) but could report on how well the program or service was meeting the objectives that it was intended to achieve. Similarly, it would not be typical for an AG/MAG to report on whether a government body should be undertaking a program or service on its own or in partnership with other governments.

All the research thus far indicates that AGs and MAGs are empowered to investigate, report and make recommendations. None of the legislation examined indicates that the powers of an AG or MAG extend to require compliance with recommendations.

Further, all of the research to date has indicated that AGs and MAGs are concerned only with the government entity being audited, along with other related government organizations, corporations, or grant recipients. That is, in undertaking duties such as performance auditing, the AG/MAG did not compare whether government entity A was getting better value for money than government entity B.

Finally, all AGs were appointed by the elected body representing the government entity being audited, and report to that body. Most MAGs have this same appointment and reporting structure (i.e. they are appointed by, and report to, the municipal Council). The one exception is the yet to be implemented MAG for Nova Scotia municipalities, which will be appointed by the Minister, and which will report to the Council(s) being audited with a copy of all reports to the Minister.

Canadian Auditors General and Municipal Auditors General

Typical Duties: compliance audit; performance audit; attest audit (AGs only; not typical for MAGs); special examinations; some customized powers.

All AGs and MAGs studied are precluded from reporting on government policy.

No AGs or MAGs studied have the power to enforce their recommendations.

No AGs or MAGs studied compared the government entity being audited with other government entities to determine their comparative performance.

All provincial AGs were appointed by the Legislative Assembly and reported to that body.

All MAGs studied were appointed by Council and reported to Council, except for Nova Scotia where the MAG is appointed by the Minister and reports to the municipality being audited, with a copy of the report to the Minister.

Municipal Auditor General Context Paper – July, 2011

Financial accountability framework for BC local governments

UBCM is in the process of reviewing the financial accountability framework for BC local governments and comparing this to the financial accountability system applicable to the Province of BC.

One element that has drawn the attention of Provincial officials is that the local government system lacks mandatory performance auditing, whereas this is included in the provincial system, with the function carried out by the Auditor General. The lack of performance auditing in the local government system has been cited as a weakness of that system.

However, in order to evaluate whether or not the lack of mandated performance auditing is truly a weakness, the system needs to be evaluated as a whole to determine if it is operating efficiently and effectively. Considering one component of a complex system in isolation cannot give a complete picture of the adequacy of the checks and balances in the system.

The following table presents a summary of research to date.

	Local Government System	Provincial Government System
Statutorily provided responsibilities	5 year financial planning; expenditures limited to plan; ethical conduct for elected officials	Similar financial planning requirements (i.e., Estimates); expenditures limited to plan; ethical conduct provisions for elected officials are comparable
Statutory limits	Cannot budget for a deficit; no long term borrowing for operating; limitations on aggregate liabilities and/or debt servicing limits	Borrowing is not restricted to capital purposes; there is some history of balanced budget legislation, although since this is enacted by the Province, it can also be amended or repealed by the Province at its discretion.
Audit	External auditor responsible for attest/financial audit, and other reports required by Council, Board or Inspector, or on auditor's initiative	Auditor General responsible for attest/financial audits, performance audits, some compliance auditing, and special reports as required by the Legislative Assembly, or on the AG's initiative
Transparency and openness	Most meetings open, financial and performance reporting, specific expenditure reporting, access to information	More robust performance reporting requirements; parallel FOI rules except for arguably broader exclusions given the nature of the Cabinet system; similarly, while Legislative Assembly debates are open, Cabinet discussions are not, making local government decision-making arguably more open than Provincial decision-making
Public Participation	Some direct public participation mechanisms (borrowing, RD services); financial plan consultation; opportunities at annual meeting	<i>Recall and Initiative Act</i> provides opportunity for electors to initiate a legislative proposal on any matter within the jurisdiction of the Legislature
Third Party Oversight	Ombudsperson; Inspector of Municipalities (binding orders); Commissioner (replaces Council/Board)	Ombudsperson (which can make recommendations) is an exact parallel. No equivalent of the Inspector of Municipalities or Commissioner.



While different, the two accountability systems appear to compare favourably. The Provincial system relies more heavily on performance measurement and performance auditing; but the local government system is heavily reliant on statutory limitations imposed by the Province; and Provincial oversight roles, including the Inspector of Municipalities.

Role of the Office of the Inspector of Municipalities

The role of the Inspector of Municipalities deserves some discussion with respect to the oversight powers afforded the Office, since the powers provided to the Inspector add considerably to the checks and balances in the overall system.

The Inspector is responsible for approving a range of local government bylaws, primarily with respect to borrowing, establishment of services within Regional Districts, and some fees and charges. This approval provides a measure of assurance of compliance with applicable rules and restrictions.

Local governments are required to submit their financial statements to the Inspector, along with any other information the Inspector requests. This information is used to prepare and publish a range of local government financial statistics, including revenues, expenses, and tax rates, affording considerable centralized public access to local government financial information.

The Inspector may require a local government auditor to provide a report on any matter. In addition, upon request of the Inspector, the auditor must forward any recorded communication in relation to these reports.

With the approval of Cabinet, the Inspector may hold an inquiry into any local government matter, if the Inspector believes it to be expedient, or if a complaint is made to the Inspector about a matter of local government business. Powers related to inquiries include compelling witnesses and requiring documents, as well as powers to direct actions of the Board or Council, or suspend officers and employees.

The Inspector must report to Cabinet on the inquiry, and make recommendations in relation to it. Cabinet may then make any Order it believes is in the public interest, which is binding on the local government. The power to make Orders that are binding on the local government is an extremely significant component in the accountability system.

While the powers to require local government auditors to report to the Inspector and the Inspector's power to hold an inquiry are rarely used, they should not be discounted in the context of the strength they add to the overall local government accountability framework.

Role of the Inspector of Municipalities

- Formal approval/review role for:
Borrowing, some fees and charges (e.g., DCC); RD service establishment bylaws;
RD requisitions in rural areas
- Require that financial statements and any other financial information the Inspector requests be sent to Province; Province annually publishes local government statistics based on the financial information provided under this provision
- May require the local government auditor to make further reports
- May hold an inquiry into any local government matter; report to Cabinet on that inquiry, and make recommendations to Cabinet, after which Cabinet may make an Order which is binding on the local government



CONSIDERATIONS RELATING TO FURTHER POLICY DEVELOPMENT

Problem definition

Policy development on this initiative has been challenged by a process that began with a solution (i.e., MAG) rather than identification of a problem to be addressed and analysis of the options to resolve the problem. Adding to this challenge is the solicitation of views of interested parties about specific design elements of the solution, such as powers of the MAG, appropriate reporting relationships, etc, rather than a more broadly based problem identification exercise.

Since the problem is not well defined, there is a natural tendency for those asked about MAG design elements to suggest that the Office be used to resolve a broad range of things that they may perceive as problems. Without considerable policy analysis, this could result in powers bestowed on a MAG that would not be typical of such an Office.

Examples of MAG functions that would be atypical

Considerable recent discussion about municipal taxation may have prompted suggestions that a MAG could review the municipal taxation system, or individual municipal tax decisions. Based on our research to date, these would be atypical functions for an AG or MAG, and not be in keeping with the usual practice of precluding AGs/MAGs from reporting on government policy, given that design of the municipal tax system is a matter of Provincial policy and tax policy decisions at a local level are matters of local government policy.

Similarly, making recommendations in relation to governance, local government amalgamations or the efficiencies of joint or shared service delivery would be atypical of AGs/MAGs. Decisions about what types of services a local government offers, appropriate service levels, and methods of delivery are matters of government policy, as are decisions about whether or not to amalgamate service delivery amongst two or more local governments.

Further, this approach to policy development carries a risk of creating a new public institution at considerable public cost, which does not address the public policy problem that it is intended to resolve.

Problem definition could be enhanced through a more thorough review of the local government accountability framework in BC, to consider whether or not the system is performing its intended purpose of providing sufficient public accountability for local governments. If weaknesses are identified, then further policy development could be focused on options to address those weaknesses.

Problem Definition

Is the problem that is being considered a weakness in the local government financial accountability system, or is this initiative working towards resolution of a different problem?

If the problem is a weakness in the accountability system, what is the weakness?

If there is another problem to be addressed, what is it?

Principles development

The Province has suggested that the design of the MAG office should be guided by a number of principles, as set out in the text box below.

Provincial suggestions of principles to keep in mind in designing the Office of the new MAG:

- It should not duplicate the existing accountability framework for local government;
- It should have independence and credibility;
- It should be cost effective; and
- It should be accountable to the taxpayer (e.g., by making information publicly available).

Development of principles to guide the evaluation of options to resolve the problem, after the problem has been identified, is a good idea.

Principles could be established that would not only be useful to evaluate various design options for a MAG, but also to evaluate alternative options to resolve the problem if one is identified.

In this way, the various MAG design choices can be compared against alternative options to determine which, if any, of the MAG choices are the preferred option, or whether alternative options are in better alignment with the principles.

As part of its policy development towards a Policy Paper for consideration at Convention, UBCM will be considering principles that could guide policy development and options evaluation. While principles such as those suggested by the Province are a good starting point, policy development could benefit from a broader perspective, and consideration of additional principles, such as:

Principle	How the principle might be applied
Respect for government policy choices	Ensure that, like other AG and MAG legislation, a BC MAG would be precluded from reporting on local government policy choices.
Respect for jurisdiction	Ensure that individual local governments are treated as separate government entities, since they are autonomous, responsible and accountable orders of government. Once a problem is identified, look to resolving the problem first through use of existing institutions / systems, rather than creating new institutions and bureaucracy.
Build on existing systems	Evaluate alternatives not only by how well they are able to overcome identified gaps in the local government accountability framework, but also by their ability to maintain local autonomy and their practicality given the range of local government capacity.
Maximize public accountability benefits while respecting local autonomy and recognizing local capacity	

CONCLUSIONS

Further policy analysis is needed in order to properly identify the problem to be resolved and the best options to resolve it. UBCM is actively engaged in policy work towards that goal. Executive looks forward to presenting a Policy Paper on this issue for consideration of the membership in September. In the meantime, we are hopeful that the information provided in this paper has been useful to members as they actively engage in discussion of this initiative in their communities, and as they respond to the Minister's invitation to provide feedback.



MEMBER RELEASE

July 28, 2011

TO: Mayor and Council | Chair and Board | Senior Staff
FROM: Councillor Barbara Steele, President
RE: MUNICIPAL AUDITOR GENERAL UPDATE

Summary

UBCM has been advised that the Minister is surveying local governments about the proposed Office of the Municipal Auditor General (MAG). The attached MAG Context Paper is a UBCM document intended to support Council/Board discussions as they prepare their responses to the survey.

The Minister has also invited us to share our views on MAG with her colleagues.

The Context Paper may also be useful if local governments wish to conduct MAG discussions more broadly within their communities or with Members of the Legislative Assembly.

Background

My June 27 Member Release provided information about the Office of the MAG work underway by the Ministry of Community, Sport and Cultural Development. In that Release, I made a commitment to update the membership as new information became available.

Minister Chong spoke with Executive about MAG on July 22. This Member Release provides a MAG update focusing on that discussion.

Minister/Executive Discussion

Executive appreciates the two hours the Minister and her staff devoted to the MAG discussion, which allowed for considerable dialogue on the issue.

The Minister made it clear that she is responsible for implementing the MAG commitment made by the Premier, and that she is interested in receiving views on such matter as: the Office's roles, duties and functions; to whom it should report; and how it should be funded.

Executive stated that it was not in a position to speak on behalf of the membership on this issue, due to the lack of specific policy direction at this time, but indicated that it was seeking that direction at the next Convention.

Executive stressed that local governments have a strong interest in a robust accountability system, and that questions it has posed about MAG should not be taken as questioning the need for local government accountability. Rather, Executive was seeking some clarity about what, if any, gaps there are in the existing accountability system, and if there are gaps, whether a MAG is the best corrective measure.

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Consequently, Executive raised questions about: what problem the MAG is intended to resolve; whether the MAG was the best mechanism to resolve the problem; how the work on MAG is related to other municipal tax reform commitments made by the Premier, including ensuring municipalities are properly funded; how the MAG fits within the overall accountability system; and what other options have been, or would be, considered.

Further details of the discussion are included in the attached Context Paper.

Ministry's Next Steps

In order to solicit the views of local governments on the structure and powers of a MAG, the Minister has asked for a MAG session at our next Convention.

The Minister is surveying local governments prior to the Convention so that the results can inform design of the Convention session. We understand that the Minister distributed this survey to all local governments yesterday.

Municipal Auditor General Context Paper

Information accompanying the Minister's MAG survey was brief. Given this, and in order to support an informed discussion by Councils and Boards, UBCM has prepared the attached Context Paper.

The Context Paper is not intended to influence the outcome of Council or Board discussions on MAG, but rather to inform those discussions.

The Context Paper may also provide useful background information should you wish to discuss the MAG with Members of the Legislative Assembly, or with others in your community.

Further Information and Feedback Request

If you have any questions or concerns about the MAG Concept Paper, please feel free to contact us as noted below.

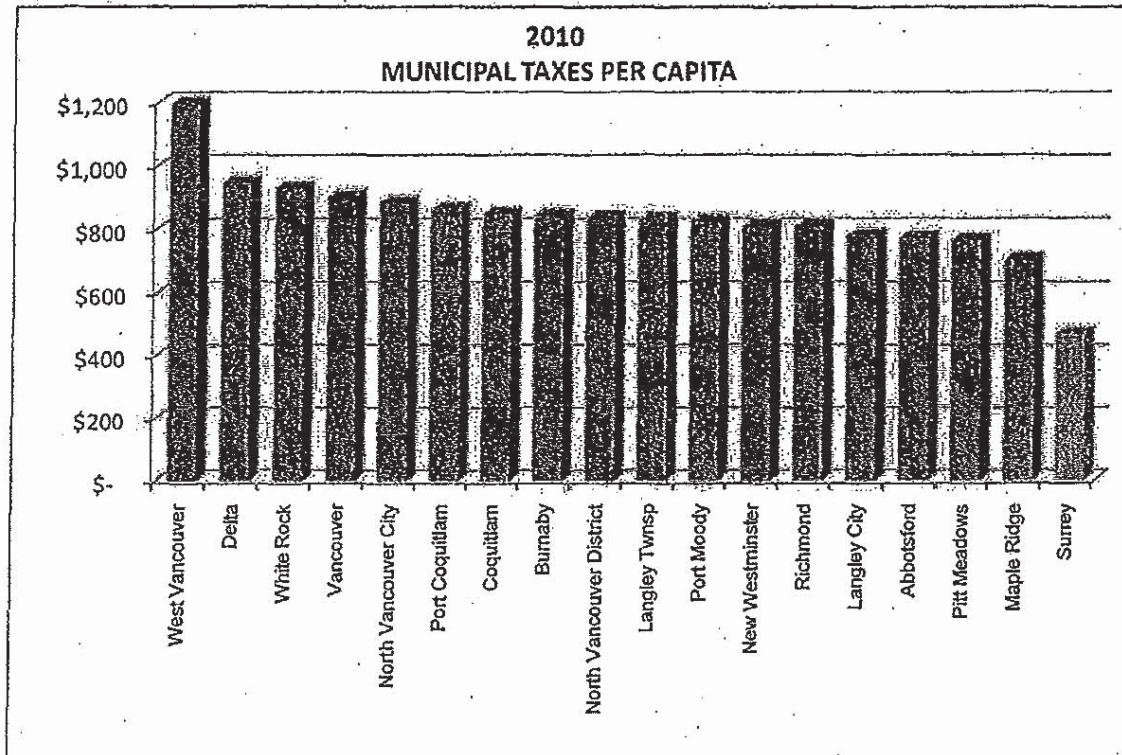
UBCM is in the process of developing a Policy Paper on MAG for consideration at Convention and your feedback would be useful to that process.

If you wish to contribute your thoughts or experiences about the local government accountability system, performance reporting or auditing, how best to support value for money for local governments, or the proposed MAG in BC, please feel free to provide these to us via email as noted below.

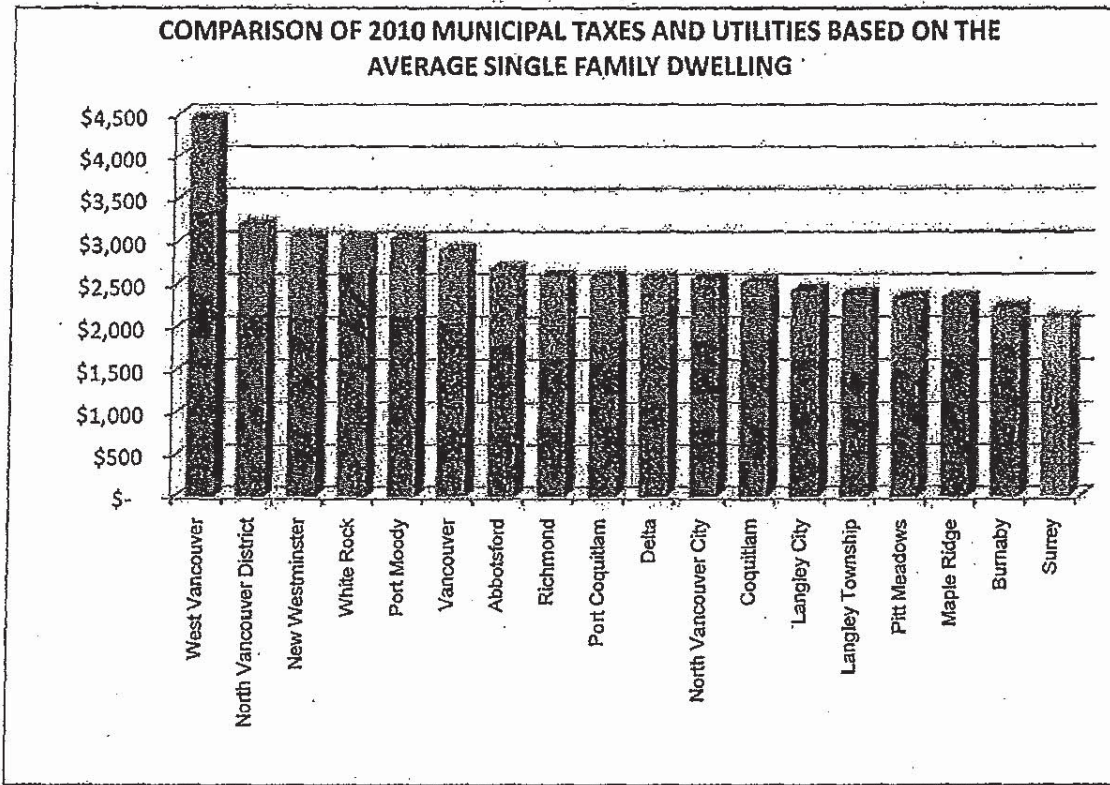
Particularly useful are examples of the ways in which your local government demonstrates value for money to its taxpayers.

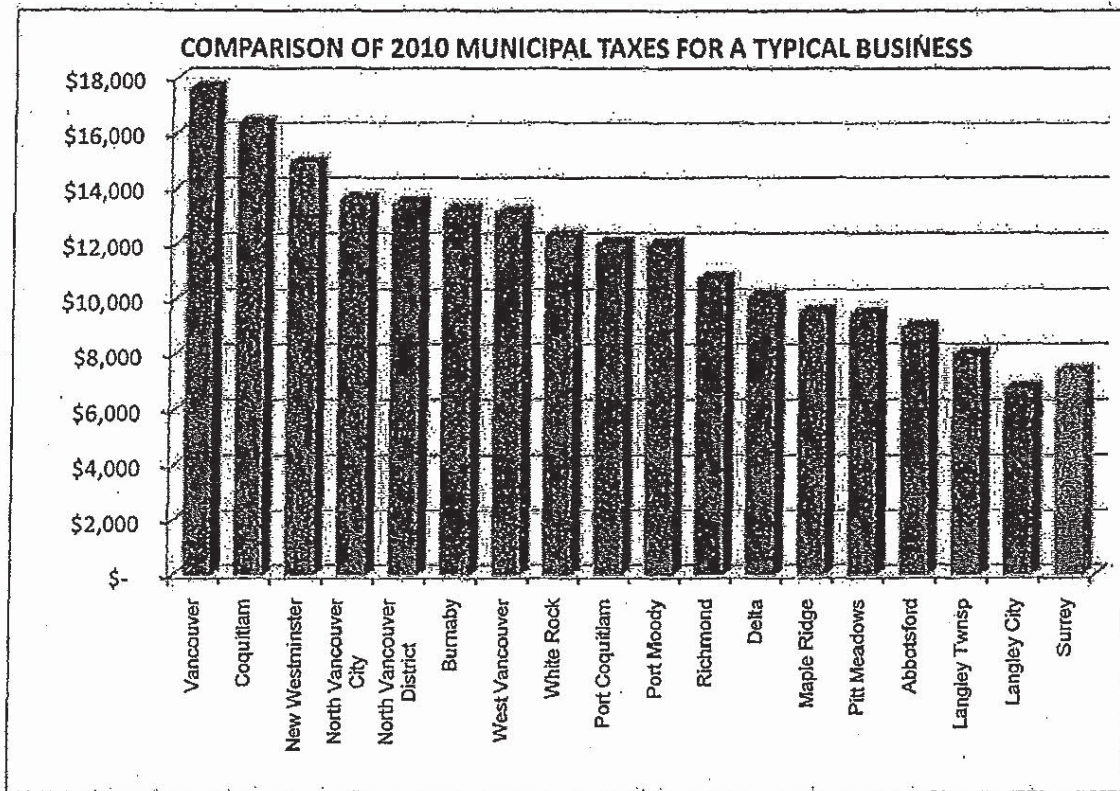
Contact Information

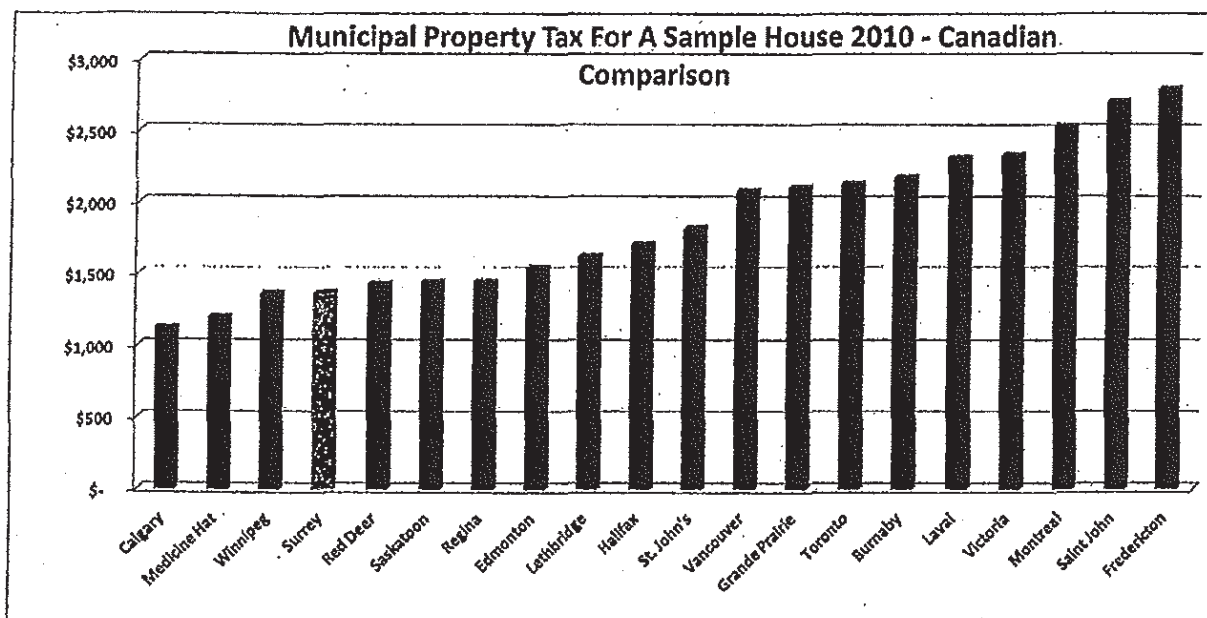
email: ubcm@ubcm.ca
telephone: 250 356-5133



Appendix D







Source: City of Edmonton, Planning & Development Department (November 2010).

Note: Figures include municipal and other taxes, but excludes school tax and are net homeowner grants for a sample house. Information for Vancouver, Burnaby and Regina is based on an average value single detached house which may not correspond to the sample house as described above; second, as such, the figures for these cities are not directly comparable.



Office of Mayor Greg Moore

September 12, 2011

The Honorable Ms. Ida Chong, FCCA
Minister of Community, Sport and Cultural Development
CSCD.Minister@gov.bc.ca

Dear Minister Chong:

I am writing to you on behalf of the Port Coquitlam Council regarding the questionnaire distributed to BC municipalities from your office on July 27th, 2011. The topic of the questionnaire is the proposed Municipal Auditor General (MAG) function.

To begin as you may know our Council shares a commonality among many City Councils in BC. Most members on our Council are also members of our business community. Many of us own businesses locally, work in private industry locally or in the region. We are also residents in our community. We are well aware of the many factors that make a community successful including the economic strength of our businesses, the sense of community appreciated by our residents, community well-being as supported by city services, social, environmental and financial sustainability, and strategic service delivery provided by our staff.

Each year we ensure we consider community needs when developing financial plans and balancing the needs with affordability. Our financial records are independently audited and our financial plans and audited financial statements are presented to the public and provided to the Ministry. At any time the Inspector of Municipalities may request further information or undertake a review of our operations and policies as provided in the Community Charter. It is our opinion for added value; the Inspector may look at best practices and make recommendations accordingly.

We recently completed a Corporate Strategic Plan that has provided us with a focus for the next ten years. A focused approach ensures operations are efficient and the community receives the services they support in a cost effective manner. Performance objectives and measures were also developed through this process. As in the past we will continue to measure corporate performance on a regular basis and report on performance on an annual basis to the public and to the Ministry. We are proud to say throughout the strategic planning process we received feedback from more than 1300 members of our community and the Plan adopted by Council balances the current and future needs of our City.

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We believe our City is very accountable to our businesses and residents. The cost to our citizens is less than \$3.00 per day (property tax, water and sewer charges for an average house / average number of residents in a home / 365 days) for water supply, sewer discharge, solid waste removal, transportation assets, parks and playgrounds, police services, fire and emergency, library, arts and culture, recreation and other primary and support services. We maintain tax rates at less than other cities in the region on average and fund our capital program mainly from property and utility rate revenues. Our City does not receive gaming revenues, yet we are successful in our service delivery model by running a lean organization.

Reading through the information provided to us by the Ministry and the UBCM, we are very concerned with the MAG initiative and the approach taken by the provincial government. We believe the current accountability framework in place is effective. We understand the province's wish to have certainty that local governments are well managed. We suggest a review of the information provided to the province from municipalities is a good place to start. We encourage the province to improve the existing structure and information requirements where they deem gaps exist rather than add a new layer of costly and time consuming administration.

We also believe that we can learn from others and invite the opportunity to review and share best practices. If a MAG is required to perform this task, we suggest that the role be very clearly defined. We also believe if a MAG function is implemented, that consideration be given to remove the Inspector of Municipalities if duplication results. We suggest the province to use existing resources to support this initiative, if pursued.

Furthermore, the approach taken by the Ministry is also of concern. It appears a solution is sought for an unidentified problem. The questions in the questionnaire appear to be seeking a problem. We're very concerned this exploratory mission will require considerable resources and will not achieve the outcome desired due to lack of focus.

Another issue of concern is if there is a cost to the MAG function, we understand costs will be assumed by the province initially but are expected to be borne by municipalities in the future. Once again we are concerned with downloading of provincial initiatives without funding support. Knowing municipalities are currently limited in revenue generation to support cost pressures of maintaining services we have looked to the province for solutions; we find this initiative is an added pressure and the solution sought has not been addressed.

The UBCM has been the link between municipal elected officials and the province. We have appreciated their support and rely on the information they provide as a balanced view on issues that arise. The UBCM considers the actions taken in the past, impact on small, medium and large local governments, existing legislation and other necessary information including consultation with the membership before analyzing and developing solutions.

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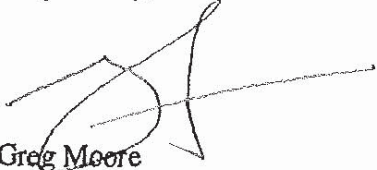
September 12, 2011
Minister Ida Chong
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We believe this process is very necessary with the MAG proposal and encourage the province to work with the UBCM on this issue. We will be very willing to send our comments to the province through the UBCM.

In conclusion, we appreciate the work of the Ministry and support much of the initiatives undertaken by the provincial government over the years. We ask that the approach to the MAG issue follow a process that is sound, stands up to scrutiny and will provide the public with value for money.

The City Council of Port Coquitlam appreciates the opportunity to comment. If you have any questions or require further clarification, please do not hesitate to contact me at 604-927-5416.

Respectfully,



Greg Moore
Mayor

Attachment – Finance and Intergovernmental Committee Report

c: Port Coquitlam City Councillors
Union of BC Municipalities
All BC Local Governments



Report to Committee

DATE: September 2, 2011

TO: Finance and Intergovernmental Committee

FROM: Mindy Smith, Director of Corporate Services

SUBJECT MUNICIPAL AUDITOR GENERAL

RECOMMENDATIONS:

1. That a letter (Attachment 1) in support of concerns raised by the Union of British Columbia Municipalities (UBCM) on the issue of a Municipal Auditor General be sent to the Ministry of Community, Sport and Cultural Development with a message suggesting a thorough review and consultation process be conducted prior to implementation of the initiative.
2. That completion of the survey sent by the Ministry be delayed pending the outcome of the thorough review and consultation in cooperation with the UBCM.

DISCUSSION:

The City received a request from the Ministry of Community, Sport and Cultural Development (Attachment 2) to complete a survey on a proposed Office of a Municipal Auditor General (MAG). Correspondence from the Ministry indicates the MAG is intended to assess whether taxpayers are receiving value for money at the local government level. Further correspondence states the MAG is not intended to revisit or evaluate the decisions made by elected officials.

Local Governments in BC are currently required by law to have their financial information audited on an annual basis. Along with assuring the financial statements are consistent with national reporting requirements, the audit also ensures systems and processes are strong and the funds collected are applied in accordance with City bylaws. The process is transparent and a public process is conducted each year on the financial statements and budgets and the information is available for review on-line or in hard copy at City Hall.

City departments are required by legislation to report on performance measures via annual reports. Elected Officials are responsible for ensuring budgets are set and decisions are made to meet community service requirements and the public receives value for their money.

Attachment 3 is the UBCM's Context Paper on the MAG proposal. The proposal is not clear on the issue it is trying to address. If it is intended to address a local government's finances, the

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external and internal auditors currently perform this task at a detail level. If it is intended to establish performance measures, outcomes and evaluation, elected officials are responsible for this process as provided in the Community Charter Section 98, Annual Report. Elected officials have the resources to conduct audits and reviews of city operations at any time by leveraging internal and external expertise. If the proposal is to ascertain that the public receives value for money, elected officials are responsible for this outcome and again may leverage external or internal expertise. The provincial government through the Office of the Inspector of Municipalities has the ability to inspect municipal operations at a senior level for any concern raised by the public, organizations or individuals.

Although the MAG is a proposal at this time, it appears to be a foregone conclusion. The survey begins with the assumption the proposal will proceed. The questions are on implementation, not on whether the proposal is valid. The survey is looking to local government elected officials to define a problem and fit the MAG solution to the problem.

The UBCM has identified this as a concern in their Context Paper. The City suggests the Province conduct a more thorough review that includes developing a good understanding of the issue, analyzing potential solutions and basing the decision on a series of principles and desired outcomes. This approach may be beneficial in helping the Province understand the issue they are trying to resolve. With this initial step, the initial and ongoing expense and time commitment may be avoided and the public may receive better value for their money.

CONCLUSION:

The City encourages the provincial government to conduct a comprehensive review of the issues they wish to address prior to implementation of a solution. The City also encourages the provincial government to consult with the Union of BC Municipalities to gain a broader understanding of local government issues prior to introducing a very time consuming costly initiative that sends resources away from the work of local governments.

As well known in local governments, cities need additional funding for long term needs. Over the years local governments have asked senior levels of governments for assistance with determining additional funding sources. At this time little has been provided. Rather than introducing additional costly administration at both the local and provincial levels, it is suggested the Province work towards identifying and funding the needs of communities. A letter to the Minister reflecting the foregoing thoughts has been prepared for Council's consideration (Attachment 1).

Respectfully submitted by,



for Mindy Smith, CA-CIA, MBA
Director of Corporate Services

Attachments: Letter to the Ministry of Community, Sport and Cultural Development
E-mail correspondence from the Ministry and the MAG Survey
UBCM – Member Release – July 28, 2011
UBCM – Municipal Auditor General Context Paper

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Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both “financial audits” and “performance audits” (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia’s *Auditor General Act* states that a report or examination “must not call into question the merits of program policies or objectives of the government”.

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: Maple Ridge
- Name of individual councillor or director (if applicable): Michael Morden Councillor

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

To play as a open public watchdog to municipal (over or under) spending and to make recommendations on the audit for approval my Council majority vote.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

Both Value for money and note best practices, and potentially if necessary to force a recommendation onto those that clearly are not acting in the interest of the taxpayer.

3) Who should a Municipal Auditor General report to?

They should report to Council and the Province as we are the creation of the Province, and get funding from the Province.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

local governments should be required to consider the results of an audit as part of their financial plans or annual report at minimum.

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

No one shouldn't be subject to these audits if they are taking any tax payers dollars certainly directly or possibly indirectly. The tax payer has to have someone advocating for them. Those that are in governance positions over a set area, often have little control over the snowballing bureaucracy or knowledge on some of the corporations activities.

I would like you to consider the regional district for the same as they have no controls imposed on them (that I know of) and should be subject to audit as well as enforced recommendations by the Province. Costs are just simply passed to the 23 municipalities that form the Metro Vancouver regional district, and their business has gone from water and sewer to areas they have little business being in such as social services, land use decisions, homelessness, affordable housing to name a few. If we want to change the zone on any piece of land, it has to be approved by Metro Vancouver as part of the 2040 plan, adding further costs and controls levied by a population based vote formula that is very

unfair on young and growing communities. Our greatest area of tax increases that appears on property taxes are from the regional district and translink, and yet we get no more services from Metro and very little from Translink. We are looking at 1500 increases over the next 3 to 5 years for our taxpayers and none of these increases are directly from our municipality.

6) What do you see as the benefits of having an office of the Municipal Auditor General?

Labour costs are spiralling out of control, so much so that municipal government employees and management make far more than most other public service staff at all the different levels of government except the Federal government, and there is only one taxpayer. The policy used to review exempt staff is a formula that gives them guaranteed raises far beyond the cost of living by always doing a comparison with other municipalities, hence they are always never caught up, and always getting raises. There needs to be some controls put in place to halt this overspending and get a handle on this. The reality is that there is only one taxpayer and this method of salary reviews is an endless loop with no ceiling.

Elected officials are reviewed under the same formula (in policy) and these increases are usually approved. But this tool is a disproportionate measure. Our 7 elected council total salaries combined is less than the CAO. Our CAO makes greater than 25% more than the Premier of BC! Please get involved in this area so that you have full and complete knowledge as to what is really going on and you will then be able to make recommendations as well as force (if necessary) some reasonable caps to go in place.

For the non exempt staff, labour bargaining is all coming apart in the Metro communities (staff is effectively completely in control and the elected area is without real ability to effect change) and as it all takes place in closed meetings. Metro Vancouver regional district is the key player in this area. This all needs to be reviewed.

7) Do you have any additional comments?

As always the first steps are to have a look and then once all the issues are clearly exposed both at the regional and municipal levels, you will then know where you can affect some help for the overburdened taxpayer.

Thank you for putting this measure into play. This is a very good step and I thank you for this. Many have commented to me in municipal arenas that they don't care for what they call this kind of interference, in my mind why would there be any concern if there is nothing to expose. Please let's have a close look.

Thank you for completing the survey.



CITY OF PRINCE GEORGE
BRITISH COLUMBIA
ESTABLISHED A.D. 1915

OFFICE OF THE MAYOR

1100 PATRICIA BOULEVARD, PRINCE GEORGE, B.C. V2L 3V9
TELEPHONE (250) 561-7809 FAX (250) 561-0183

September 2, 2011.

Honourable Ida Chong
Minister of Community, Sport and Cultural Development
PO Box 9056 STN PROV GOVT
Victoria, BC, V8W 9E2

Dear Minister Chong

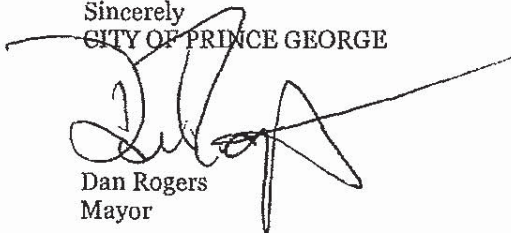
During the August 22, 2011 meeting of Prince George City Council, Council resolved to send a letter concerning the establishment of the Office of Municipal Auditor which is being proposed by the Province of British Columbia. The City of Prince George and, I suspect, all Local Governments are committed to a high level of accountability and transparency. As such we are supportive of any effort that increases these goals.

In pursuing these goals, we would encourage your Ministry to work in partnership with the UBCM, first in identifying and defining any perceived problems or issues in the existing accountability framework, and then in establishing a position or system to address any identified weaknesses through a consultative process that continues to respect local government as an order of government. We would see it as critical that any strengthening of the current accountability framework be done in a manner that avoids duplication, to ensure additional costs are not placed on already overburdened working families.

I wanted to advise that all council members have been informed of the survey your Ministry has developed and they have been encouraged to review this individually as, unfortunately, time does not allow us formulate a collective response by the deadline given.

We understand there will be a facilitated dialogue taking place at the upcoming UBCM convention and we look forward to further discussion around this most valuable topic at that time.

Sincerely
CITY OF PRINCE GEORGE


Dan Rogers
Mayor

cc Honourable Pat Bell, MLA Prince George Mackenzie
Honourable Shirley Bond, MLA Prince George Valemount
Prince George City Council



Toll Free: 1-888-495-6515

Phone: 250-495-6515

Fax: 250-495-2400

Website: www.osoyoos.ca

September 9, 2011

Minister of Community, Sport and Cultural Development
Room 323
Parliament Buildings
Victoria BC V8V 1X4

Dear Honourable Ida Chong:

**Re: Municipal Auditor General Survey
FCGA regarding MAG Proposal and Feedback Request
CR-630**

Town of Osoyoos (Town) feels that the need for a MAG must be demonstrated and to this point there has been no rationale other than taxes are too high. Surely the "too high" complaint isn't the catalyst to create a whole new department of scrutiny.

- Town is not convinced that the proposed new position of MAG is necessary as there has been no convincing rationale provided to support such a position or its intended purposes.
- The position of Inspector of Municipalities already exists in BC. Consideration should be given to enhancing this office and for it to develop any directives or requirements for municipalities – perhaps conditional upon their size - that it may deem necessary to provide additional reporting by municipalities in their annual audited statements and in their 5 year budget plans that are presented to their electors for comment.
- The audit provisions relating to both municipalities and regional districts allow Councils and Boards to require reports – in addition to the required financial statement reports – from their auditors. This would allow them to require such things as performance audits.
- We are concerned that this proposal may have been unduly influenced by the positions previously taken by the Canadian Federation of Independent Business (CFIB) in its BC Municipal Spending Watch report and by the challenges that some major industrial taxpayers have made to municipal taxation rates in the past two years. It is our understanding that neither of these issues has been objectively shown to be justified.

We don't believe the broad brush statement is being fairly applied. The Town commercial multiplier is 1.6, one of the lowest in the province. The recommended multiplier is in the 2.4 to 2.5 range. Town Council is proud of our taxation treatment of business properties and intends to stay on this attractive course.

- The Town of Osoyoos is committed to open and transparent government. To that end, we widely advertise and circulate our proposed 5 year budget plan and annual business and budget prior to adoption in an open council meeting, in accordance with all provincial legislation. In addition, in the past year we hired a consultant to do an independent review of our operations, staffing and financial arrangements. The resulting report was made public and is in the process of being implemented.

Town Council feels that while there may be some savings in a "best practices" model, we don't see how this small office could properly assess the initiatives and make broad recommendations to the whole province.

The Town of Osoyoos would be pleased to provide comment on a detailed provincial "white paper" on this matter. In the interim, we look to our municipal organization, the Union of BC Municipalities (UBCM), to confer with your ministry and staff on our behalf about this matter until we have a more detailed proposal to examine.

If the Ministry was truly looking at efficiency we would suggest an overview of the provincial municipal governance model. Seeing as BC is one of the last areas in North America to govern on a Regional District system there may be better models in use. We understand that this was studied a few years back, but the major stakeholders were the Regional Districts. There was just too much at stake to be fairly evaluated by a self assessment process.

We look forward to hearing more about this proposal at the forthcoming convention of the UBCM.

Yours truly,


Stu Wells
Mayor

SW/dc

cc: Council
Barry Romanko, CAO

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Wednesday, September 14, 2011 12:08 PM
To: Januszewski, Emilie CSCD:EX
Cc: Bindra, Rena CSCD:EX
Subject: FW: Response to Municipal Auditor General Survey-Mayor Mussatto

From: Alison Brookfield [mailto:abrookfield@cnv.org]
Sent: Friday, September 9, 2011 3:50 PM
To: Minister, CSCD CSCD:EX; 'CSCD.Ministry@gov.bc.ca'
Cc: Jessica Hodgins; Isabel Gordon
Subject: Response to Municipal Auditor General Survey-Mayor Mussatto

Further to the request for feedback on the establishment of a Municipal Auditor General, Mayor Mussatto's responses are below.

Regards,

Alison Brookfield
Executive Assistant to Mayor Darrell Mussatto
City of North Vancouver
141 West 14th Street, North Vancouver, BC V7M 1H9
Phone: 604-998-3280 Fax: 604-990-4211
Email: abrookfield@cnv.org Web: www.cnv.org
Visit: [Mayor Darrell Mussatto | Facebook](#)

INFORMATION

The survey response is from:

- an individual elected official
- Mayor Darrell Mussatto
- City of North Vancouver

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

Since all municipalities and Regional Districts in BC are already required to prepare audited financial statements, a MAG can have no role other than performance auditing. Although performance audits, and the associated best practice studies may have a useful role to play in municipal management in BC, it is doubtful whether the establishment of a provincial MAG office is an efficient way to provide this service.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? Should it identify best practices?)?

Both value for money audits and best practice standard establishment might be useful, but a MAG office is an expensive and cumbersome way to provide these services.

3) Who should a Municipal Auditor General report to?

If a MAG office is established, it should report the results of any audits it does to the oversight board of the organization audited, i.e. elected municipal Councils and/or regional district boards. It should be independent of the Province.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

The results of any audits a MAG office does should be reported to the oversight board of the organization audited, i.e. elected municipal Councils and/or regional district boards. If that is done, it would not be unreasonable for the Province to require that the recommendations be made public and responded to in annual reports in due course. If the results of the audits are not reported to the oversight board, and the basis of any recommendations fully discussed with them, it will not be possible to respond.

Also, recommendations which do not consider the circumstances and resources of particular communities, as well as the discretion of elected officials to set service standards for the community they represent, will not be helpful.

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

Beyond the regional district and municipal level, there is a great diversity of boards, commissions, and co-operative arrangements for service delivery which have been established in various jurisdictions in the Province. These are all already financially audited. In terms of value for money, it is not clear how a MAG could add value through common standards to such diverse arrangements.

6) What do you see as the benefits of having an office of the Municipal Auditor General?

What we see are costs, not benefits. Because a MAG office would not be doing financial audits, there would no base of information on which to draw to do value for money audits. This information would have to be supplied by the unlucky municipalities 'chosen' by the MAG office. The MAG auditor would be starting over from scratch, re-documenting systems, re-looking at controls, re-inspecting policies and plans, re-compiling results, etc. A great deal of work goes into preparation for the financial audit; we don't have the staff to start again with a provincial MAG office. If value for money audits need to be done, we suggest using the accounting firms we already deal with, all of whom are fully qualified in this area, to do them.

7) Do you have any additional comments?

If the Province feels the need to establish value for money auditing requirements at the regional district and municipal levels, why not establish a framework of requirements to meet this need, and have the firms already engaged in municipal financial auditing provide this service. Everyone would then be treated equally, common standards could be established, and realistic benchmarks developed. (This is similar to the Province of Ontario's municipal benchmarking initiative).

A MAG office at the provincial level will be costly, and will never be able to provide service to all BC municipalities and regional districts. An unequal playing field would be created by definition, with some areas receiving attention while others were ignored. We urge you to reconsider less costly means of accomplishing the goals of this initiative before setting up a potentially ineffective Provincial office.

There are much more pressing needs affecting our municipality. Instead of the provincial government assuming what municipalities need or want, the provincial government should ask us what we require. A paternalistic attitude towards municipalities is outdated and archaic. Time to start working with us, not against us.

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Wednesday, September 14, 2011 12:07 PM
To: Januszewski, Emilie CSCD:EX
Cc: Bindra, Rena CSCD:EX
Subject: FW: City of Quesnel response to Municipal Auditor General Survey

Importance: High

From: John Stecyk [<mailto:jstecyk@quesnel.ca>]
Sent: Friday, September 9, 2011 3:39 PM
To: Minister, CSCD CSCD:EX
Subject: City of Quesnel response to Municipal Auditor General Survey
Importance: High

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: **City of Quesnel**
- Name of individual councillor or director (if applicable):

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

To perform customized audit work for local governments. If there *were* to be another centralized audit function within senior government, it would presumably be paid for by taxpayers, leaving less funds for local government. Thus the work of the new audit function should be focussed on supporting the needs of local governments and the local taxpayers who will be paying for the new audit function.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)

Value for money, best practises, other customized issues such as determining funding gaps that exist for various service levels.

3) Who should a Municipal Auditor General report to?

This should be a function that reports to an independent board comprised of local government representatives, elected and administrative. It should be arms length from government.

- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

Agree with the example but would also add that each audit assigned or mandated, plus the results of same MUST be discussed at the draft phase in consult with the subject local government.

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

They should have the authority to audit all local bodies who would be able to select from a menu of services (value audit, best practise audit, etc.) and who would also be able to access the MAG, at a fee, for custom work not on the menu of services.

- 6) What do you see as the benefits of having an office of the Municipal Auditor General?

Unless it is handled and mandated properly, benefits will be minimal. If it becomes an organ focussed on capping, tax reform, or other special interests, and uses the mantle of "auditing" to advance agendas that are currently adequately and best dealt with by bodies like UBCM, then it will not be that beneficial.

- 7) Do you have any additional comments?

There has not been enough time assigned to the development of this concept, nor has there been enough consultation with local government and UBCM; we feel it has been rushed. We hope that as an independent, arms length public function, that a MAG function would not become politicized or controlled by special interest groups, or lobby groups. Its mandate must be extremely clear, and it must stand independent of government and not be influenced by special interests if it is to have any credibility or usefulness. This initiative could cause significant conflict with the private sector audit industry. In any event, the MAG should be paid for by the Provincial Government if it goes ahead----this will of course take away funds that could otherwise best be utilized by local governments. On a closing note, local governments are open and transparent. We have professional financial staff, professional auditors, and audit committees.

Thank you for completing the survey.

John Stecyk
City Manager
City of Quesnel
410 Kinchant Street
Quesnel, B.C.
V2J 7J5
250-991-7473
jstecyk@quesnel.ca

From: John Stecyk
Sent: September 8, 2011 4:09 PM
To: Mary Sjostrom
Subject: MAG Survey----draft response

Attached is a draft effort at responding to the MAYOR survey Mayor. Please amend/discuss at your convenience.

John

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Wednesday, September 14, 2011 12:07 PM
To: Januszewski, Emilie CSCD:EX
Cc: Bindra, Rena CSCD:EX
Subject: FW: Village of Burns Lake Response to MAG Survey
Attachments: Village of Burns Lake MAG Survey Response.docx; Village of Burns Lake- Staff Paper Re MAG Position.docx

From: Stephanie Beerling [<mailto:sbeerling@burnslake.ca>]
Sent: Friday, September 9, 2011 4:40 PM
To: Minister, CSCD CSCD:EX
Subject: Village of Burns Lake Response to MAG Survey

Hello,

Please find attached the collective response from Village of Burns Lake Council as well as a paper written by a Village of Burns Lake staff member regarding the Municipal Auditor General position.

If you have any questions please do not hesitate to contact us.

Thank you,

Stephanie Beerling
Deputy Director of Corporate Services



#15 - 3rd Avenue
PO Box 570
Burns Lake, BC V0J 1E0

t 250 692-7587
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Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

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Please provide the following information to assist in reviewing the results:

This survey response is from an individual elected official (yes or no):

This survey response is from a local government council or board (yes or no):

Name of municipality or regional district?: Village of Burns Lake

Name of individual councillor or director (if applicable): _____

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

The Municipal Auditor General (MAG) would receive all reports that municipalities are required to submit, thus reducing the number of redundant reports submitted to different ministries. The MAG would replace the Inspector of Municipalities by completing surveys and audits on municipalities when necessary. By reviewing reports, surveys, and audit results, the MAG would be able to report back to the Province and ensure that adequate funding is provided to local governments from provincial sources.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

The MAG should compile data from municipalities and generate reports that will help the Province determine financial needs and program support requirements. This function would make the reporting process simple for municipalities as they would no longer be required to submit reports to multiple ministries. The MAG would also review the relationship between local governments and the province to determine if regulations are being followed and that expectations from both parties are reasonable and achievable.

3) Who should a Municipal Auditor General report to?

The MAG should report to one ministry, which would then relay ALL information and findings to local governments.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

Local governments should be required to acknowledge the results of an audit. Based on the results and the suggestions from the MAG, the municipalities would then determine the direction they would like to take based on local resources and finances.

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

The MAG should have the same authorities as the Inspector of Municipalities.

6) What do you see as the benefits of having an office of the Municipal Auditor General?

The MAG would replace the Inspector of Municipalities and would simplify reporting requirements for local governments. They would also ensure that the province is allocating adequate funding to municipalities to carry out duties assigned to them by the provincial government.

7) Do you have any additional comments?

UBCM and its member municipalities should be involved in the discussions and possible implementation of a MAG from start to finish. The province needs to adhere to the Community Charter which states that both levels of government should respect one another and that adequate consultation and communication takes place.

The Push for a Municipal Auditor General for BC

Stephanie Beerling

FINAL PAPER

POLS 251

Page 75
CSC-2011-00089

The Push for a Municipal Auditor General for BC

Stephanie Beerling

The British Columbia *Community Charter* states that the citizens of BC are best served when, in their relationship, municipalities and the Provincial government acknowledge and respect the jurisdiction of each other, work towards harmonization of Provincial and municipal enactments, policies and programs, and foster cooperative approaches to matters of mutual concern.¹ These three principles of a mutually beneficial working relationship between the two levels of government often overlap and there is a need for open communication and a clear understanding of the common goal to provide for taxpayers. All politicians, at both the Provincial and local government levels, must strive to provide for the needs of their constituents and communities in the most efficient and effective manner. During the B.C. Liberal leadership race, Premier Christy Clark promised that, if elected, she would see to the establishment of an Office of the Municipal Auditor General (MAG) to make sure the taxpayer is receiving value-for-money from local government. Municipalities are already bureaucratically burdened by reporting requirements and financial hand-holding. An Office of the Municipal Auditor General will only increase the number of reports required by the Province and could potentially limit the services municipalities provide to their residents and extinguish the vision municipal Council's have for their communities.

The intent of MAG is to improve the fiscal accountability, oversight and transparency at the municipal level. The starting mandate of this office would be to complete a municipal taxation review, conduct performance auditing, and offer advice on best financial practices. The Provincial government and the Ministry of Community, Sport and Cultural Development have initiated a process that began with a solution rather than identifying a problem and developing solutions to resolve it. In an effort to work together to identify the problems and possible solutions, the Union of British Columbia Municipalities (UBCM) suggested that the MAG notion be referred to a "joint development process" between provincial and local government representatives.² The BC Liberals rejected a joint process in favour of proceeding unilaterally, which seems to contradict Section (2)1 of the *Community Charter* stating that municipalities and Provincial government should foster cooperative approaches to matters of mutual concern. The MAG would definitely be considered an area of mutual interest and concern.

The process to develop a MAG has commenced, and discussion amongst politicians, local government administration, BC business organizations, and taxpayers has only just begun. Premier Clark has directed the Ministry of Community, Sport and Cultural Development to

¹ *Community Charter of BC; Section 2(1)*

² "Cawing over Clark's imprudent watchdog proposal justified" By Vaughn Palmer, Vancouver Sun

engage in policy development work towards the implementation of a MAG. In a letter to all BC Mayor's and Chairs seeking feedback on the proposed MAG, Minister of Community, Sport and Cultural Development, Honourable Ida Chong, states that 'the primary benefit of an Office of the Municipal Auditor General is increased assurance that taxpayers are getting value-for-money from their local governments – just as they have that assurance through the Office of Auditor General's review of provincial finances'³. She also states in this letter that feedback will contribute to successful implementation of the MAG. An important component of engagement is a meaningful method of collecting feedback before, during, and after implementation. It seems as though consultation before the process began was overlooked and the MAG is well on its way towards implementation.

The Executive Board of UBCM met with Minister Chong in late July of this year (2011) to discuss the proposed MAG. The meeting resulted in the development of an in-depth context paper provided to all UBCM members for consideration and discussion. This paper summarizes the two hour meeting with Minister Chong and provides detailed information about the following: 1) Provincial policy development, 2) research about other MAG in Canada, 3) other reporting requirements that are already in place for local governments, 4) the role of the Inspector of Municipalities, and 5) other information that will help local government officials determine their position on the proposed MAG. The BC business community was also granted an opportunity to discuss the proposed MAG with the Minister in the form of focus group discussions from June 24 to 29, 2011. UBCM and individual local governments were not invited to these business focus group meetings. Instead, UBCM was invited to provide names for specific local government focus group sessions that unfortunately never took place due to time constraints. UBCM proposed that these local government specific focus group meetings take place in conjunction with their scheduled session with Minister Chong which took place near the end of July.

At the July 22nd meeting between UBCM Executive and Minister Chong, it was explained that a survey would be distributed to over 200 local governments covering various aspects of a MAG. The survey was sent to all BC Mayor's and Chairs on July 27th. In the letter accompanying the survey, participants were informed that the survey results will "enable further conversation at the UBCM annual convention at the end of September" and that "hearing from your local government is important to the successful implementation of a MAG office." If hearing from local governments is so important, why was the UBCM Executive, who represents all member municipalities, only granted two hours of the Minister's time to discuss MAG whereas business representatives were invited to focus group discussions over a period of five days?

The push for a 'watch dog' to oversee local government spending and conduct a review of property taxes comes from the business community who believe they have been unfairly impacted by increasing tax rates over the last several years. It was at a BC Chamber of Commerce event during Premier Christy Clark's leadership race that she first announced that she would create an Office of MAG if elected. Of course the business community supported

³ Letter obtained from the Village of Burns Lake on August 2nd, 2011

this suggestion as they believe that “in community after community, spending decisions are made and taxes set with little to no involvement by the public and no effective oversight”⁴. This statement from BC Chamber of Commerce President and CEO John Winter is incorrect. Municipal tax rates are set during budget meetings which are advertised according to Section 94 of the *Community Charter* and are open to the public as per Section 89 of the *Community Charter*. All residents, including businesses, are able to attend these meetings and inform Council members of their comments and opinions. The Provincial Government has oversight on tax rates through the annual Tax Rate Bylaw that must be passed by a municipal Council by May 15th of each year and submitted to the Province, as well as through the numerous financial reporting requirements in place. In fact, each year, between May 15th and July 1st, all municipalities in the Province are required to submit at least six reports containing financial information which also identifies the value-for-money that taxpayers are receiving from their local government.

Organizations who advocate for businesses share a common belief that a MAG will deliver a higher value- for- money to citizens. The Calgary Chamber of Commerce had similar opinions to those of the BC Chamber of Commerce when the Independent Office of Municipal Auditor General (Bill 202) was up for discussion. The legislation to create a Municipal Auditor General Office for Calgary failed in early 2010 and the Alberta Ministry of Municipal Affairs made a decision to move forward with a new plan which would achieve the same goals.⁵ This four point plan includes reviewing the independence of existing municipal auditors, corporate reviews for municipalities below a set population, publishing the management letters of every municipal audit, and a website where municipal financial information is easily available to the public. The intent of these initiatives is the same as the original intent of a MAG; to improve the fiscal accountability, oversight, and transparency at the municipal level. An alternate approach to oversee local government, such as that proposed by the Alberta Ministry of Municipal Affairs, is exactly what UBCM has proposed in the MAG Context Paper. In this paper a logical consideration is put forth: Could principles be established to identify problems with the current accountability system and evaluate options to resolve issues, including both a MAG *and* alternative options?

The problems that have been identified by the Province and business organizations are the need to review the municipal taxation formula and increase accountability and transparency in local government financial operations. A MAG office could address these issues, but there are other ways to provide answers that may be less cumbersome for municipalities and come at a lower cost to the Provincial taxpayers. The concerns about municipal taxation identified by the Province, the BC Chamber of Commerce, and the Canadian Federation of Independent Business, could be addressed by an in-depth study into all BC local government financial operations with a report of findings and suggested outcomes developed. The Inspector

⁴ BC Chamber of Commerce, News Release, “Christy Clark calls for a Municipal Taxation Review”. Quote from the BC Chamber of Commerce President and CEO, John Winter

⁵ Calgary Chamber of Commerce News Release “Municipal Auditor General bill fails but key tenets remain”; January 28, 2010,

of Municipalities, whose role includes inquiry into any local government matter, could potentially complete this task. This study would be followed by a report to Cabinet with recommendations and Cabinet may enforce a binding order on local government. The process followed by the Office of the Inspector of Municipalities is already established. This office has been afforded the power to investigate municipalities and require submission of financial information and other documentation to ensure municipalities are in compliance with statutory regulations. The Inspector of Municipalities review municipal taxation formulas and other financial concerns and, in conjunction with the Province, could develop a solution that would improve the accountability and transparency of local government finance operations.

In relation to the proposed MAG, Keith Baldrey, Chief Political correspondent for Global BC, recently wrote "municipal politicians love to insist they are the most accountable of all government because they are "closest" to the voters. But this is nonsense, of course." This bold statement could be easily argued. City halls are "closest" to the voters, and local government politicians and administration are regulated and required to be transparent and accountable. The local government system is heavily reliant on statutory limitations and requirements imposed by the Province, as outlined in the *Local Government Act* and the *Community Charter*, and the Provincial government has direct oversight into local government roles. If gaps are identified in the existing accountability system, it may be more efficient to amend the regulations that local governments must adhere to, rather than create a MAG to deal with issues that could vary significantly from municipality to municipality. The municipal taxation formula could be in need of a review and there may be areas where local government accountability and transparency could be improved; however, the specific details associated with both of these concerns need to be clearly identified before a solution can be introduced.

In summary, both levels of government must work together to develop harmonized policies and address areas of mutual concern to be in compliance with the *Community Charter*. UBCM has made a significant effort to engage in policy development work that will identify problems with the current accountability system and could lead to the implementation of a MAG or an alternate solution. Discussions have been held with the Province, research has been conducted, and a full context paper has been developed by UBCM; however, the Province is well on its way towards the implementation of a MAG. The Ministry of Community, Sport and Cultural Development has held discussions with business representatives, met briefly with UBCM on behalf of local government, and distributed a targeted survey with very minimal background information on which to base responses. It appears that the Provincial government has sided with the business community on the topic of a MAG, and local governments are certainly suspicious of their intentions. All levels of government recognize the importance of business to the economy and to each and every BC community; however, it should be the Province and local governments collaborating to make important policy decisions as outlined in the *Community Charter*.

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Union of British Columbia Municipalities, *Municipal Auditor General Context Paper* (July, 2011)

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a **local government council** or board (yes or no):
- Name of municipality or regional district: Village of Cache Creek
- Name of individual councillor or director (if applicable): _____

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

The general role or purpose would depend on what issue the MAG is being established to address. The issue(s) has not been identified.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

The specific functions and duties would also be dependant on why the MAG is being established.

3) Who should a Municipal Auditor General report to?

See 1) and 2). The Village of Cache Creek feels that the problem/issue/gap should be clearly identified and various options for solving explored.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

Same as above

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

Same as above

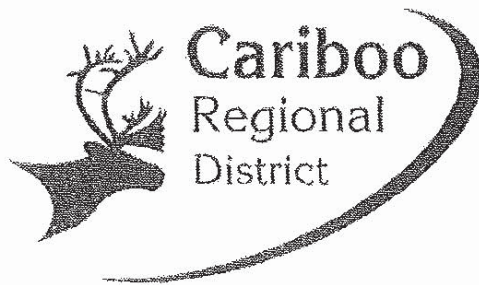
6) What do you see as the benefits of having an office of the Municipal Auditor General?

The benefit(s) is not clear at this time, and in fact, incurring the cost of establishing a MAG office without a clear rationale and without determining whether the establishment of a MAG is the most efficient and effective means of addressing any specific issue or gap, raises concern.

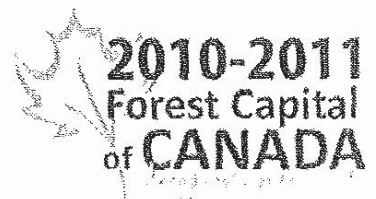
7) Do you have any additional comments?

The Village of Cache Creek supports a strong local government accountability system. As no gaps, problems or deficiencies have been identified within the current local government accountability system, the establishment of a Municipal Auditor General appears to be premature and is not supported by the Village of Cache Creek at this time.

Thank you for completing the survey.



OFFICE OF THE CHAIR



Reference:

September 9, 2011

VIA EMAIL: CSCD.Minister@gov.bc.ca

The Honourable Ida Chong
Minister of Community, Sport
and Cultural Development
Room 323, Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Chong:

Re: Municipal Auditor General

Thank you for the opportunity to comment on Premier Clark's initiative to establish the office of a Municipal Auditor General.

In general, the Board is seeking some sort of value for local governments that may be achievable through this appointment. While we agree that a MAG should not be able to call into question or to overrule local government policy decisions, we see as possible role for the MAG aimed at assisting local governments in achieving efficiency in service delivery thereby improving the value of the services they deliver to their constituents. This could in part take over the current role within the Ministry to produce local government statistics and to focus on how to make those statistics of maximum use to both the public from an accountability perspective and to local governments from the perspective of using that information to undertake their own performance assessments and benchmarking to ensure their service delivery models are among the most efficient. We can all gain by sharing success stories and there is no easy mechanism to do so. (It is noted that the UBCM Community Excellence Awards also compiles a database of best practices based on those that are submitted for award considerations but there are many other day to day efficiencies that don't get shared).

Beginning in 2011, the Cariboo Regional District Board established an Audit Committee whose task is to conduct Performance Audits aimed at improving the efficiency and effectiveness of corporate services. Perhaps the MAG could be the information conduit that allows local governments who choose to go in the direction of having an internal Audit Committee doing performance evaluations, in addition to the traditional attest audit conducted by third party auditors, easy access to comparable service delivery models and methodologies in place in other local governments.

building communities together

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Municipalities: Quesnel Wells Williams Lake 100 Mile House Electoral Areas A: Red Bluff Quesnel B: Quesnel West Bouchie Lake C: Barlow Bowron
C: Fido Deer Creek E: 150 Mile House Horsefly-Libby G: Lac la Hache 102 Mile H. Carleton Place Forest Grove I: Narcosli Narko J: West Chilcote K: East Chilcote L: Lone Butte Interlake

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Another role could be to reform the current process of adding services to regional district repertoires which is currently handled by means of a special regulation enabling one regional district to undertake a particular service that is not generally available to all regional districts. Perhaps the regulation is a good first step to ensure the service can effectively be delivered in a regional district context, but once that has been proven successful, there should be a mechanism by which the regional district specific-regulation becomes a legislative ability of all regional districts wishing to undertake the same service rather than constantly doing one-off authorities. These regulations currently occur in a vacuum and are not widely known by other jurisdictions only by ministry staff. As such, it is feasible that very good ideas never have an opportunity to be put into broad practice and instead are confined to only that jurisdiction from which they originated.

Another role for the MAG could perhaps be legislative reform aimed at making operations more effective and efficient, and ensuring that the value of the services is attributable to the right benefactors. A significant component of the *Strong Regions* report and some of the other work that has been occurring at the administrative/ ministry level and through the Regional District CEO/CAO forum has been aimed at legislative reform as have a number of our UBCM resolutions, however, there does not appear to be a dedicated office within the Ministry whose role is to help facilitate legislative changes that ultimately assist us in doing our jobs more effectively. For example, we have submitted suggestions regarding different methods of taxation ranging from the ability to vary parcel taxes by a wider variety of differentiating characteristics to the need for a regional tax regime in resource rich regions such as the Cariboo where many of the large industrial employers locate near the resources in the rural areas and effectively never contribute to the myriad of municipal services demanded by themselves and their employees.

One of the other key components of the Premier's commitment was to ensure local governments (assuming that the term municipality was intended to be encompassing of both forms of municipal government) are properly funded so "communities can provide the services British Columbians want from local government". While we recognize that you advised UBCM that tying the creation of the MAG with the discussion on local government funding would unnecessarily delay implementation of the MAG, perhaps as an alternative that very task could be the first and foremost responsibility of the MAG. Doing so would help to better match local government services with appropriate revenue streams and in doing so will serve the interests of both the individual taxpayers and the local governments. That would be a real step towards ensuring that our taxpayers are getting the best value for their money since the current property taxation model does not achieve that objective.

I have attached a copy of our *Strong Regions* report for your convenient referral. While it is now somewhat dated, it still reflects some very real needs of not only the Cariboo Regional District but all local governments as it aims to streamline legislative impediments, promote harmonious municipal/rural relations, apportion costs in new ways and generate alternative revenue streams for local governments to reduce the burden on property taxation. Last year we began earnest discussions with your staff on opportunities to move towards implementation of the recommendations contained in the report and we would welcome the resumption of those discussions.

.../3



If the Premier's commitment to establish a Municipal Auditor General is to assist local governments in doing their jobs in a more effective and efficient way without eroding the autonomy of local decision making, then perhaps both the local government institutions and the public can benefit.

I hope that our comments are helpful and will indeed assist in guiding your deliberations in a direction that best balances the needs of local governments and the taxpayers they serve.

Yours truly,

Original signed by:

Al Richmond
Chair

Attachments:

(Municipal Auditor General Survey)

(Strong Regions Report)



Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- It should not duplicate the existing accountability framework for local government;
- It should have independence and credibility;
- It should be cost effective, and;
- It should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no): NO
- This survey response is from a local government council or board (yes or no): YES
- Name of municipality or regional district: CARIBOO REGIONAL DISTRICT
- Name of individual councillor or director (if applicable): _____

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?

To assist local governments in finding best practises to better serve British Columbians by facilitating a constructive approach to assisting local governments in serving their regions and communities

- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

The office should focus on best practises but could well identify funding gaps

To assist local governments in effectively addressing identified legislative impediments.

To ensure that all provincial ministries recognize and respect the role of ALL local governments in their various jurisdictions with respect to provincial events, announcements, etc.

To ensure that responsibilities of the two levels of government are assigned to the level of government best equipped to deal with the issues and that appropriate funding streams be in place to ensure effective response.

To work towards diversification of the local government revenue stream in order to reduce the heavy reliance on property taxes to delivery essential and desirable local government services.

To ensure that dialogue between local governments and the province occurs well in advance of any legislative amendments by the province that serve to increase the workload burden on local governments.

- 3) Who should a Municipal Auditor General report to?

The Ombudsmen, Minister OF Community, Sport and Cultural Development, or the Inspector of Municipalities.

- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

They should be discussed with the local government involved and formal report provided the board or council

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

The Municipal Auditor General office should focus strictly on local government issues in order to become truly knowledgeable rather than as one of many different responsibilities.

- 6) What do you see as the benefits of having an office of the Municipal Auditor General?

A positive usage of this office should lead to a better sharing of best practises for serving British Columbians

- 7) Do you have any additional comments?

Who will pay for the office of the Municipal Auditor General? If this office is to be funded by Local Government directly or indirectly by the loss of funding currently provided to Local Government it will further exacerbate the funding short falls we now experience.

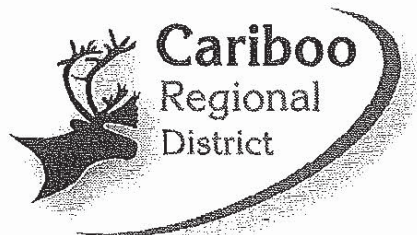
See attached letter.

Thank you for completing the survey.

STRONG REGIONS

Grow Strong,
Sustainable
Communities

Edition 2



building communities together

Executive Summary



Introduction

Through a series of joint strategic planning sessions hosted by the Cariboo Regional District, the four member municipalities and twelve electoral areas have united in their collective belief that the region is far more sustainable collectively, rather than as individual communities - a position supported strongly by the research of the Cariboo Chilcotin Beetle Action Coalition (CCBAC). We believe the opportunity is now for the provincial government to capitalize on its \$2.5 million investment in the CCBAC initiative by working with the Cariboo Regional District to bring the recommendations of the Strong Regions report to fruition.

This report is the 2nd edition of the report entitled "Strong Regions Grow Strong, Sustainable Communities". It has been updated to reflect actions taken by the regional district and its member municipalities over the past year to address governance concerns and the impending economic, environmental and social challenges facing the Cariboo Chilcotin region as a result of the mountain pine beetle epidemic. It provides a number of concrete recommendations for consideration by senior government that would see changes in legislation, changes in taxation structures and revenue streams for local governments, and opportunities for diversifying our economy and reducing greenhouse gas emissions through technological and community planning initiatives.

The report is a "made in the Cariboo, for the Cariboo" plan to meet the challenges ahead. One size may not fit all. While we believe that the majority of the recommendations offer opportunities for other regions, our primary interest is in making our backyard the envy of the neighbourhood. Help us help you keep British Columbia "the best place on earth".

Background

In October 2007, the Cariboo Regional District (CRD) presented its "Strong Regions" report to the Honourable Ida Chong, then Minister of Community Services, and the Honourable Shirley Bond, Deputy Premier. In attendance at the meeting were: Cariboo Regional District Chair Jon Wolbers, Cariboo Chilcotin Regional Hospital District Chair Al Richmond, City of Williams Lake Mayor Scott Nelson, City of Quesnel Mayor Nate Bello, and District of Wells Mayor Jay Vermette.

The purpose of the report was to provide senior government with an overview of the challenges facing the Cariboo Chilcotin region as it enters a significant economic, environmental and social transition precipitated by the mountain pine beetle epidemic. In addition, the report was intended to provide specific recommendations to the provincial government on potential legislative impediments to collaborative local government relations. The latter purpose was a direct result of a request from then Minister Ida Chong during the 2007 Union of BC Municipalities (UBCM) convention.

At the 2007 convention, the Cariboo Regional District had proposed a resolution requesting the provincial government to commence drafting a regional district charter. During a meeting CRD officials had with the Minister during the UBCM convention, she

Executive Summary

explained that the initiation of a regional district charter was not on the provincial agenda for the foreseeable future and she challenged the regional district to propose specific legislative changes that could be pursued by means of amendments to existing legislation or new regulations. In an effort to promote healthy local government relations, the regional district initiated a collaborative process with its member municipalities to develop a theme that could be presented jointly to senior government.

Since that time, the Regional District and its four municipal partners have conducted two joint strategic planning sessions, one in the fall of 2007 and one in April 2008 to continue collaborative efforts aimed at both growing our communities and our economic base, as well as examining current taxation and service delivery models to seek opportunities for greater collaboration.

Sustainable Regions

The Cariboo Chilcotin region covers over 80,000 square kilometres, hosts a population of over 62,000 people, spans over 300 kilometres of Highway 97 (the major north/south connector route in British Columbia), and has been a huge economic driver for the provincial and national economies since settlement of the west coast began. The opportunity for even greater economic contributions are currently on the doorstep of this vast region as the Asia-Pacific Gateway and Corridor open new markets and huge demand for exports from resource rich regions. The evolution of adapting to the post-beetle forest era, developing new markets, capitalizing on new technologies, while maximizing the wealth of our natural resources, will be a time of opportunity and challenge. Evolution occurs over time and sustaining and growing the economy of this vital provincial region during its economic transition must be of paramount concern to all levels of government.

Each community, large and small, within the region contributes to the overall viability of the Cariboo Chilcotin as an economic engine regionally, provincially and nationally. It is through our regional strength, collaboration and ingenuity that we will reach our ultimate success.

This report is intended as an overall framework to address a number of key issues to ensure the Cariboo Chilcotin remains a vibrant and viable region and continues to contribute to the provincial and national economies as it always has. To that end, this report specifically addresses the following issues:

1. to clearly articulate our desire to collectively and collaboratively grow the Cariboo Chilcotin region;
2. to offer some potential suggestions for legislative changes aimed at reducing rural/urban conflicts, promoting regional economies, and fostering positive relations within our local government structure.

Executive Summary

*Continued from
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3. to ensure the Cariboo Chilcotin region remains a significant economic driver for the regional, provincial, national and international economies; and
4. to lay out a framework to ensure the growth of the Cariboo Chilcotin region assists the Province in meeting provincial goals.

Local Leadership

The Regional District has demonstrated its leadership capacity time and again setting new benchmarks for peer local governments to challenge. The Cariboo Chilcotin local government leaders have led the way in developing relations with the Health Authorities, producing the first ever regional district annual report (receiving Honourable Mention at the UBCM Excellence Awards), developing public-private partnership for an internationally acclaimed engineered landfill site, and collaborating on the Cariboo Chilcotin Beetle Action Coalition. These and many other initiatives have heightened our respect amongst peers, senior governments, and most importantly, our constituents.

This report continues that leadership and marks the second phase of yet another collaborative effort of local government leaders in the region to address the legislative framework for local governments and the needs of our region to sustain our communities and thrive in the post-mountain pine beetle era.

Building Stronger Communities

While the view must be on regional sustainability, the communities within the region are its backbone and steps must be taken now to ensure their continued viability and growth. The impending downturn in the economy resulting from the pine beetle epidemic, will have significant impacts on communities and on municipal government's ability to sustain its infrastructure costs.

Regional Collaboration

The Regional District and its municipal partners recognize the advantages of regional collaboration which has never been more important than it will be in the coming decade. Recent provincial initiatives, including the "Building Stronger Communities" report and the Ministry of Community Services 2006 representation "Local Government Excellence through Collaborative Partnerships" provide strong provincial support for the development of regional economies in order to meet changing social, economic and environmental needs. We believe that at this time, more than ever before, there is a unique opportunity in the Cariboo Chilcotin to capitalize on regional cooperation.



Executive Summary

Alignment with Provincial Objectives

Many of the Regional District's current activities are directly aligned with provincial goals related to smart development, climate change and greenhouse gas emission reduction, regional and multi-jurisdictional collaboration, private partnerships, economic diversification, and development of the Asia Pacific Gateway and Corridor.

Systemic/Legislative Impediments

There are a number of legislative impediments to cooperative governance that could be addressed to alleviate unnecessary municipal/rural tensions as well as to assist in the development of strong, sustainable regions.

Summary of Action Items

- 1) Promote regional and multi-jurisdictional initiatives.
- 2) Provide funding and provincial support to undertake a Regional Growth Strategy for the Cariboo Chilcotin.
- 3) Provide funding for research/development and the necessary environmental permitting to proceed with a refuse derived fuel plant.
- 4) Provide provincial assistance to promote and develop opportunities to capitalize on emerging Asian markets within the Cariboo Chilcotin.
- 5) Accelerate funding from provincial and federal governments to complete upgrading of the Highway 97 Cariboo Connector.
- 6) Initiate legislative changes to allow regional districts to make governance decisions with respect to rural area contributions to municipal services.
- 7) Initiate legislative changes to facilitate a regional tax base to support individual rural and municipal tax bases.
- 8) Initiate discussions to develop interim and long term revenue streams for mountain pine beetle impacted regions.

The Cariboo Regional District

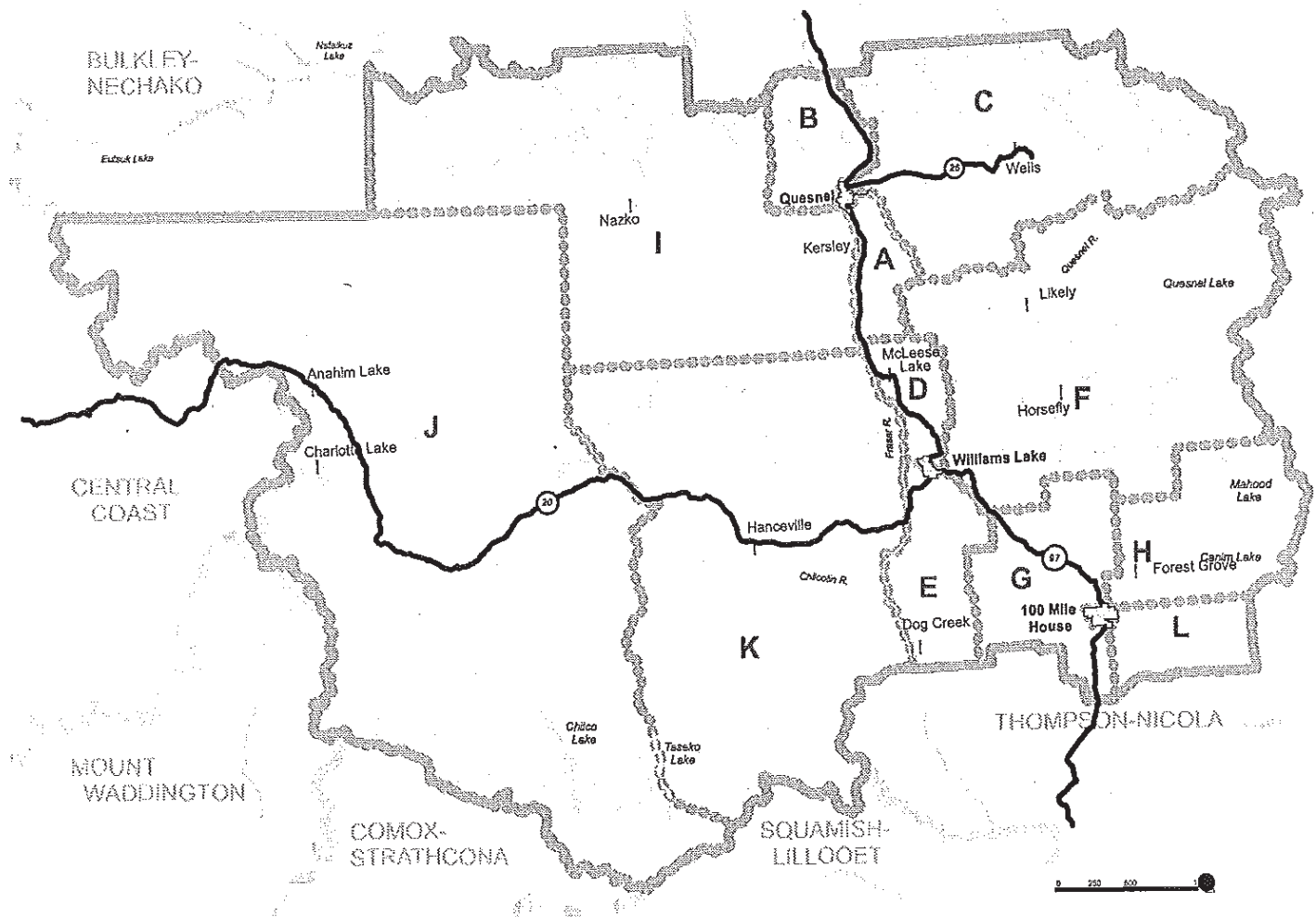


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Our Mission Statement



Introduction



The Cariboo Chilcotin region covers over 80,000 square kilometres, hosts a population of nearly 70,000 people, spans over 300 kilometres of Highway 97 (the major north/south connector route in British Columbia), and has been a huge economic driver for the provincial and national economies since settlement of the west coast began.

From the early goldrush days, through the development of huge agricultural and ranching operations, to becoming one of the nation's most stable and profitable forestry regions, to a future that is as yet uncertain, but that will undoubtedly shift to a much heavier reliance on a sub-surface economy during the transition period until forestry again becomes a major economic generator for the region, province and country, the Cariboo Chilcotin region both needs and deserves the attention and assistance of its senior levels of government.

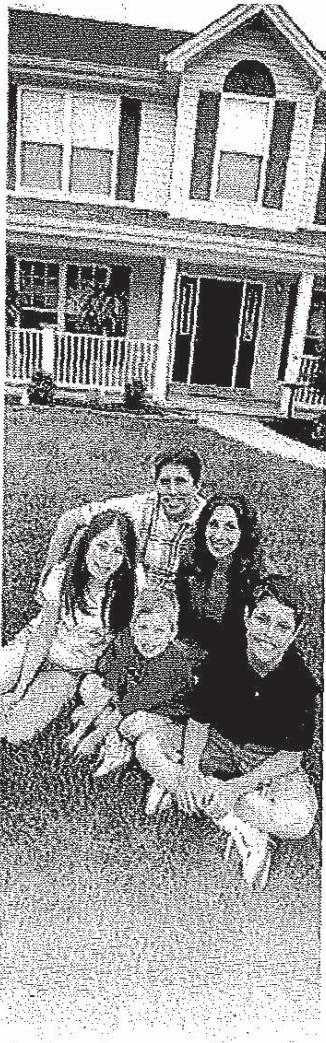
The Cariboo Chilcotin region is the very epicentre of the mountain pine beetle epidemic – a natural disaster impacting 80 percent of the British Columbia pine forest. This unprecedented event has resulted in far reaching impacts on the economic prosperity of the region, province and nation and even more direct impacts on the environmental wellness and social structure of interior British Columbian communities.

The Province and the Nation are engaged in a strategic effort to develop an Asia-Pacific Gateway and Corridor connecting the west coast with mid and eastern Canadian and American markets as well as connecting the lower mainland and Prince Rupert ports. It is the latter north/south connector that will play a significant role in the growth and prosperity of central British Columbia and that will see the development of new products and technologies to meet the growing Asian market. This route runs directly through the Cariboo Chilcotin and, therefore, the heart of the mountain pine beetle infestation.

The approximate 300 kilometres of Highway 97 that bi-sects the Cariboo Chilcotin has been identified as a provincial priority to maximize economic opportunity. The speed with which the upgrades can be completed will have direct correlation to central BC's ability to realize its potential in the Asian Pacific marketplace.



Sustainable Regions



The Regional District, with its twelve electoral areas and four municipal partners, believes, and is supported by the research of the Cariboo Chilcotin Beetle Action Coalition, that as a region, we are far more sustainable than any individual community within the whole. We are currently experiencing a transitional economic, environmental and social landscape. Part of that transition will see the industrial tax which has been traditionally located primarily within the boundaries of our member municipalities, shift to a much more regional tax base as mining, oil/gas exploration and development, diversity within the forest industry, greenhouse gas emission initiatives, continued growth and technological advancement in our agricultural industry, and the economic benefits of the Asia-Pacific Gateway and Corridor, are realized. That said, our communities, incorporated or otherwise, are the backbone of our region and our collective strength must be unified behind their immediate survival and future prosperity.

The region is currently experiencing growing levels of mining and oil/gas exploration activities, which, if managed effectively, may be the catalyst to a more diverse and robust economy. Opportunities abound for the region to be a centre for technological innovation that both maximizes the potential for utilization of the forest mass, including “waste” wood into desirable products to aid the province in its leadership role to reduce greenhouse gas emissions. Similar opportunities exist in our agricultural industry which has also faced its challenges in recent years but has survived, and will thrive, with the right advancements and the support of all levels of government.

Although the forest industry is currently struggling to adapt to the post-pine beetle era through product diversification and technological advances, the potential of the industry to continue to play a significant role in the region's economy are tremendous as Asian markets develop and grow. That said, however, the current traditional “sawmill” industry will struggle over the next few years while the transition occurs and may never return to its historic levels of employment and lumber production. Sustaining and growing the economy of this vital provincial region during the transitory period must be of paramount concern to all levels of government.

The Cariboo Chilcotin offers readily developable land at affordable costs and can find its future role in the growth and success of the emerging Asia-Pacific corridor economy, while continuing to contribute to the provincial and national economies through our strong natural resource base. That transition will, however, require serious commitment from senior government. Unlike some areas of our province and nation, the Cariboo Chilcotin region has never had to rely on senior government funding, but is quickly approaching an unprecedented economic transition that will require a hand up, not a hand out.

The 2002 BC Progress Board report “British Columbia at the Crossroads: New Regional Development Pathways for the 21st Century” outlined a broad framework for regional diversification and transformation. Many of the strengths of that report have been

Sustainable Regions

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recaptured and built upon in the Province's "Building Stronger Communities" report, both of which emphasized the need for collaboration and a strong regional voice as necessities for economic and social sustainability and prosperity.

The report calls for the need to reinvent regional economic development. The Cariboo Regional District Board endorsed a goal to pursue a regional development function within the regional district in 2007 and continues to work towards that goal. The need to re-create effective regional economic development has never been more critical than it is today in light of the economic impacts of the mountain pine beetle. Our economy is entering a period of transition as we move from a forestry dependent region to a far more diverse economy – one that we are confident will be robust enough to ensure the continued viability of the region as an economic driver. We do, however, envision that assistance from senior government during this time of change will be essential to ensuring that the transition occurs smoothly.



Local Leadership



The local government leaders of our region have not been idle since we first raised the issue of the mountain pine beetle at the 1999 Union of BC Municipalities convention. We have worked closely with all sectors of our region seeking strategies to assist in the transition of our economy. What we need now is a serious commitment from both levels of senior government to designate funding for the Cariboo Chilcotin region to be administered directly by the local governments within that region.

We recognize that regional strength and accountability already exists within the local governments in place within the Cariboo Chilcotin and believe that the current structure provides the optimal forum to lead our communities and regional strategies through the post-beetle era. The Regional District has the legislative capacity, the accountability of a locally elected governance structure with representation from all local governments, the administrative infrastructure, and the responsibility to serve as a federation of the collective interests of the communities that comprise our region. Utilization of the existing local government structure to channel funds into necessary infrastructure and growth planning has been successfully demonstrated in the Peace River (Fair Share) Agreement. The Regional District structure also provides the flexibility to establish unique governance structures for various purposes which will allow us to engage other stakeholders, including First Nations, in meeting the challenges of our changing region. We currently enjoy informal participation by some First Nations members at our governance table and anticipate that as ongoing treaty negotiations are finalized those relationships will be solidified in terms of formal ongoing representation by those First Nation partners wishing to share in the governance of our region.

The Regional District has demonstrated its leadership capacity time and again with its constituents, community groups, peer local governments, and senior government. As leaders in representing the needs of our agricultural industry in responding to heightened regulations for beef slaughtering facilities, the Regional District was the first area in the province to have two landfill sites approved for the receipt of specified risk material by the Canadian Food Inspection Agency. Even today, these are two of only five approved sites in the entire province. In 2007, the Regional District received Honourable Mention at the UBCM Excellence Awards for production of the inaugural edition of its annual report, becoming the first regional district to produce an annual report in advance of the legislative requirement to do so. Among a long list of accomplishments, including a public-private partnership on an internationally acclaimed, award winning, engineered landfill site, the recommendations contained within this report are another example of Cariboo local government leadership in forging solid partnerships and building successes out of each challenge encountered.

Building Stronger Communities

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The report of the Community Opportunities Task Force released last fall, "Building Stronger Communities" identifies four key challenges that are slowing the efforts of local governments to build stronger communities:

- The challenge of collaborating
- The need to build strong regional economies
- The need for creative leadership
- The challenge of promoting regional action

The Ministry of Community Services presentation to the World Urban Forum in 2006, "Local Government Excellence through Collaborative Partnerships" reiterates that "collaborative institutions provide support in areas where local governments can achieve more by acting collectively rather than individually".

The very premise of the regional district system is aimed at fostering collaboration and meeting changing needs. As such, the legislative framework of the local government system must be flexible enough to adapt to changing circumstances. This report is intended as an overall framework to resolve a number of key issues to ensure the Cariboo Chilcotin region remains a vibrant and viable region and continues to contribute to the provincial and national economies as it always has. To that end, this report specifically addresses the following issues:

1. to clearly articulate our desire to collectively and collaboratively grow the Cariboo Chilcotin region;
2. to offer some potential suggestions for legislative changes aimed at reducing rural/urban conflicts, promoting regional economies, and fostering positive relations within our local government structure.
3. to ensure the Cariboo Chilcotin region remains a significant economic driver for the regional, provincial, national and international economies; and
4. to lay out a framework to ensure the growth of the Cariboo Chilcotin region assists the Province in meeting provincial goals.



Regional Collaboration



The *Building Stronger Communities* report focuses on two strategic directions – being “more effective collaboration and strengthening regional economies” and states “When challenges or opportunities are shared across jurisdictions, services can be delivered and governance issues resolved by acting collectively rather than taking a “go-it-alone” approach.”

The merits of these same principles were extolled at the World Urban Forum on Local Government Excellence through Collaborative Partnerships which states, in part “The emphasis on collaboration in British Columbia’s system of local government is an element of British Columbia’s system that is particularly distinctive in comparison to other jurisdictions...The effectiveness of British Columbia’s local government system depends on a high degree of collaboration between different interests within the system. This relationship has developed over time and is based on the principle of mutual respect and the practical recognition that there are opportunities to achieve benefits through working together”.

Successful examples of collaboration can be seen throughout the history of regional districts through examples such as the Municipal Finance Authority, which is comprised of the regional districts throughout the province, and dual role of regional districts to act in the capacity of Regional Hospital Districts that work in partnership with the Health Authorities on the provision of capital infrastructure for health care.

The Cariboo Regional District prides itself on developing strong partnerships with both public and private interests to best deliver services to our constituents. Examples include:

- a public-private partnership with Canlan Ice Sports Corp. in the delivery of recreation services in the south Cariboo;
- a public-private partnership with Taseko Mines Ltd. for an award winning engineered landfill site at its Gibraltar Mine site;
- partnerships with two of our member municipalities on the delivery of recreation and numerous other services in the north and central Cariboo;
- partnership with the District of Wells to construct its new Tourist Information Centre;
- partnership with the District of 100 Mile House on the development and operation of sports fields to serve the broader community;
- delivery of 911 services through the Fraser Fort George Regional District;
- development of an Official Community Plan (OCP), jointly with the Thompson Nicola Regional District for the recreation area spanning our respective boundaries;
- a joint West Nile Virus program with the Thompson Nicola Regional District;
- the Cariboo Chilcotin Beetle Action Coalition;
- strong relations with the two Health Authorities operating within the region that have led to the development of agreements between the health authorities and the other regional hospital districts;

Regional Collaboration

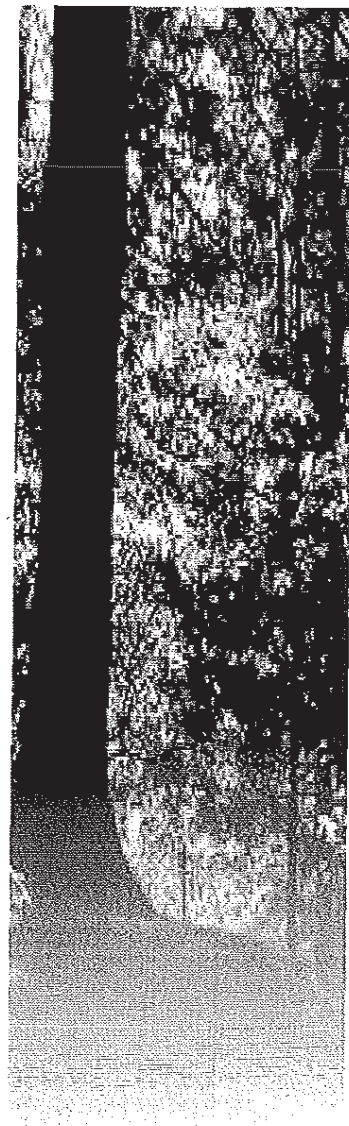
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- local arrangements with community associations to support their community halls and related programs;
- a partnership involving all municipalities, their economic development corporations and the Cariboo Chilcotin Coast Tourism Association to produce a DVD promoting the Cariboo Chilcotin as a region in which to invest, live and recreate. The recently completed DVD is currently being mass produced for use by the partners, the Health Authorities in their efforts to recruit new medical professionals, and was used extensively in portraying the desirability of our province during the Beijing Olympics;
- during the 2007 UBCM convention, the Cariboo Regional District, together with numerous other local governments, signed off on the Climate Change Charter, forming a partnership between local and provincial governments to work collectively towards reducing greenhouse gas emissions and our impacts on climate change;
- active participant in collaborative efforts to initiate and grow the Invasive Plant Council;
- active participation in Treaty Negotiations with Canada, BC and First Nations; and
- active participation in Community to Community forums with treaty & non treaty First Nations.

Our partnerships run from small community associations to local governments, to provincial and federal entities, and to private sector corporations. These initiatives provide our constituents with desired services as efficiently and economically as possible, while in many cases, supporting provincial interests. We are committed to maintaining and strengthening existing and new partnerships to ensure that we are successful in navigating the economic and social challenges before us. Together, our local leadership, with the support of senior government, will ensure that our entire region prospers.



Alignment with Provincial Objectives



Greenhouse Gas Emission Reduction

- a. Reduction of greenhouse gas emissions through the establishment of a Refuse Derived Fuel (RDF) plant in the Cariboo through a public private partnership and in collaboration with neighbouring local government jurisdictions.
- b. Reduction of greenhouse gas emissions through the establishment of bio-energy and/or bio-diesel plants in order to continue to gain value from non-merchantable and residual wood waste resulting from the pine beetle epidemic.

The current emphasis on bio-energy is an excellent beginning to efforts to maximize value from the impacted pine stands while reducing greenhouse gas emissions in the long term. While this is a necessary and timely step, the focus on wood waste as the main fuel stream is to some degree viewed as "low hanging fruit". There is currently an abundance of wood waste in our impacted forests and a pressing need for government to develop policy to not only ensure, but actually require, higher percentage capture of waste from traditional forestry practices. There are many other waste streams, however, that are not as easy to utilize in energy production, but that are a huge impact on our environment and on the production of greenhouse gases and that offer a renewable source of energy.

The Cariboo Regional District has retained the consulting services of Gartner Lee Limited to assist in the evaluation of various technologies to utilize the municipal waste stream as a renewable energy source. Currently, the vast majority of municipal solid waste in British Columbia is landfilled either within the province or exported for landfilling south of the border. The provincial government has recently enacted legislation respecting the capture of methane gas from landfill sites as one of its greenhouse gas emission reduction initiatives. The Cariboo Regional District, however, believes that the practice of landfilling garbage in the first place must be replaced by technologies that would all but eliminate the need to landfill. Technologies exist that would see the municipal waste stream shift from an environmental contaminant to one of renewable energy. The Cariboo Chilcotin wishes to lead the province in this technology and is seeking senior government assistance in both the research and development stages as well as in the permitting processes.

Some jurisdictions within the province are currently exporting municipal solid waste to the United States which we do not believe is a sustainable plan over the long term. It is likely that the Cariboo Chilcotin may require additional quantities of waste to that produced locally in order to make this project viable.

Alignment with Provincial Objectives

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Accordingly, preliminary discussions have been initiated with neighbouring jurisdictions to ensure that economies of scale are maximized which will require that north/south and east/west transportation linkages be maintained.

2. Strategic Planning Initiatives

- Incorporating smart growth objectives in new and updated OCP's;
- Shoreland management policies and riparian area protection;
- Reduction of greenhouse gas emissions through planning policies;
- Regional Growth Strategy;
- The provincial government's legislation with respect to regional growth strategies is "designed to accommodate growth while maintaining the livability and natural environment of the province. In so doing, it complements provincial government efforts to:
 - Achieve greater certainty with respect to land use in order to support continued job creation;
 - Maintain an environment that continues to make B.C. an attractive place to invest and live; and,
 - Sustain a competitive tax climate through efficient provision of government services." Section 849(1) of the *Local Government Act* establishes the purpose of a regional growth strategy to "promote human settlement that is socially, economically and environmentally healthy and makes efficient use of public facilities and services, land and other resources." The Ministry's explanatory guide goes on to cite one of the advantages as building on the "base to provide for inter-jurisdictional coordination which is necessary in order to address critical regional issues that cannot be addressed comprehensively by each municipality alone" and includes potential items such as water supply, growth management, open space preservation, water conservation and environmental protection. The impacts of the pine beetle epidemic on our open spaces, watersheds, etc. is significant and will continue to grow heightening the potential and magnitude of erosion, land slippage, watershed contamination and forest fire events in the region.

The guide also references Section 852 of the *Local Government Act* whereby the Minister can recommend to Cabinet that a regional growth strategy be undertaken if the area is "experiencing significant change in its population, its economic development or an aspect of growth or development that affects two or more local governments in the area". This provision certainly applies to the Cariboo Chilcotin, not only as a result of the tremendous inflow of seasonal residents enjoying the many lakes and streams found throughout the region, but even more so as a result of the changing economy precipitated by the mountain pine beetle epidemic. A tremendous amount of research data has resulted from the work of the Cariboo Chilcotin Beetle Action Coalition (CCBAC), however, that information must now be taken forward to the next level. Much of the implementation process will be contingent on local government planning policies and the regionalization of interests towards social, economic and environmental sustainability. Many of the financial and policy tools that will be necessary to accomplish that, rest with local government who must ensure that policies are in place to complement the transitioning economic base.



Alignment with Provincial Objectives



These factors combined make the initiation of a regional growth strategy at this time imperative in order to build on the current economic, social, and environmental transition thrust upon us by the extent of the mountain pine beetle impact and to realize the greatest return on the \$2.5 million investment the provincial government has made to the CCBAC research project.

While there are many sector specific proposals within the final CCBAC proposal, the need for an overarching strategic plan to guide the economic, social, and environmental opportunities and challenges facing the region must be solidly in place and must have the benefit of legislative authority from the governance bodies serving the region. A regional growth strategy provides the optimum framework for that collaboration and legitimacy.

Import/Export Opportunities and Economic Diversification

The region is strategically positioned to capitalize on the province's initiatives to develop an Asia-Pacific corridor between BC's northern and southern ports that will enhance the development and import/export opportunities of interior British Columbia products arising from the Asia-Pacific Gateway port in Prince Rupert. The future development of value added and environmentally sound products from the pine beetle residue throughout the Cariboo Chilcotin region represent huge export opportunities.

We currently have two pellet plants operating in the region and a third under construction which have vast marketing capability in Asia. Bio-energy opportunities and potentially the end product of the region's RDF proposal dependent on whether we proceed to direct power production or some other form of energy source, will all assist in the growth of the Asian market. China's desire for a much heavier reliance on wood versus steel and concrete as a primary construction product has the potential to see our current "board-feet" exports increase exponentially in the coming 3-4 years provided we have the infrastructure in place to maximize our export potential.

Our forage and livestock production capacity can also offer substantial potential for the development of new Asian markets. New technologies around agricultural production, diversification, development of niche markets all provide real opportunities for growing the Cariboo Chilcotin economy.

In addition to traditional wood products and residual wood waste technologies, experts at the Pacific Northwest Economic Region Summit in July 2008 spoke to the lack of capacity for the production of oil and gas in British Columbia. The potential benefits of developing additional production capacity in British Columbia makes the need for maintaining strong north/south transportation corridors even more critical.

More

Alignment with Provincial Objectives

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This must be achieved both through highway capacity and rail capacity and CN Rail must be required to ensure that it is positioned to increase rail car availability throughout the Cariboo line in order to meet growing import/export requirements. These two vital connections will also facilitate the timely flow of goods between the northern and southern ports to ensure that we can maximize the efficiency of the ports.

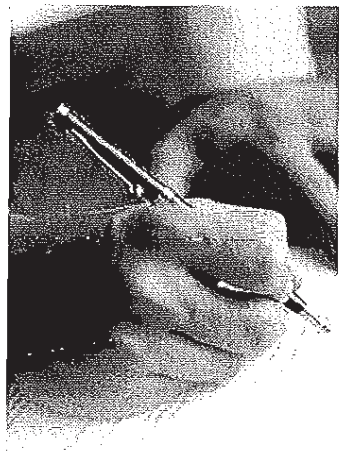
Cariboo Connector

The provincial government has established four-laning of the Cariboo Connector as a provincial transportation priority. Highway 97 is also referred to as the "Heartland" Connector and as the "Asia-Pacific" Connector by local governments in the Cariboo Chilcotin who view its timely upgrade as critical to our economic prosperity. Markets will develop at a dramatic rate and the infrastructure necessary to capitalize on those markets must meet growing demands.

Affordable, readily serviceable land, exists along the 300 kilometre section of Highway 97 running through the Cariboo Regional District. The development potential throughout the Cariboo Chilcotin is unlimited but will be hindered if outdated transportation infrastructure is viewed as a detriment to potential investors. This vital transportation link as well as north/south rail corridors must remain a high priority to both the federal and provincial governments.



Systemic/Legislative Impediments



There are a number of legislative impediments to cooperative governance that could be addressed to alleviate unnecessary municipal/rural tensions. On the one hand, municipalities, under the Community Charter, have been granted very broad powers and enjoy much more flexibility to pursue initiatives they deem important without continually seeking public assent on each individual initiative. Regional Districts, on the other hand, for all but a handful of services specifically outlined in the *Local Government Act* or mandated by the Province, must seek electorate assent to undertake any new service.

Unfortunately as municipal initiatives grow, they sometimes reach a time when it would be appropriate for some services to be financed by a broader group of beneficiaries, often including those residents living outside of the incorporated municipal boundary. That said, there are often legitimate reasons why a municipal boundary expansion is not the best tool to address limited inequities. It is difficult at that period, however, to obtain elector assent which would subsequently require rural residents to contribute to a service that they previously enjoyed at no cost. It is with respect to these types of services that municipalities develop the "free rider" tension. If the legislation allowed the Regional District to tax fringe and rural area residents to contribute to certain agreed upon "urban" services, this predominant strain between rural and urban taxpayers and elected officials could be overcome.

In the "Building Stronger Communities" report, the Task Force "urges consideration of a legislative provision that makes it easier to establish desired partnering arrangements among regions". Although this statement is made in the context of multi-regional collaboration, we believe the same legislative changes can be applied within the region to assist in municipal/regional district collaborations for service delivery.

The report goes on to state that "mechanisms that can accelerate the resolution of planning and service issues that arise at municipal boundaries" should be considered. We believe that the above initiatives will assist in what in some cases will be a transition between an urban fringe area not requiring high service levels to a future municipal boundary expansion when those servicing needs so warrant.

The Task Force report also speaks to the need for accountability and responsibility for local governments. It is recognized that there has been considerable discussion over the past several years regarding industrial property taxation within some municipalities in the context of reviews by the Competition Council and the Ministry's World Urban Forum presentation on local government. As the traditional industrial tax bases within Cariboo municipalities begin to shift to regional tax bases, this issue may largely be resolved without the necessity of legislative reform around the ability of municipalities to set industrial tax rates, however, the loss that is expected to be encountered by municipalities in pine beetle impacted communities and, to a lesser degree, the

Systemic/Legislative Impediments

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regional district, will be substantial and a regional model of taxation through the regional district structure must be in place to mitigate the impacts of that shift. As a transitory step, it is envisioned that direct senior government funding assistance will be required while the shift in industrial tax base occurs and solidifies, and that the legislative and financial structures must then be in place to allow regional funds to funnel through the regional district to incorporated and unincorporated communities alike to ensure their long term sustainability. It is anticipated that the interim direct funding assistance would ultimately be replaced by a strong regional taxation model and new resource revenue sharing arrangements that see part of the value of the region's natural resources redirected to support the local region and communities.

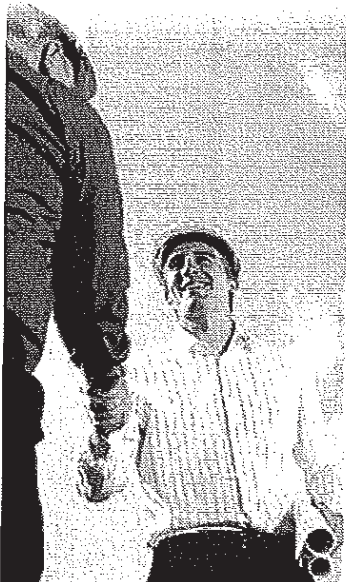
The Task Force report has numerous references to targeted revenue sharing opportunities and several overall statements including the following:

- "the missing component in regional economic development is the economic feedback loop, a mechanism designed to share with the region the direct benefits of increased economic production."
- "Economic improvements within a region should also improve the social well-being of the region's communities, further influencing the economy in a positive way."

Legislative amendments could address these two significant impediments to rural/municipal collaboration and to developing regional economies.

First, regional districts must be given the authority to govern, not just to react. Municipalities have clear authority to make governance decisions on behalf of their constituents and are held accountable for those decisions every three years at the polls. Regional districts, on the other hand, generally cannot make decisions on behalf of the constituents they represent. Recognizing the vast differences between the two governance structures, it is appropriate that there are different legislative requirements for many services, however, for others the Regional District should be able to exercise the legitimate authority vested in all other democratically elected governments to actually govern. To that end, it is proposed that this evolution to mature government status begin with providing authority for regional districts to participate in municipal services without voter assent where such services clearly benefit residents living beyond the incorporated boundary of the municipality.

Secondly, it is necessary to review the limitations of the current taxation structure to facilitate a regional economy and tax base with mechanisms to flow funds through to sustain and enhance existing and future communities.



Systemic/Legislative Impediments

Lastly, resource-rich regions versus population/infrastructure rich regions such as the Cariboo Chilcotin, require resource revenue sharing agreements to provide stable revenue commensurate with its economic contribution to provincial and national economies. Revenue sharing agreements are becoming common place and have begun to appear in many First Nations settlements, while the municipal and regional governments do not realize any benefit from the resources of the region they represent. In addition to revenue sharing agreements in resource regions (ie. stumpage, mineral/gas/oil royalties, etc.), all local governments require alternative revenue streams that will grow as the regional economy grows (ie. consumptive taxes, BC Hydro transmission line grants-in-lieu, etc.).

It is anticipated that some direct interim funding will likely be necessary during the peak of the economic transition in the Cariboo Chilcotin region, following which the development of sustainable revenue streams and a regional tax regime should minimize or eliminate the need for ongoing direct provincial and federal assistance.



Summary of Action Items

1. Collaboration

Build on the collaborative framework of British Columbia's local government structure and promote regional and multi-jurisdictional initiatives.

2. Regional Growth Strategy

Provide direction and funding to complete a regional growth strategy within a timely period to ensure the region is positioned to meet the challenges of a growing regional population and a regional economic transition.

3. Refuse Derived Fuel Plant

Provide funding for research, development and environmental permitting for a refuse derived fuel plant in the Cariboo Chilcotin.

4. Import/Export Development

Provide funding to assist in the promotion and development of opportunities to capitalize on emerging Asian markets within the Cariboo Chilcotin.

5. Transportation Infrastructure

Accelerate funding from provincial and federal governments to complete upgrading of the Highway 97 Cariboo Connector. Ensure north/south Cariboo rail corridor has sufficient capacity to meet growing markets.

6. Legislative Changes

Initiate legislative changes including provisions to provide greater ability for regional districts to participate in municipal services without voter assent where such services clearly benefit residents living beyond the incorporated boundary of the municipality.

7. Regional Economy

Initiate legislative changes to facilitate a regional economy and tax base with mechanisms to flow funds through to sustain and enhance existing and future communities.

8. Revenue Streams

Initiate discussions to develop a resource revenue sharing agreement, together with other alternative revenue streams that will grow as the regional economy grows (ie portions of stumpage, mineral/gas/oil royalties, consumptive taxes, BC Hydro transmission line grants-in-lieu, etc.). Direct interim funding will likely be necessary during the peak of the economic transition, following which the development of sustainable revenue streams and a regional tax regime should minimize or eliminate the need for ongoing direct provincial and federal assistance.

Notes

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Prepared September 15, 2008

For more information contact
Janis Bell, *CAO - Cariboo Regional District*
250-392-3351 or 1-800-665-1636

www.cariboord.bc.ca

Central Cariboo - Williams Lake

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Williams Lake, BC V2G 2A4
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Fax: (250) 392-2812

North Cariboo – Quesnel

#102 - 410 Kinchant Street
Quesnel, BC V2J 7J5
Phone: (250) 992-7400
Fax: (250) 992-7414

South Cariboo – 100 Mile House

175 Airport Road
100 Mile House, BC V0K 2E0
Phone: (250) 395-3838
Fax: (250) 395-1498

CSC-2011-00089

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Wednesday, September 14, 2011 12:04 PM
To: Januszewski, Emille CSCD:EX
Cc: Bindra, Rena CSCD:EX
Subject: FW: MAG survey
Attachments: MAG survey.pdf

From: Joan Sorley [<mailto:joan.sorley@xplornet.ca>]
Sent: Saturday, September 10, 2011 9:19 AM
To: Minister, CSCD CSCD:EX
Subject: MAG survey

Attached is my completed survey. Thank-you for this opportunity.

Sincerely,

Joan Sorley
Director, Cariboo Regional District Area "F"
PO Box 147
Big Lake Ranch, BC V0L 1G0
250-243-2261
e-mail joan.sorley@xplornet.ca

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no): yes
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: _____
- Name of individual councillor or director (if applicable): Joan Sorley

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

To provide objective verification that local government systems are providing the best services to the taxpayer in a most efficient manner.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

It should not duplicate the financial audits, but could audit how and whether results are implemented as part of the management system audit. It could be an investigative tool resulting from complaints. Yes, it should identify best practices, and results should be public. All audits should be performed to a pre-determined standard, which is published.

3) Who should a Municipal Auditor General report to? Someone independent of local government.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

Local governments should consider the results and report that consideration to the public, but should not be tied to specific recommendations. (eg, the decision may well be to do nothing, or to take action quite different from the auditor's recommendation, for very sound reasons.)

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

All publicly funded bodies.

6) What do you see as the benefits of having an office of the Municipal Auditor General?

The largest benefit will be the improvements resulting from objective oversight of systems in place, and the sharing of best practices already in use.

7) Do you have any additional comments?

It is very important that none of the costs of the Municipal Auditor General are passed on to local governments.

Thank you for completing the survey.

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Wednesday, September 14, 2011 12:04 PM
To: Januszewski, Emilie CSCD:EX
Cc: Bindra, Rena CSCD:EX
Subject: FW: Survey response re: MAG

Importance: High

-----Original Message-----

From: Lila Cresswell, CAO Village of Fruitvale [mailto:cao@village.fruitvale.bc.ca]
Sent: Saturday, September 10, 2011 1:08 PM
To: Minister, CSCD CSCD:EX
Subject: Survey response re: MAG
Importance: High

Survey response from Village of Fruitvale Council

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official
NO
- This survey response is from a local government council or board YES
- Name of municipality or regional district
VILLAGE OF FRUITVALE
- Name of individual councillor or director (if applicable)
N/A

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

Not able to define as it is unclear why it is required presently, the reasons have not been articulated. Is there a specific field of concern from the public, is this a provincial commitment that the current government has made and if so, the reasons and specifics would help to define what the role is. We assume it is to assist in areas that are currently under reported, but are unaware of what these might be. As financial accountability is already in place under the reporting requirements of SOFI, and transparency is able to be enhanced by legislative amendments to the Community Charter and Local Government Act.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? Should it identify best practices?)? To respond to specific expressed public concerns, after appropriate discussion and fact finding with Council and staff. As it is unclear what the reason for the commitment to implementing an MAG is, it is difficult to articulate what the specific functions should be. Perhaps a recommendation to carry out a value for money or best practice exercise would be more financially responsible than having MAG staff on hand to carry out these specialized duties and reports. The concern here is that additional expanded bureaucracy could be the end result when perhaps improving and reconstituting the duties of the existing, but reduced, Inspector of Municipalities function is more appropriate.

3) Who should a Municipal Auditor General report to?

To the Council of the municipality being audited as it is assumed the intention is to help, advise and mentor.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports)? The recommendations should be frankly and openly discussed between Council and the MAG representative, an opportunity for response should be available, say 30 days, an opportunity for the MAG to revise recommendations based on response should be available, and dependent on the end recommendations, Council should either accept the recommendations and include in annual report, accept recommendations and plan within the available municipal finances, or amend or reject the recommendations with reasons stated.

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)? No, the subservient bodies report to Council and should be evaluated by Council or designates. Regional districts are a form of local government and should be treated in similar manner as municipalities.

6) What do you see as the benefits of having an office of the Municipal Auditor General?

This would be entirely dependent on the scope of the MAG and purposes.

7) Do you have any additional comments?

While we support transparency and accountability, we have some concerns about the conceptual and practical foundations upon which this proposal is based.

First and foremost, in agreement with UBCM comments, is the question of "why" is this initiative being explored. There is no definition of the problem, i.e., is there a problem with municipal decision making which requires corrective oversight? Is there a need for more transparency?

Second, when seeking more accountability, how does one define "accountability"... is "accountability" achieved only through external review and reporting or is it "shared responsibility" for actions (this latter definition leads to a more collaborative approach)

Third, external performance reviews by a provincial level of government over a more local government cannot avoid being perceived as "big brother" evaluation and often create animosity between the two governments in an adversarial situation.

Fourth, although the context paper states that such external reviews would not examine elected officials' policy decisions, how can performance review avoid questioning the decisions made by the elected officials?

Fifth, will such reviews also be able to make recommendations about the constraints placed on municipal government by the provincial government?

In other words, if the external reviews are to have true validity, they should also include recommendations regarding provincial decisions which might cause problems for municipal governance and performance, e.g., the grant system of allocating funds for needed infrastructure which creates long term planning problems for local government.

Sixth, the quasi-judicial "inquiry" introduces another level of bureaucratic intervention into municipal affairs when procedures already exist through the office of the Ombudsman and Municipal Inspector. The whole idea of the "inquiry" needs to be very carefully developed if it is to avoid both functional duplication and an expensive avenue for spurious complaints from dissatisfied parties who already have routes for challenging municipal actions.

--

Lila Cresswell, CAO
Village of Fruitvale
PO Box 370, 1947 Beaver Street
Fruitvale, BC V0G 1L0
tel 250-367-7551 cell-BB 250-231-7973
email cao@village.fruitvale.bc.ca

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Wednesday, September 14, 2011 12:03 PM
To: Januszewski, Emilie CSCD:EX
Cc: Bindra, Rena CSCD:EX
Subject: FW: Municipal Auditor General Survey
Attachments: 146345_MIN_LGD_PRB_MAG Survey_TNRD.pdf

-----Original Message-----

From: Lyle Huntley [<mailto:lhuntley@tnrd.bc.ca>]
Sent: Thursday, September 8, 2011 4:28 PM
To: Minister, CSCD CSCD:EX
Subject: Municipal Auditor General Survey

Hello,

Attached is the Thompson-Nicola Regional District's response to the Municipal Auditor General Survey. Please be aware that the Board of Directors passed the following resolution regarding a survey response:

That staff complete the Municipal Auditor General Survey in accordance with the Context Paper prepared by the Union of BC Municipalities and submit the survey to the Ministry of Community, Sport and Cultural Development.

If you have any questions about the survey response, please do not hesitate to contact our office.

Lyle R. Huntley, Clerk / Director of Community Services Thompson-Nicola Regional District
300 -465 Victoria Street, Kamloops, BC V2C 2A9

Telephone: (250) 377-8673
Toll Free in BC: 1-877-377-8673
Fax: (250) 372-5048

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both “financial audits” and “performance audits” (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia’s *Auditor General Act* states that a report or examination “must not call into question the merits of program policies or objectives of the government”.

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or **NO**):
- This survey response is from a local government council or **BOARD** (**YES** or no):
- Name of municipality or regional district: **Thompson-Nicola Regional District**
- Name of individual councillor or director (if applicable): _____

SURVEY

The Thompson-Nicola Regional District Board of Directors supports a strong local government accountability system. As no gaps, problems or deficiencies have been identified within the current local government accountability system, the establishment of a Municipal Auditor General is premature at best and is not supported by the Board of Directors

- 1) What should be the general role or purpose of the Municipal Auditor General?
- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?
- 3) Who should a Municipal Auditor General report to?
- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?
- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?
- 6) What do you see as the benefits of having an office of the Municipal Auditor General?
- 7) Do you have any additional comments?

Thank you for completing the survey.

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Wednesday, September 14, 2011 12:02 PM
To: Januszewski, Emilie CSCD:EX
Cc: Bindra, Rena CSCD:EX
Subject: FW: return of surveys
Attachments: Municipal_Auditor_General_Survey[1].docx

From: John Illes [<mailto:jsillesburnslake@gmail.com>]
Sent: Thursday, September 8, 2011 12:50 PM
To: Minister, CSCD CSCD:EX
Subject: return of surveys

Dear Minister Chong,

Please find attached my survey for the municipal auditor general.

I believe that a Municipalities BC office should be created and report directly to the minister. The office, similar to front counter BC for the natural resource sector, would be a one stop shopping for municipalities. There would be no more send reports and audited statements to many different locations. We need one office to handle all possible municipal needs. I believe a Municipal auditor general could head this organization but I also believe that then we will no longer require the Inspector Municipalities or that part of your ministry dealing with municipalities. It is important to bundle all or at least most of the provincial municipal relationship into one organization to save us both time and money.

John Illes
Councillor
Village of Burns Lake

Dear Mayor or Chair:

I am seeking written feedback from your local government to assist in the establishment of a Municipal Auditor General office, further to the Province of British Columbia's commitment to create such an office.

The primary benefit of an office of the Municipal Auditor General is increased assurance that taxpayers are getting value-for-money from their local governments—just as they have that assurance through the Office of Auditor General's review of provincial finances. This supports the public interest, provides certainty and predictability to strengthen investor confidence in British Columbia, as well as supporting local governments in their budgeting processes.

This summer, staff with the Ministry of Community, Sport and Cultural Development are consulting with interested parties from across British Columbia on the establishment of the Municipal Auditor General office. Please review the attached survey and provide a response from your council or board. Individual council members or directors are also invited to submit a response.

I would greatly appreciate your response by September 9, 2011. Please return completed surveys to: CSCD.Minister@gov.bc.ca.

The survey responses will enable further conversation at the Union of British Columbia Municipalities' annual convention at the end of September. I look forward to receiving your views. Hearing from your local government is important to the successful implementation of a Municipal Auditor General office.

Sincerely,

"Original Signed By"

Ida Chong, FCGA
Minister of Community, Sport and Cultural Development

Attachment

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September. Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca. You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

This survey response is from an individual elected official (yes or no): YES

This survey response is from a local government council or board (yes or no):

Name of municipality or regional district: _____ VILLAGE OF BURNS LAKE__

Name of individual councillor or director (if applicable): JOHN ILLES

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General? All surveys/audits and reports to do with municipalities. Will be responsible for all reporting that municipalities are required to do (thus saving send multiple copies of similar reports to different ministries), the auditor general will completely replace the inspector of municipalities office and this office will no longer be required

- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

Value for money, financial, best practices and compiling and gathering municipal information. This function should be the sole and only one stop responsibility for municipalities. It should be a "MUNICIPALITIES BC" similar to frontcounter BC.

- 3) Who should a Municipal Auditor General report to? A minister.

- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)? Governments should be required to consider the results of an audit but not be required to make changes as a result of the audit. The respondent should write a letter back to the MAG as a result of the audit with how they are considering the audit.

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

YES

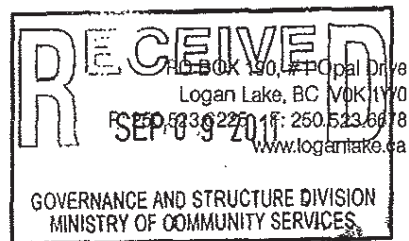
- 6) What do you see as the benefits of having an office of the Municipal Auditor General?

It would replace the inspector of municipalities

7) Do you have any additional comments?

A one stop shopping for municipalities is definitely needed. Municipalities do not need to be overseen twice by the inspector of municipalities and a MAG. Disband the inspectors office and remove the responsibility for overseeing municipalities from the current ministry and create Municipalities BC with the MAG at its head.

Thank you for completing the survey.



September 1, 2011

File: 0640.20

Ministry of Community, Sport and Cultural Development
PO Box 9490 Stn Prov Govt
Victoria, BC V8W 9N7

Attention: Mr. Don Fast

Dear Sir:

Re: Establishment of Municipal Auditor General Office

The Minister's letter and survey regarding the establishment of a Municipal Auditor General Office was considered by Council at the August 24, 2011 Regular Council Meeting.

After reviewing the material, Logan Lake Council does not support establishing a new office. Council felt that there were staff members in the Ministry who could perform this function such as the Inspector of Municipalities

Yours truly,



Wayne Vollrath
Chief Administrative Officer

WV:ec

OFFICE OF THE DEPUTY MINISTER	
REF:	_____
ACTION	_____
REC'D SEP 07 2011	
FILE:	_____
COPIES TO	_____
MINISTRY OF COMMUNITY DEVELOPMENT	

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both “financial audits” and “performance audits” (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia’s *Auditor General Act* states that a report or examination “must not call into question the merits of program policies or objectives of the government”.

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no): **NO**
- This survey response is from a local government council or board (yes or no): **YES**
- Name of municipality or regional district: **District of Lake Country**
- Name of individual councillor or director (if applicable): **Mayor & Council**

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?

Based on the four principles outlined in the 'Background' section of this survey, there is no role for a Municipal Auditor General. All four principles are already established at the local government level so it is unclear what role this office would play. The uncertainty also derives from the lack of information available to provide a sensible feedback, such as the Terms of Reference for the discussion and the proposed office, identification of the issues that the office should 'fix', data about our jurisdictions employing a similar office, and so on.

- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

Again, it is not clear what the office is supposed to address. If there is a specific issue, then it should be made clear in order to identify specific functions that could be suggested in order to make this office useful. Maybe replacing independent auditing could be a start. This would save money to municipalities. However, we fail to see how this would be any different from current application of PSAB practises. Value-for-money can be dealt with through specific legislation identifying parameters and performance indicators but this could be accomplished through existing governmental resources and departments, such as in other provinces. The creation of an office 'ad-hoc' is a further cost to the taxpayers and certainly creates unnecessary redundancies, additional costs to local governments due to capacity issues, and more bureaucracy. There already exist 'best practices' databases through UBCM, FCM and staff professional associations.

- 3) Who should a Municipal Auditor General report to?

If it deals only with financial reporting/issues, the MAG should report to the provincial Auditor General. If, in addition to financial items, the purpose is to look at performance measurements and other operational issues, it should report to the Ministry of Community, Sport & Cultural Development.

- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

Local governments should be given those recommendations as guidelines. Councils should review those and evaluate the feasibility and advantage to apply those in full or in part. An annual audit should verify the extent of Council follow up and whether conditions have changed and recommendations may be amended as well. A 'Quick Fix' is not the answer to any problem, if there is one, but the process should bring to excellence in public service. Local governments are well known for good quality of service and sound business practices.

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

Again, the purpose of the office is not clear. We would suggest that, if the province decided to form this office, it should focus just on local governments and not their corporations or other bodies.

- 6) What do you see as the benefits of having an office of the Municipal Auditor General?

None at this time. We already have all the tools and legislation should be used to identify progressive forms of efficient and cost-effective service delivery.

- 7) Do you have any additional comments?

This process seems to be rushed through. We do not understand the purpose of this and why only the business community was extensively involved in the initial consultation process. Municipalities and regional district were not given the opportunity to participate at the same forums as the business community and we are also concerned that taxpayers in general have not been consulted. If it is a good idea, we do not understand the lack of a transparent process to convince all parties of the benefits of this office. Finally, the purpose for the proposed office appears to be in response to a special interest group - the business community. The interests, value systems, uniqueness of each community and wishes of average citizens regarding their quality of life, community liveability and other factors do not seem to be taken into consideration while undertaking the development of this new office.

Thank you for completing the survey.

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Friday, September 9, 2011 1:14 PM
To: 'Januszewski, Emilie CD:EX'
Cc: Bindra, Rena CSCD:EX
Subject: FW: MAG survey
Attachments: Scanned from a Xerox multifunction device001.docx

-----Original Message-----

From: Bill Beamish [<mailto:cao@queencharlotte.ca>]
Sent: Wednesday, September 7, 2011 3:36 PM
To: Minister, CSCD CSCD:EX
Cc: Carol Kulesha
Subject: FW: MAG survey

The attached Municipal Auditor General Survey was completed by Mayor Kulesha in consultation with our Council.

Thank you,

Bill Beamish

W. (Bill) Beamish
Chief Administrative Officer

Village of Queen Charlotte
PO Box 580
Queen Charlotte, BC V0T 1S0
Office: 250-559-4765
Cell: 250-637-1782

"Please consider the environment before you print this e-mail"

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SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?

Need more information on the issues the MAG is to address? Basically- What is the problem the province wishes to address? Is there a more cost effective mode of answering the problem or issues?

- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

Without information on the problem(s) not sure. Identifying best practices are important.

- 3) Who should a Municipal Auditor General report to?

To the municipality?

- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

If there is a need for a MAG than MLA, MFA could be part of audit.

- 6) What do you see as the benefits of having an office of the Municipal Auditor General?

Unknown

- 7) Do you have any additional comments?

- 1. Further discussion needed on the issues that brought this idea forward, if there are methods of addressing them without the creation of a new government body such as increasing or clarifying the duties the Inspector General the Consumer Advocate, andIf after all discussion a MAG is determined to be needed then municipalities should not be the funders of the MAG office.*
- 2. The introduction of a MAG seems to be inconsistent with the principles and purposes of the BC Community Charter which recognizes that municipalities and their councils are an order of government within their jurisdiction. Given that they are already accountable to their community, the BC Ombudsman, the Municipal Inspector, and are required to have audited and balanced budgets annually, the addition of another lever of oversight seems unnecessary.*



September 7, 2011

Ministry of Community, Sport and Cultural Development
PO Box 9056, Stn Prov Govt.
Victoria, VC V8W 9E2

Attention: The Honourable Ida Chong, Minister

Dear Ms. Chong,

Re: Municipal Auditor

Further to your letter requesting written feedback on the establishment of a Municipal Auditor General. Following a review of the survey and the materials provided through UBCM, Council provides the following comments:

- the survey questions require more information to be provided prior to responding;
- it is very difficult to do a proper policy analysis when the solution (the appointment of a MAG), is presented first.
- More information needs to be provided on what gaps are being addressed through the appointment of a MAG;
- there is no information on how this MAG will be funded or the level of funding necessary;
- if the development of best practices is one of the predicted outcomes, Sparwood Council recommends focusing instead on the development of Guides to Best Practices for use by all Municipalities and Regional Districts.

Yours truly,

Terry Melcer
Digitally signed by Terry Melcer
DN: cn=Terry Melcer, ou=District
of Sparwood, email=terry.melcer@sparwood.ca,
c=CA
Date: 2011.09.07 14:44:36 -0600
Terry Melcer

Chief Administrative Officer

DISTRICT OF SPARWOOD

Box 520
136 Spruce Avenue
Sparwood, BC V0B 2G0

Phone: 250.425.6271
Fax: 250.425.7277

www.Sparwood.ca

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Friday, September 9, 2011 1:13 PM
To: 'Januszcwski, Emilie CD:EX'
Cc: Bindra, Rena CSCD:EX
Subject: FW: Municipal Auditor General's survey
Attachments: 146345_MIN_LGD_PRB_MAG Survey - North Cowichan.docx

From: Dave Devana [<mailto:devana@northcowichan.ca>]
Sent: Thursday, September 8, 2011 10:00 AM
To: Minister, CSCD CSCD:EX
Cc: A:Councils
Subject: FW: Municipal Auditor General's survey

Minister,

Please find attached our completed survey regarding the need for a Municipal Auditor General. The Mayor and Council appreciate this opportunity to provide feedback, and encourage you to conduct meaningful consultations with UBCM prior to moving forward with any initiative to resolve the stated objectives.

Regards,

Dave Devana
Chief Administrative Officer
Municipality of North Cowichan

From: DMCorrespondence CSCD:EX [<mailto:DMCorrespondence@gov.bc.ca>]
Sent: July-27-11 4:43 PM
Subject: Call for Feedback Regarding Municipal Auditor General Office

Dear Chief Administrative Officer:

As you may know, Honourable Ida Chong, Minister of Community, Sport and Cultural Development, has recently contacted the mayor and council, as well as the chair and board, of each local government to request feedback on the establishment of a Municipal Auditor General office (see attachments). Elected officials have been asked to respond to a survey by September 9, 2011, if possible. Survey responses will provide a starting point for further discussion at the annual UBCM Convention in late September.

I recognize that it may be difficult to obtain feedback during the summer, which is why I am asking for your help in bringing this survey to the attention of your council or board. Elected officials are welcome to submit one response from the council or board as a whole, or, if desired, individual responses may be submitted.

Thank you for your assistance with this endeavour.

Kind regards,

"Original Signed By"

Don Fast
Deputy Minister
Ministry of Community, Sport and Cultural Development

Attachments

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both “financial audits” and “performance audits” (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia’s *Auditor General Act* states that a report or examination “must not call into question the merits of program policies or objectives of the government”.

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: Municipality of North Cowichan
- Name of individual councillor or director (if applicable): Mayor and Council

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

It is the view of the Mayor and Council that the current accountability structures in place are working effectively.

We do not feel it is the role of a Municipal Auditor General to review the municipal taxation system, to provide best practices reviews or to determine how to properly fund municipalities. These special projects should be resolved through a collaborative approach between UBCM and the Province.

In the event a Municipal Auditor General was created by the province the role could be to provide performance auditing (including value for money audits). Notwithstanding the creation of this entity should only happen after meaningful consultation with UBCM.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

In the event a Municipal Auditor General is created its only role should be to conduct performance auditing (including value for money audits).

3) Who should a Municipal Auditor General report to?

The Municipal Auditor General should be independent of the provincial government while fully funded by the provincial government (similar to the Auditor General of BC), and we believe should report directly to UBCM with an annual report provided to the Legislature.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

The recommendations should be strictly advisory.

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

The question should be - How will government determine the effectiveness of the Municipal Auditor General given it is our premise that the current accountability structures in place are working effectively.

In the event the Municipal Auditor General is created we would suggest that it only perform performance audits on municipalities and regional districts, and that its effectiveness be evaluated early on to determine whether the creation of a MAG is leading to better governance.

6) What do you see as the benefits of having an office of the Municipal Auditor General?

An opportunity for an Independent body to provide performance management advice to local government. We would suggest that this may not be the most cost effective solution to addressing the proposed roles: compliance auditing, performance auditing, municipal taxation review and municipal funding review.

7) Do you have any additional comments?

Please work closely with UBCM to determine whether the Municipal Auditor General will lead to better outcomes and explore alternative solutions to the stated problems prior to creating a costly MAG.

Thank you for completing the survey.

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: City of Dawson Creek
- Name of individual councillor or director (if applicable): Marilyn Belak

INDIVIDUAL COUNCILLOR
MARILYN BELAK, DAWSON CREEK

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?

I DO NOT BELIEVE THERE IS NEED FOR. MAG
IN BC MFA AND UBCM A CHARTER ALONG & ACCEPTED
ACCOUNTING PROCEDURES ASSURES ACCOUNTABILITY.

- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

MAG - SHOULD NOT EXIST, IF THE POSITION IS INSTITUTED
AGAINST THE WISHES OF MUNICIPALITIES IT
SHOULD ONLY INTERACT TO DISCUSS BEST PRACTICES & UBCM.

- 3) Who should a Municipal Auditor General report to?

{ UBCM & MINISTER REPORT TO UBCM & MINISTER.
* THIS IS AN UN-NEEDED, EXPENSIVE POSITION.

- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

LOCAL GOVERNMENTS ARE UNDER DURESS TO COMPLETE
PRESENT FINANCIAL PLANS, REPORTS AND BE ACCOUNTABLE
IN A TIMELY MANNER. MAG IS A FURTHER ONUS WE

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

MAG AND BC PROVINCIAL GOVERNMENT
SHOULD RESPECT MUNICIPALITIES / LOCAL GOVERNMENT
AND THE CHARTER. LOCAL GOVERNMENTS REQUIRE
AUTONOMY.

- 6) What do you see as the benefits of having an office of the Municipal Auditor General?

NONE, UNLESS IT IS AN ENABLING POSITION
THAT WILL ENHANCE LEGISLATION THAT PROMOTES
LOCAL GOVERNMENT'S ABILITY TO BUILD SUSTAINABLY.

- 7) Do you have any additional comments?

LOCAL GOVERNMENTS AROUND THE WORLD
ARE STRESSED BY LACK OF FUNDS AND RESOURCES
AND PROVINCIAL GOVERNMENTS WHOSE POLICIES
AND LAWS DO NOT SUPPORT BYLAWS AND
LOCAL POLICIES TO BUILD INFRASTRUCTURE,
INCLUDING SOCIAL CAPITAL.

Thank you for completing the survey.

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: Regional District of Bulkley-Nechako
- Name of individual councillor or director (if applicable): _____

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?

The Board of Directors of the Regional District of Bulkley-Nechako does not feel that a Municipal Auditor General would be beneficial.

- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

N/A

- 3) Who should a Municipal Auditor General report to?

N/A

- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

N/A

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

N/A

- 6) What do you see as the benefits of having an office of the Municipal Auditor General?

NO benefits

- 7) Do you have any additional comments?

Thank you for completing the survey.

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both “financial audits” and “performance audits” (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia’s *Auditor General Act* states that a report or examination “must not call into question the merits of program policies or objectives of the government” .

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes):
- This survey response is from a local government council or board (no):

- Name of municipality or regional district: Village of Telkwa
- Name of individual councillor or director : Councillor R. Zitkauskas

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

To ensure that public resources are managed in a manner to maximize the benefits to the taxpayer in accordance to established policies and guidelines.

2) What specific functions or duties should the Municipal Auditor General have

In addition to basic fiscal review, comments on whether budgets and expenditures reflect the community's OCP and ICSP (if applicable)

3) Who should a Municipal Auditor General report to?

Ministry

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

Yes. The report should be made public (affected taxpayers) and Councils should adjust decisions accordingly.

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

All publicly created bodies that are financed by taxpayer dollars

6) What do you see as the benefits of having an office of the Municipal Auditor General?

Objective third party review of elected bodies and their fiscal decisions will contribute to better decision making that reflects the desires of the taxpayer as expressed through public processes such as OCP, ICSP and budgets.

7) Do you have any additional comments?

I believe that the suggested office and its activities should be focus (at least at the outset) on larger public bodies, perhaps a cut off point based on size of budget.

Thank you for completing the survey.



Office of the Mayor

2760 Cameron Road, West Kelowna, British Columbia V1Z 2T6

Tel (778) 797.2210 Fax (778) 797.1001

August 25, 2011

Hon. Ida Chong
Minister of Community, Sport and Cultural Development
Room 323 Parliament Buildings
Victoria, BC
V8V 1X4

Re: Municipal Auditor General

Dear Hon. Ms. Chong:

At its meeting August 18, 2011, West Kelowna Council agreed to contact you to register our opposition to the proposed Municipal Auditor General office.

Municipal Governments are already required to have audited financial statements and meet stringent fiscal requirements and therefore we do not believe there is a need for this function to be established.

Sincerely,

A handwritten signature in cursive script, reading "Doug Findlater".

Doug Findlater
MAYOR

Cc: West Kelowna Council
Jason Johnson, Chief Administrative Officer, District of West Kelowna



August 24, 2011

Hon. Ida Chong
Minister of Community, Sport and Cultural Development
Room 323
Parliament Buildings
Victoria, BC V8V 1X4

VIA EMAIL: ida.chong.mla@leg.bc.ca

Dear Minister,

I am writing further to the proposal by your government and Premier Clark to establish an Auditor General for BC municipalities.

In light of your request for feedback, I am writing to express my support for this important accountability initiative.

In recent months, Gregor Robertson and Vision Vancouver have reminded us again of the need for enhanced oversight and more accountability at City Hall. Recently Robertson and his majority Council have:

- passed two large, long-term municipal spending programs with no cost-estimate on cost implications for taxpayers and little public debate
- planned Stanley Cup Finals celebrations without consultation or budget from City Council
- lost the public's confidence in their right to access to information
- approved questionable "green grants" that included use of taxpayer funds to grow wheat in Vancouver front yards and directly subsidize a tricycle courier business plan
- imposed water meters on Vancouver homes which will cost more than they will save
- refused to allow council oversight of spending of the Olympic Legacy Fund

While voters can hold our Vancouver Mayor and Councillors accountable this November by electing a common-sense municipal government focused on the taxpayers' interest, I believe an Auditor General for municipalities - established and funded by the provincial government - will send a positive message to the residents and businesses we serve that their tax dollars are being respected. An Auditor General will be able to act when a council refuses to be open with information as to how tax dollars are being used.

Recognizing that the objective of establishing this position is not intended to create another large bureaucracy or to slow down municipal decision making, I would be pleased to discuss this opportunity.

Thank you in advance for your consideration.

Yours truly,

A handwritten signature in black ink that reads "Suzanne Anton". The signature is written in a cursive, flowing style.

Suzanne Anton
Councillor, City of Vancouver
NPA candidate for Mayor

cc. Hon. Christy Clark, Premier of British Columbia
Hon. Kevin Falcon, Minister of Finance (British Columbia)

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both “financial audits” and “performance audits” (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia’s *Auditor General Act* states that a report or examination “must not call into question the merits of program policies or objectives of the government”.

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no): **NO**
- This survey response is from a local government council or board (yes or no): **YES**
- Name of municipality or regional district:

COLUMBIA SHUSWAP REGIONAL DISTRICT (CSRD)

- Name of individual councillor or director (if applicable): **N/A**

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?

As a general proposition, the CSRD Board is not opposed to any initiative that would enhance the accountability and transparency of financial decisions at the local level. The difficulty that the CSRD Board is having with the initiative is the lack of a clear scope and purpose of a Municipal Auditor General Office. Some of the questions raised by CSRD Board members include: How will the office be structured and funded? Will local governments be expected to fund the Office as is done in Nova Scotia? Will the office provide solicited or unsolicited advice to local governments? Will the office be commenting on Board policy choices? What process will be put in place to bring audit issues to the attention of the Municipal Auditor? Will it be a complaint based system like the Office of the Ombudsman? Is the role of the MAG Office consistent with the principles of Section 1 and 2 of the Community Charter? What is the interrelationship between the proposed MAG office and the Inspector of Municipalities? How does the proposed establishment of the MAG Office interrelate with the province's desire to look at industrial and business class taxation schemes around the province?

- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

We are not entirely clear what functions the MAG Office should have because it not at all clear what the province's policy objectives are in establishing the office in the first place. Generally speaking, we foresee no difficulty with the MAG Office undertaking financial, compliance, or even operational audits of local government entities. Although it has been stated that it will not be the role of the MAG office to comment on policy decisions of local Boards or Councils, the use of the term "value for money audits" would suggest otherwise. Value for money audits or "comprehensive audits" as they are sometimes referred to are concerned with efficiency, effectiveness and economy in the design and operation of programs and services. In other words, these audits are concerned with value-for-money spent and whether intended results were obtained. We have a difficult time to believe that such a broad audit scope would not intrude into the policy realm of a Board or Council.

- 3) Who should a Municipal Auditor General report to?

Like the Inspector of Municipalities, we would suggest that the proposed MAG Office report to the Minister of Community, Sport, and Cultural Development.

- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports)?

We believe that there should be a positive obligation on the part of a local government to make a good faith attempt to respond to any audit findings and recommendation, subject to such practical considerations as resource availability. It should be recognized that a municipality with a population of less than 1,000 will likely not have the capacity to respond as comprehensively to various audit finds and recommendations as would a municipality with a population of more than 60,000.

- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

We believe it is premature to answer this question. Until the scope and purpose of the MAG Office is more clearly understood, we are not in a position to indicate whether the Office should have an expanded or more narrowly focussed role.

- 6) What do you see as the benefits of having an office of the Municipal Auditor General?

It is conceivable that the establishment of a MAG Office will improve perceptions of accountability and transparency. If the office establishes a best practices manual, this may prove to be invaluable information to small and medium sized local governments who do not have the resources or the need to implement sophisticated and expensive accounting and financial management systems. Care should be taken to ensure the mandate of the MAG allows for the Office to differentiate between the different sized local government jurisdictions. A "one size fits all approach" will not work. The auditing issues facing the City of Vancouver will be fundamentally different than those of the Columbia Shuswap Regional District.

- 7) Do you have any additional comments?

Thank you for completing the survey.



DISTRICT OF TAYLOR
British Columbia
Incorporated 1988

OFFICE OF THE MAYOR

P.O. Box 300, Taylor, BC V0C 2K0
Phone: (250) 789-3392 Fax: (250) 789-3543
www.DistrictofTaylor.com

August 25, 2011

Honourable Ida Chong
Minister of Community, Sport and Cultural Development
P.O. Box 9490
Stn. Prov. Govt.
Victoria, BC V8W 9N7

Dear Honourable Chong:

Mayor and Council of the District of Taylor recently received your request to respond to a survey regarding the Implementation of a Municipal Auditor General (MAG). It is Council's decision that the survey cannot be completed due to concerns as outlined below.

There has been no identified problem outlining the need for the establishment of a Municipal Auditor General (which seems clear when asking the survey question "What should be the role or purpose of the Municipal Auditor General"). To move forward without any identified problem is questionable. This initiative is hugely expensive, creates an additional workload for municipalities, and any perceived roles of the MAG may already be the role in existing offices.

Municipalities already bear the burden of services downloaded from the Province with no ability to fund these services without raising taxes. The cost to establish a MAG will take away much needed dollars that could be spent on services for the public. Additional administration at higher levels of government adds additional levels of reporting and workload for the municipalities. This has a ripple effect in that it requires additional administrative staff for local government when tax payer's dollars can be better spent in operations.

Given that there has been no identified problem that the MAG will address, we cannot comment on capacity within the current structure. If the Province identifies that there are problems in the current accountability avenues, we strongly suggest to look at using existing resources as they may be a viable alternative.

Finally, Part 1 of the Community Charter speaks to *Principles of municipal governance and Principles of municipal-provincial relations*. This section must be given due consideration should the province decide to move forward with this initiative.

Sincerely,

Frederick Jarvis, Mayor
on behalf of the Mayor & Council for the District of Taylor



Mayor
George W. Peary

Councillors
Les Barkman
Simon Gibson
Moe Gill
Lynne Harris
Dave F. Loewen
Bill MacGregor
Patricia Ross
John G. Smith

August 24, 2011

File: 0400-30

Honourable Ida Chong, FCGA
Minister of Community, Sport and Cultural Development
PO Box 9056, Stn Prov Govt
Victoria BC V8W9E2

Dear Minister Chong:

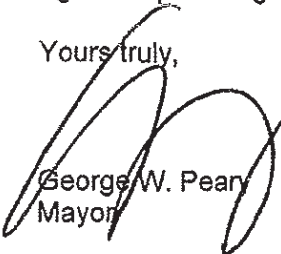
Re: Municipal Auditor General Survey

Thank you for your letter of July 27, 2011, inviting the City of Abbotsford to submit its views regarding the Province of British Columbia's proposal to create a Municipal Auditor General office. The proposal was discussed by Council at a Special meeting on August 22, 2011, and our response to your survey is attached for your information.

In addition to the responses to the specific questions, Council would like to state that it does not support this initiative. We are of the view that there are adequate oversights already in place to ensure transparency and accountability to the residents of Abbotsford. Indeed, we feel that local governments are the most accountable of all levels of government, and further oversight would be an unnecessary expense to be borne by taxpayers. Furthermore, municipal property taxes form a small percentage of the overall tax burden for residents, but provide for a broad range of vital services our residents expect, such as police, fire protection, roads and utilities.

It is our understanding that the Union of British Columbia Municipalities intends to discuss this at the upcoming Convention in September. We will share our concerns in that forum, and thank you once again for providing us the opportunity to express our views.

Yours truly,


George W. Peary
Mayor

- c. Honourable Michael de Jong, Minister of Health/MLA Abbotsford West
John van Dongen, MLA, Abbotsford South
Randy Hawes, MLA, Abbotsford-Mission
Council Members
Frank Pizzuto, City Manager

Mayor's Office

Tel: 604 864 15500 | Fax: 604 853 11934 | 32315 South Fraser Way, Abbotsford BC, V2T 1W7

www.abbotsford.ca

city in the country

Smith, Julia JTI:EX

From: Hawkins, Sylvia E. CSCD:EX
Sent: Wednesday, August 31, 2011 3:42 PM
To: Bindra, Rena CSCD:EX
Cc: Januszewski, Emilie CSCD:EX
Subject: FW: Call for Feedback Regarding Municipal Auditor General Office
Attachments: Municipal Auditor General Letter.docx; 146345_MIN_LGD_PRB_MAG Survey.docx

Also sending this one to you...

Sylvia Hawkins
Manager, Strategic Information and Correspondence Branch Executive Operations Ministry of
Community and Rural Development
Phone: 250 356-9772
Fax: 250 953-3709

-----Original Message-----

From: DMCorrespondence CSCD:EX
Sent: Friday, August 5, 2011 9:56 AM
To: Fast, Don CSCD:EX
Cc: Valentine, Lee CSCD:EX
Subject: FW: Call for Feedback Regarding Municipal Auditor General Office

Hi Don;

Please see below fyi...

Thanks,
Sylvia

Sylvia Hawkins
Manager, Strategic Information and Correspondence Branch Executive Operations Ministry of
Community and Rural Development
Phone: 250 356-9772
Fax: 250 953-3709

-----Original Message-----

From: Mac Fraser [<mailto:mac.fraser@powellriverrd.bc.ca>]
Sent: Thursday, August 4, 2011 3:55 PM
To: DMCorrespondence CSCD:EX
Cc: brenda.paquin@powellriverrd.bc.ca
Subject: FW: Call for Feedback Regarding Municipal Auditor General Office

Good afternoon, Don.

My Board and I are quite interested in the Minister's response to the excellent points raised by UBCM in a recent meeting with the Minister on the MAG concept. I have advised my Board to invest in UBCM's leadership in considering a response to the survey.

Quite frankly, the Minister's call for individual local government elected officials to answer a survey feels like an end run around UBCM to me. I expect you would like to dispel that image. Thanks

Mac Fraser
Chief Administrative Officer
Powell River Regional District

-----Original Message-----

From: Brenda Paquin [<mailto:brenda.paquin@powellriverrd.bc.ca>]
Sent: Thursday, August 04, 2011 3:39 PM
To: Mac Fraser
Subject: FW: Call for Feedback Regarding Municipal Auditor General Office

From: DMCorrespondence CSCD:EX [<mailto:DMCorrespondence@gov.bc.ca>]
Sent: Thursday, August 04, 2011 3:05 PM
To: XT: PowellRiver, RegionalDistrict ENV:IN
Subject: Call for Feedback Regarding Municipal Auditor General Office

Dear Chief Administrative Officer:

As you may know, Honourable Ida Chong, Minister of Community, Sport and Cultural Development, has recently contacted the mayor and council, as well as the chair and board, of each local government to request feedback on the establishment of a Municipal Auditor General office (see attachments).

Elected officials have been asked to respond to a survey by September 9, 2011, if possible. Survey responses will provide a starting point for further discussion at the annual UBCM Convention in late September.

I recognize that it may be difficult to obtain feedback during the summer, which is why I am asking for your help in bringing this survey to the attention of your council or board. Elected officials are welcome to submit one response from the council or board as a whole, or, if desired, individual responses may be submitted.

Thank you for your assistance with this endeavour.

Kind regards,

"Original Signed By"

Don Fast
Deputy Minister
Ministry of Community, Sport and Cultural Development

Attachments

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Wednesday, August 31, 2011 3:40 PM
To: Bindra, Rena CSCD:EX
Cc: Januszewski, Emilie CSCD:EX
Subject: FW: Call for Feedback Regarding Municipal Auditor General Office

FYI...

Sylvia Hawkins, Manager

Strategic Information and Correspondence Branch | Executive Operations | Ministry of Community, Sport and Cultural Development
2nd Floor – 800 Johnson Street | Victoria, BC | V8W 9W1 | ☎ 250.356.9772

From: Sheila Scholes [<mailto:sscholes@westvancouver.ca>]
Sent: Friday, August 12, 2011 9:35 AM
To: DMCorrespondence CSCD:EX
Subject: Call for Feedback Regarding Municipal Auditor General Office

Good morning,

The survey as contained in the Deputy Minister's email dated July 27, 2011 regarding the above noted matter has been forwarded to our Council for feedback. Council has recessed for the month of August and our Mayor, Mayor Pamela Goldsmith-Jones, notes that Council's first meeting after the August recess is September 12 which is after the requested submission deadline. We will forward Council's submission as soon as possible after their September 12 meeting. Please don't hesitate to contact me if you have any questions in this regard.

Thanks very much.

Sheila Scholes, Manager of Legislative Services
The Corporation of the District of West Vancouver
Phone: 604-925-7045
sscholes@westvancouver.ca

Roberts, Connie A CSCD:EX

From: Paul Macklem [pmacklem@kelowna.ca]
Sent: Wednesday, August 24, 2011 2:42 PM
To: Minister, CSCD CSCD:EX
Cc: Paul Taylor
Subject: Municipal Auditor General Survey

Please be advised that the Council of the City of Kelowna wishes to respond to the Municipal Auditor General Survey as follows:

COUNCIL RESOLUTION FROM THE AUGUST 22, 2011 A.M. REGULAR MEETING:

THAT Council responds to the Municipal Auditor General Survey as requested by the Ministry of Community, Sport and Cultural Development by stating that the City of Kelowna is not in favour of the creation of a Municipal Auditor General Office and that the Ministry consult with the Union of British Columbia Municipalities in determining the most effective means to address best practices in taxation policy, performance management and measurement, and fairness in funding for municipal governments from other levels of government.

The following is an excerpt from the staff report to Council on this issue:

In the end, this is about establishing best practices for local government which staff agree is a worthwhile pursuit. The Province already has an Inspector of Municipalities. This office has been used very effectively in the creation and ongoing process of bringing the Province, UBCM, local governments and the development community together under the umbrella of the 'Development Finance Review Committee' which has established best practices related to development cost charges and other development issues with financial implications. There are no barriers we see to establishing a similar committee to undertake the process of best practices in taxation policy, performance management and measurement and fairness in funding for municipal government from other levels of government. There is a wealth of knowledge and expertise in the Community, Sport and Cultural Development ministry, UBCM and local governments to accomplish this task over time.

Regards,
Paul Macklem, General Manager, Corporate Sustainability
Corporate Sustainability Division

TEL 250 469-8571
FAX 250 862-3399
CEL 250 863-4079

City of Kelowna 1435 Water Street, Kelowna, BC V1Y 1J4 kelowna.ca

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MOUNTAINS OF OPPORTUNITY
CRANBROOK

August 18, 2011

Honourable Ida Chong
Minister of Community, Sport and Cultural Development
Po Box 9056,
STN PROV GOVT
Victoria BC V8W 9E2

File No: 0400.20

Dear Minister Chong,

Re: Proposed establishment of a Municipal Auditor General office

Thank you for your letter and attached Municipal Auditor General Survey received July 27, 2011 regarding the proposed "establishment of a Municipal Auditor General office".

Council reviewed your letter and the attached survey at its Regular meeting of August 15, 2011 along with the UBCM member release from Councillor Barbara Steele, President, dated July 28, 2011.

After careful consideration of the information presented Council has respectfully requested that I, on behalf of Council, bring forward the following concerns to your office:

- The background information rationalizing the creation of an Office of the Municipal Auditor General (MAG) in BC is far too brief and needs to be more complete and informative prior to Council being able to provide thoughtful response
- That it is unclear what specifically the Ministry is attempting to address at potentially quite significant cost to the public
- That there appears to be potential for considerable overlap or duplication in roles of the proposed MAG and established office of the Ombudsperson and Inspector of Municipalities
- That it is unclear what the desired, measurable outcome targets are; whether they are reasonably achievable; whether they are consistent and complementary with local elected authority and responsibility; how the MAG would proceed with audits and how the audits would be reported and responded to
- That there is already duplication in certain functions (eg. Financial reporting to the Inspector of Municipalities which is not consistent with GAAP reporting produced by local municipal auditors) and it is not clear whether the existing duplication of functions will be exacerbated by reporting required of the MAG.



MOUNTAINS OF OPPORTUNITY

CRANBROOK

I do wish to emphasize that our Council sincerely appreciates many of the programs and initiatives delivered or sponsored by your Ministry. Release of the proposal to establish a Municipal Auditor General office seems somewhat premature and requires considerable supporting information for a more considered response by local governments.

Sincerely,

Scott Manjak, Mayor
City of Cranbrook

copy: Members of Council



District of Elkford

816 Michel Road P.O. Box 340 Elkford, B.C. V0B 1H0
P. 250.865.4000 • F. 250.865.4001 • info@elkford.ca • www.elkford.ca

August 24, 2011

Honourable Ida Chong
Ministry of Community, Sport and Cultural Development
CSCD.Minister@gov.bc.ca

Minister Chong,

Re: Municipal Auditor General Office Survey

The District of Elkford reviewed the survey regarding the establishment of a Municipal Auditor General office. At this time, the District of Elkford is not prepared to respond to the survey questions.

While the District of Elkford supports the work of the Ministry to support local government services, the District is very concerned with the establishment of the office of the Municipal Auditor General without sufficient policy research on the need for, and mandate of, such an office. The preliminary review of the Union of BC Municipalities suggests that a Municipal Auditor General office may in fact duplicate some of the existing oversight services provided through the Inspector of Municipalities, the Ombudsman, and the Commissioner. The District of Elkford concurs with the Union of BC Municipalities, in that more policy analysis is needed to properly identify the problem that the creation of a Municipal Auditor General office is trying to resolve, and to develop and discuss options to resolve any identified problem.

The District expects that a Municipal Auditor General office will have an impact on BC Local Governments. As such, the District expects that the Province would consult with Local Governments through the Union of BC Municipalities prior to undertaking a survey to establish the mandate of a new political oversight regime. Therefore, the District requests that the Province of BC work with the Union of BC Municipalities to conduct a more thorough policy analysis in order to clearly define the problem and develop a range of options to discuss with BC local governments. The District hopes that the Province would support this approach prior to implementing legislation for a new oversight regime.

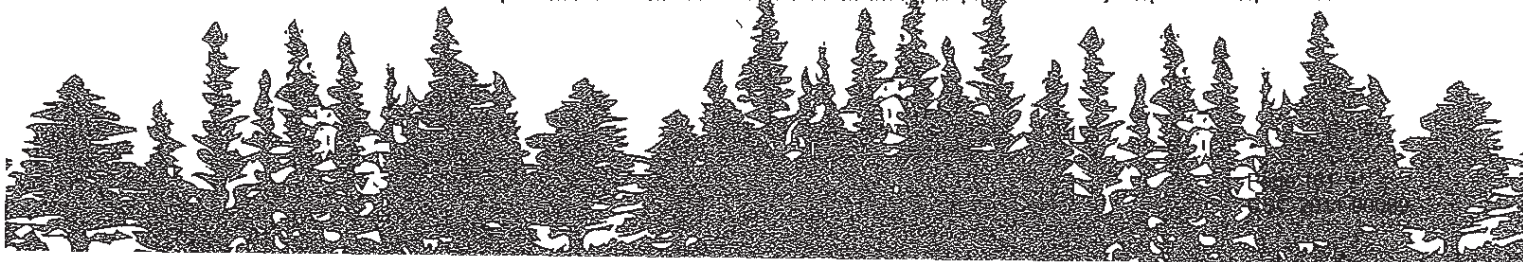
The District of Elkford has been extremely supportive of the consultation processes between the Province of BC and the Union of BC Municipalities. An Elkford employee sat on the Industrial Taxation Advisory Committee and the RCMP Contract Negotiations Local Government Advisory group. Elkford has also provided support and comments for the review of the Off Road Vehicle Management Framework. The District appreciates the participatory approach these consultation processes provide for resolving issues that impact local government. We look forward to building on these relationships to help provide a solution that meets the needs of the Province, Local Government, and the public.

Sincerely,

Dean McKerracher, Mayor
District of Elkford

Cc Bill Bennett, MLA
UBCM

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PEACE RIVER REGIONAL DISTRICT

August 23, 2011

The Honourable Ida Chong
Minister of Community, Sport and Cultural Development
PO Box 9056 STN Prov Gov't
Victoria, BC, V8W 9N7

Dear Ms. Chong:

VIA EMAIL CSCD.minister@gov.bc.ca

Re: Municipal Auditor General

The Peace River Regional District has discussed the survey sent from your Ministry with regard to the establishment of a Municipal Auditor General's office in BC. Discussion around the request to respond, on *how* and *what* an auditor general for municipalities might do, very quickly turned to discussion around *why* it would be necessary and *how* would the taxpayer benefit?

With no reasonably apparent or logical justification as to why the Province is considering such a position, we can only assume it is to provide an independent evaluation of local government operations. We feel that the legislation through the *Local Government Act* and the *Community Charter* is doing a very good job of ensuring that local government in BC is "open and accountable".

Please consider the following legislative requirements:

- fixed election date every three years to elect local government elected officials to public office;
- legislated to prepare five year financial plans, publicly present them before adoption and mandatory balanced our budgets;
- annually produce audited financial statements and submit them to the Province;
- publish all remunerations and expenses for elected officials and senior staff;
- legislated limits to the total amount of debt that any individual local government is allowed to incur;
- all meetings must be open to the public unless they meet the strict criteria identified in the *Community Charter*; and
- conflict of interest guidelines put in place through the *Community Charter*.

PLEASE REPLY TO:

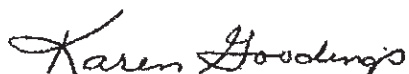
☒ BOX 810, DAWSON CREEK, BC V1G 4H8, TELEPHONE: (250) 784-3200 or 1-800-670-7773 FAX: (250) 784-3201
EMAIL: prrd.dc@prrd.bc.ca

☐ 9505 - 100 STREET, FORT ST. JOHN, BC V1J 4N4, TELEPHONE: (250) 785-8084 FAX: (250) 785-1125
EMAIL: prrd.fc@prrd.bc.ca

The Regional District also believes that there is opportunity for the general public to take issue with local government through the Provincial Ombudsman's Office. When issues are identified through the Ombudsman's Office they are taken seriously and every effort is made to find resolve for the public.

With all due respect and after careful consideration, the directors, both municipal and electoral area, requested that I write to you and express their comments. In addition they also requested that we return the survey blank, as they cannot support submitting a survey, for a service they believe is not needed.

Yours truly,



Karen Goodings, Chair

Encl:

cc Premier Clark
Deputy Minister of Community, Sport and Cultural Development
MLA Peace River South
MLA Peace River North
Union of BC Municipalities
North Central Local Government Association

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: Peace River Regional District
- Name of individual councillor or director (if applicable): _____

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

Resolution as passed by the Board of the Peace River Regional District at its August 11, 2011 meeting:

RD/11/08/12

*MOVED by Director Lantz, SECONDED by Director Caton,
that the Regional Board forward a response along with a blank survey to the Honourable Ida Chong, Minister
Ministry of Community, Sport and Cultural Development, stating that the Regional Board unanimously, does not
support the creation of the office of a Municipal Auditor General; with copies to Premier Clark, UBCM, NCLGA,
North and South Peace MLA's.*

CARRIED

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

3) Who should a Municipal Auditor General report to?

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

6) What do you see as the benefits of having an office of the Municipal Auditor General?

7) Do you have any additional comments?

Thank you for completing the survey.

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- It should not duplicate the existing accountability framework for local government;
- It should have independence and credibility;
- It should be cost effective, and;
- It should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: City of Port Alberni
- Name of individual councillor or director (if applicable): _____

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?

The premise of the question is that a Municipal Auditor General's position should be created. We are not sure of the reasons why this is needed. What is the cost vs. benefit of establishing a new provincial agency to provide oversight on municipal issues which, in our view, are already well regulated by provincial legislation and open and transparent to local taxpayers? Currently we do not perceive any gaps which would create a role or purpose for a MAG.

- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

Again, the premise is that the MAG is needed.

We note that municipal "Best Practices" are already well researched and publicised by a wide variety of organizations including the UBCM, LGMA, FCM, CAMA, ICMA, BCWWA, CIP, BCPA, BCFA. A look at the website of any of these organizations will clearly show that municipal best practices information from the very general to very specialized is already easily accessible.

Regarding "value for money" your Ministry as well as CivicInfo (sponsored by UBCM & LGMA) already publish good statistics on many aspects of municipal services and costs across the province. These statistics allow municipalities, citizens, or interested groups, to make inter-municipal value comparisons. Perhaps an option to be considered as an alternative to creating an MAG would be to enhance the statistics currently provided by your Ministry to allow even more in-depth, timely and specific comparisons between municipalities, the services they offer and the costs arising. These comparisons can then be done by any interested taxpayer or organization.

A Municipal Auditor General position, if created, should not in our view duplicate the efforts, jurisdiction, or powers of already existing provincial staff. We note that the current and longstanding position of Inspector of Municipalities already has the power to require a local government's auditor to make any reports considered prudent and that the Inspector may hold an inquiry into any local government matter; report to Cabinet on that inquiry, and make recommendations to Cabinet, after which Cabinet may make an Order which is binding on the local government. If serious issues were to arise, what more could be required than that?

3) Who should a Municipal Auditor General report to?

As far as we are aware, all jurisdictions in Canada that currently require or allow for a Municipal Auditor General position provide for the MAG to report to the City Council of the municipality. If the Province chooses to create (and fund) this position we would recommend that, as in the rest of Canada, the position report to the Municipal Council.

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

If the Municipal Auditor General position is created, Councils should be required consider the recommendations of the MAG and implement those recommendations if and as Council sees fit.

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

Provided the MAG reports to Council with recommendations only, the sphere of authority could cover all municipal activities.

6) What do you see as the benefits of having an office of the Municipal Auditor General?

No benefits are clear to us that would justify the significant expense of creating this agency.

7) Do you have any additional comments?

We are unclear on what problem(s) the proposed creation of the MAG Agency is meant to address and what other options were considered in trying to address these (if any). We see no value in creating an agency with a mandate that overlaps the jurisdiction and roles of existing agencies which we perceive to be functioning without problems. Before any decision on the creation of a new Municipal Auditor General agency is finalized, the taxpayers of the Province should be made aware of the cost of creating and operating this new agency and advised of the source of the funds required.

In our view municipal Councils already face the ultimate "audit" of value provided to the taxpayers every 3 years at the polls.

Thank you for completing the survey.

August 25, 2011

Hon. Ida Chong
Minister of Community, Sport and Cultural Development
Room 323
Parliament Buildings
Victoria, BC V8V 1X4

VIA EMAIL: ida.chong.mla@leg.bc.ca

Dear Minister,

I am writing further to the proposal by your government and Premier Clark to establish an Auditor General for BC municipalities.

In light of your request for feedback, I am writing to express my support for this important accountability initiative.

In recent months, Gregor Robertson and Vision Vancouver have reminded us again of the need for enhanced oversight and more accountability at City Hall. Recently Robertson and his majority Council have:

- passed two large, long-term municipal spending programs with no cost-estimate on cost implications for taxpayers and little public debate
- planned Stanley Cup Finals celebrations without consultation or budget from City Council
- lost the public's confidence in their right to access to information
- approved questionable "green grants" that included use of taxpayer funds to grow wheat in Vancouver front yards and directly subsidize a tricycle courier business plan
- imposed water meters on Vancouver homes which will cost more than they will save
- refused to allow council oversight of spending of the Olympic Legacy Fund

While voters can hold our Vancouver Mayor and Councillors accountable this November by electing a common-sense municipal government focused on the taxpayers' interest, I believe an Auditor General for municipalities - established and funded by the provincial government - will send a positive message to the residents and businesses we serve that their tax dollars are being respected. An Auditor General will be able to act when a council refuses to be open with information as to how tax dollars are being used.

Recognizing that the objective of establishing this position is not intended to create another large bureaucracy or to slow down municipal decision making, I would be pleased to discuss this opportunity.

Thank you in advance for your consideration.

Yours truly,

Suzanne Anton
Councillor, City of Vancouver
453 West 12th Avenue, Vancouver, BC V5Y 1V4
tel: 604.873.7248
fax: 604.873.7750
claranton@vancouver.ca

SA/

cc. Hon. Christy Clark, Premier of British Columbia
Hon. Kevin Falcon, Minister of Finance (British Columbia)



District of Hudson's Hope

9904 Dudley Drive, Box 330, Hudson's Hope, B.C. V0C 1V0
Telephone: (250) 783-9901 Fax: (250) 783-5741
E-mail: district@hudsonshope.ca www.hudsonshope.ca

File No. 0400-20

August 12, 2011

Honourable Ida Chong
Ministry of Community, Sport & Cultural Development
PO Box 9056, Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister Chong:

RE: Municipal Auditor General

During the regular meeting held on August 8, 2011, the District of Hudson's Hope Council reviewed the survey and information on the proposed office of a Municipal Auditor General.

Council would like to see a demonstrated problem for a Municipal Auditor General to address, prior to this office even being created.

The District of Hudson's Hope will therefore not be completing the attached survey until such a time that this issue is addressed.

Thank you.

Yours truly,

DISTRICT OF HUDSON'S HOPE

Karen Anderson

Karen Anderson
Mayor

/bm

Enclosure



7170 Cheam Avenue
P.O. Box 70
Agassiz, British Columbia
Canada V0M 1A0

Tel: (604) 796-2235
Fax: (604) 796-9854
Web: www.district.kent.bc.ca

August 16, 2011

FILE: 7400-01

The Honourable Ida Chong
Ministry of Community, Sport and Cultural Development
Room 323
Parliament Buildings
Victoria, BC
V8V 1X4

Dear Minister Chong:

Re: Municipal Auditor General Survey

This letter is in response to correspondence received from your office seeking written feedback from local governments to assist in the establishment of a Municipal Auditor General Office.

In your letter you stated that *"The primary benefit of an office of the Municipal Auditor General is increased assurance that taxpayers are getting value-for-money from their local governments"*. You use the analogy of the Office of the Auditor General's review of Provincial Finances. It needs to be pointed out that inclusive of its various Ministries the Provincial Government is a single entity while the Municipalities and Regional Districts comprise 80+ entities each with a varying number of departments serving populations varying from less than 1,000 to more than a million with different governance: municipal vs. regional vs. First Nations. Or, will the newly formed Tribal Governments be excluded from this new regulation? To do an effective audit whether financial or service directed, it would require a substantial increase in staff, and would be an unnecessary burden on the taxpayer.

This initiative on the part of the Provincial Government would not be in the public interest as stated in your letter of August, 2011.

In the "background" information, it states that the Office of the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. One is left to ask what will be its responsibilities. Hence the questionnaire. If Provincial staff do not already have their answers to these questions, then they have no justification for suggesting the imposition of a Municipal Auditor General Office. Furthermore, we already have an independent voice for fairness in the BC Ombudsman and his staff.

As a local government, regulations require an annual financial auditor. Will this be eliminated? As a relatively small municipality (5,000) our services are audited daily and approved or disapproved every three years by the electorate. Do you plan to get rid of elected officials and simply appoint overseers?

In attempting to answer your questionnaire, the District of Kent must qualify its reply by stating that it does not agree with the establishment of an office of the Municipal Auditor General.

The wording of the questions implies that the Provincial Government has already made the decision to impose another level of bureaucracy and the replies to this questionnaire are not an attempt to consult but are to be interpreted as a rubber stamp.

The District of Kent's answers to the survey are as follows:

1. What should be the general role or purpose of the Municipal Auditor General?

Response:

If the Provincial Government has to ask this question, it obviously does not have the requirements nor justification for such an office.

2. What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? Should it identify best practices?)?

Response:

There is no need of a money audit because that is already being done and Council supported by the electorate establishes best practices.

3. Who should a Municipal Auditor General report to?

Response:

If it is to be established in the best interest of the people then it should report to the people.

4. What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

Response:

If it is to be responsible then its recommendations should be mandatory and local governments be responsible for implementation of the Auditor's recommendations.

5. Should the Municipal Auditor General have the authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

Response:

**This again implies a huge increase in staff and bureaucratic regulations.
Would the Municipal Auditor General audit ICBC, BC Ferries, RCMP as well?**

6. What do you see as the benefits of having an office of the Municipal Auditor General?

Response:

The District of Kent does not see any benefits to the establishment of an office of the Municipal Auditor General.

7. Do you have any additional comments?

Response:

- **As stated previously, the District of Kent does not treat this questionnaire as a consultation but as a previously planned imposition.**
- **In the past, smaller municipalities (Villages) reported to the Ministry of Municipal Affairs on all bylaw enactments after second reading.
Perhaps this would be the direction the Ministry of Community, Sport and Cultural Development should proceed in.**

Thank you for your consideration.



Lorne Fisher
Mayor

Pc: Councillor Barbara Steele, President, Union of British Columbia Municipalities
Mr. Gary MacIsaac, Executive Director, Union of British Columbia Municipalities
Ms. Marie Crawford, Associate Executive Director, Union of British Columbia Municipalities



Box 159, 8853 Grainger Rd., Canal Flats, B.C. V0B 1B0
Phone: 250-349-5462 Fax: 250-349-5460
village@canalflats.ca

August 11, 2011

Honourable Ida Chong
Minister of Community, Sport and Cultural Development
PO Box 9056 Stn Prov Govt
Victoria, BC
V8W 9E2

Dear Minister Chong,

Re: Municipal Auditor General

Please be advised that at the Regular Council Meeting of August 8, 2011, Council for the Village of Canal Flats resolved the following:

Moved by Councillor Juras, Seconded by Councillor Webb

THAT the following concerns and comments regarding implementation of a Municipal Auditor General be submitted to the Minister of Community, Sport and Cultural Development:

- potential for duplication of services currently provided by the Ombudsperson and Inspector of Municipalities;
- method of financing the position and support staff is not addressed;
- regarding the proposed role of undertaking performance auditing, lack of information on the criteria that would determine efficiency;
- to improve on the potential benefit, the functions of a Municipal Auditor General should include providing advice, documenting best practices, and responding to the concerns over local taxation that are currently submitted to the Province; and
- more consultation with the UBCM Executive and membership is required before any further action is taken.

CARRIED

If you have any questions or concerns, please contact our office.

Yours truly,

Brian Woodward
Chief Administrative Officer

/sh

cc: Union of British Columbia Municipalities

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both “financial audits” and “performance audits” (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia’s *Auditor General Act* states that a report or examination “must not call into question the merits of program policies or objectives of the government”.

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no): **yes**
- This survey response is from a local government council or board (yes or no): **no**
- Name of municipality or regional district: **District of Lake Country**
- Name of individual councillor or director (if applicable): **Councillor Noreen Guenther**

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

As a local government official, I feel that the implementation of a Municipal Auditor General is an unnecessary level of bureaucracy to force onto the taxpayer during this economic downturn. There does not seem to be a clearly defined role for the MAG nor is it apparent "what problem MAG is supposed to fix". There are many, many checks and balances already in place for local governments to remain accountable for local government spending. The budget is a very involved public process, with plenty of opportunities for both citizens, non-profit groups, businesses and industry to make comment on proposed expenditures. Local government by law is expected to balance its operating budgets and may not run a deficit while senior levels of government are not held to the same level of accountability. In addition, all financing of capital projects must be either paid for in cash from reserves or borrowing must be approved by the taxpayers through referendum or Alternative Approval Process. Finally each local government must be held to a yearly independent financial audit (following PSAB practices) and review with recommendations made to council at a public meeting.

One final comment, the very phrasing of this question leads me to believe that neither the Premier nor Minister Chong has any intention to take the concerns of local government seriously. It is my personal opinion that the way in which this process has unfolded has damaged the province's rapport with UBCM and local government. This is very disconcerting to me as a public official who has worked tirelessly to develop great working relationships with both provincial and federal officials for the benefit of our area constituents.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

Value for money audits: If my suspicions are correct, the MAG is being initiated for a special interest group "business". Local government considers all the needs of its residents, businesses, non-profit groups and industry when making financial and policy decisions. A value for money audit that does not consider the interests of all stakeholders will not be representative of the wishes of all British Columbians. In addition, there has been a downloading of services from senior levels of government and in response to citizen pressure; local government's role has expanded beyond our traditional role (providing municipal infrastructure such as water and sewer) to tackling issues such as homelessness and affordable housing.

Local government receives less than 8% of the total tax dollar and yet we provide a large amount of tangible services to the taxpayer in an accountable manner.

As for best practices, local government spends an entire week each year at UBCM sharing best practices and LGMA members do the same at their annual convention. In addition, there are

numerous forums and professional development opportunities for elected officials and municipal staff to engage in best practice sharing.

3) Who should a Municipal Auditor General report to?

The Ministry of Community, Sport & Cultural Development (if the premier decides to proceed).

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

Again if the Premier decides to go ahead, I believe that the decision to implement MAG recommendations should be at the discretion of local government elected officials.

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

Other greater boards and corporations would be so diverse, the scope of the office may be totally unmanageable (which I suspect it will be anyways, requiring high numbers of employees who are unfamiliar with the uniqueness of each community).

6) What do you see as the benefits of having an office of the Municipal Auditor General?

None whatsoever

7) Do you have any additional comments?

I feel that this office threatens the autonomy provided to local governments in the Community Charter. If the Province wishes to "claw back" the powers of local government, they should be forthcoming about it.

Thank you for completing the survey.



Office of the Chairman
1450 K.L.O. Road
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Telephone: (250) 469-6224
Fax: (250) 763-0806
rhobson@cord.bc.ca
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August 22, 2011
File No.: 0530-02/0410-20

The Honourable Ida Chong
Minister of Community, Sport and Cultural Development
PO BOX 9056, STN PROV GOVT
Victoria BC
V8W 9E2

Dear Minister Chong:

Thank you for your letter requesting our views on the proposed position of Municipal Auditor-General. Our Board has discussed the matter and has directed me to write to you with our views.

The Directors do not see any value to be added from this position. Local governments in British Columbia are already the most transparent level of government in Canada. All our financial work is done in public and our finances are audited. Furthermore, we are prohibited from incurring a deficit, are required to prepare multi-year financial plans, and must have a public meeting each year to offer the public the opportunity to comment on our financial plans.

We would also note that municipalities have been enshrined as independent, representative, and accountable governments through the Municipal Charter. In my 23 years of public life I have not seen an instance in British Columbia where this additional role is required. The position of Inspector of Municipalities exists to deal with financial irregularities and the Inspector is available to provide advice when asked. I would also note, as a long-time Trustee of the Municipal Finance Authority, that local government borrowing is already proscribed by tight rules and the MFA looks closely at any "non-traditional" borrowing. The MFA also provides financial advice to local governments, upon request, and holds educational forums.

In sum, we feel this notion was generated by a statement from the Premier during her leadership campaign. With greater knowledge of the existing local government landscape, she might not have made this proposal. Perhaps, as an experienced Minister and our local government advocate, you could explain to the Premier why such a wasteful and redundant idea is ill-judged.

Yours truly,

Robert Hobson
Chair

cc: UBCM President – Barbara Steele
Municipal Finance Authority Chair
Regional Board

**CITY OF ROSSLAND
MUNICIPAL AUDITOR GENERAL SURVEY**

Date; August 5th, 2011

This survey response is from the Council of the City of Rossland

1. What should be the general role or purpose of the Municipal Auditor General?

- The general role of the Municipal Auditor General (MAG) may be to report, if the local elected body so requires, on any aspect of municipal operations, management systems and on municipally or regionally property tax funded non-profit organizations and societies other than reporting on any property taxation and other policy decisions of the locally elected body. The role of the MAG should not be to second guess decisions of locally elected bodies (Councils and Regional Boards).
- The MAG could also play a significant role in examining the economy and effectiveness of service deliveries of local governments whose municipal boundaries are next to each other or are within a radius of 10 miles from a significant large local government commercial and industrial centre.

2. What specific functions or duties should the Municipal Auditor General have (e.g. should it focus on value for money audits? Should it identify best practices?)?

- Specific functions or duties should be determined by the locally elected bodies and the local voters when the services of MAG are required. As a minimum the functions or duties might include the economy, efficiency, cost-effectiveness, environmental and social effects, accountability and transparencies of the local governments' activities and programs within the public realm.
- Compliance with policies and procedures to measure and report on the effectiveness of activities, programs and management's procedures in carrying out such activities and programs and the cost effectiveness of implementing policies and its implications on property taxation to the local and the regional taxpayers.
- Compliance, the cost effectiveness, economy and efficiency of legislation and programs imposed by the two senior levels of governments' upon the local governments.
- At the present time external auditors focus on compliance audits. One or more locally elected bodies may jointly or independently request the external auditors to broaden the audit to include value for money, best practices, regional vs. local service deliveries, amalgamation of two or more local governments, separation of one large local government into smaller local governments, compliance with accountability provisions of the existing legislation and value for money audits of other Non-Profit organizations and Societies that receive substantial property tax funding from local governments to deliver local and regional programs and services.

3. Who should a Municipal Auditor General Report to?

- MAG should report to the locally elected bodies and the citizens of the local governments or to the regional governments or to all participating local governments where the performance audit involves regionally delivered services.

4. What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports)

- Where resources and funding are made available either by the province or the local taxpayers or both or if it has been identified that programs and activities need to be improved or eliminated, the recommendations can be considered during the Financial Plan public consultation process.
- The locally elected bodies shall have the ultimate authority in determining whether the recommendations shall be implemented and report the outcomes of the auditor's recommendations back to the citizens whether or not the recommendations are implemented and the property tax implications of the same to the local taxpayers.
- The recommendations can be reported in the local government's Annual Report and made available to the general public.

5. Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office have the authority over other local bodies (e.g. the greater boards, corporations incorporated by municipalities)?

- The locally elected body should determine and accordingly request the MAG for the performance audit and specify whether MAG should conduct audit of its operations and further whether it should extend the audit to other local bodies and corporations incorporated by municipalities.
- Corporations incorporated by municipalities have boards that engage the services of external auditors. The board should have the authority to determine if the board wishes to engage the services of the MAG.
- Where substantial municipal and regional taxes are given as grant in aid to deliver local and regional services, the elected body may request the MAG to conduct an audit of the Non-Profit Organizations and Societies funded by tax dollars.
- Where services are delivered regionally, one or more of the participating local governments in the regional services may request the MAG to conduct a performance audit of the regional services.

6. What do you see as the benefits of having an office of the Municipal Auditor General?

- Reports on the compliance with the accountability provisions of the bylaws, provincial and federal legislations accompanied by recommendations and property tax implications for implementing the recommendations.

- Reports on the transparencies in operations of the local governments and provide recommendations accompanied by property tax implications for implementing the recommendations
- Reports on the effectiveness of the local government's program deliveries with recommendations and its implications on the property tax.
- Reports on the local government's transfer of tax dollars to other local agencies for the delivery of services and its effectiveness.
- Provides independent feed back to the local government elected bodies on the success or improvement or failure of program deliveries with recommendations and its implications on the property taxes.
- Provides independent assessment and recommendations on whether the local governments should deliver services regionally or may be beneficial to the taxpayers to amalgamate/incorporate/separate local governments for cost effectiveness, economy and efficiencies in service deliveries and its implications on the property taxes.
- The performance audits provide a uniform standard of bench marks to compare municipally and regionally delivered services.
- It benefits the Canadian Taxpayers Federation, vocal citizens, some elected officials and the local media to report on the local taxation and its implications on businesses and other taxpayers.

7. Do you have any additional comments?

- Local governments have significant "unofficial" performance audits or value for money audits done through these generally accepted governance standards and practices commonly found in majority of local governments:
 1. Local citizens have a greater level of access to their elected representatives, are well informed on local services, taxation and Financial Plans through televised meetings, websites and social media tools. The citizens provide constructive feed back on services. When significant numbers of citizens realize that the locally elected bodies are ignoring the obvious, the tenures of the elected officials generally become very short.
 2. Most local governments have citizen input and feed back sessions in their Procedure Bylaws and receive input from citizens at each Council/Board Meetings.
 3. Most local governments conduct regular surveys of their citizens on the levels of satisfaction in local governments' services and the levels of property taxation.
 4. Majority of the locally elected representatives are aware of the implications and benefits of the local government services and its detrimental effects on the middle and the low income families who rely on such local government services as swimming pools, ice rinks, parks, libraries, children's programs, public transit and other "soft" services that traditionally have been the first to be the subject of reduction and elimination due to the lack of availability

of funds and the relentless pressure from vocal community groups for and against increasing and decreasing local government services.

5. Some larger local governments already employ internal auditors who focus on providing performance audits to the management and to the elected officials. This would result in duplication or examining the work already done by qualified auditors other than the issue of independence.

- Other issues to be taken into consideration are:

1. Local government taxation is essentially a transfer of wealth from high assessed property values to lower assessed property values to equalize total funding required to support community wide services. Most vocal citizens within local governments are those who no longer use pools, arenas, public transit, parks, children's programs, etc. Performance audit is expected to put extreme pressure on the majority of the local governments elected officials to eliminate such services. The quality of life in communities over a period of time is expected to decline as the results from the performance audits or value for money audits may be used to justify the relevance of such services. Performance audit is generally qualitative in nature. Communities' life styles might not be easily quantifiable to conform to the generally accepted standards used to conduct performance audits in profit oriented organizations as compared to government operations. The policies within local governments vary from the size of local governments and citizens/council/boards expectations from community to community from service delivery policies, policies relating to the management of contracts and procurements, security of assets, collection, allocation and safe guard of funds, economic development policies to create jobs, conservation and environmental policies to community wide policies on reducing social welfare, poverty, creating affordable housing and the reduction and prevention of crimes. Some of these policies may be justifiable to the elected bodies on the basis of its effectiveness to the communities' life styles and these may not be economical and efficient under the generally accepted standards utilized to conduct performance audits. To this end the MAG's office could inadvertently be shaping the public policies and could easily be perceived getting involved in local politics. It is understood that performance audits generally examine the implementation rather than development of policies. It would be very difficult for the Office of the MAG to determine the analysis and the weight that might have been given to the economic, efficiency versus the effectiveness before the local governments implemented the programs and activities. (See 2 below).

2. There are 85 local governments under 5,000 in population. These local governments may not have the personnel resources to comply from MAG's office with the generally accepted standards applicable in the conduct of the performance audits as the local government operations are significantly small to very moderate. There are another 32 local governments with populations of 5,000 to 15,000 that might be classified as having moderate to significant local government operations that may or might not have the resources to comply and support the MAG's standards within their operations. There are the other 27+ local governments who have populations over 15,000 that have significant local government operations that may have the resources to institute internal standards expected and practices acceptable for performance audits. It may not be a worthwhile expenditure of public funds to institute an office of the MAG considering the size of various local governments and the varying degrees of services provided and the political policy decisions made in providing community wide services.
3. Performance audit is an excellent tool for corporations, businesses, other vocal and interested groups with high levels of property assessments and neighbourhood taxpayer organizations to justify lower burden of taxation as the percentage burden of the total property taxation on non-residential classes of properties (taxpayers) is generally higher in many small to medium sized single resourced based local governments compared to the residential class of taxpayers and also within the residential class of taxpayers with higher assessed properties and resident in newer neighbourhoods contribute more in property taxation compared to those with lower assessed properties and resident in older neighbourhoods of the communities.
4. If there is a need to strengthen weaknesses in the accountability of local governments, the Province may wish to provide funding for a number of regionally based local governments to engage the services of an outside external auditor to provide performance audits to the Inspector of Municipalities rather than creating a provincially based office of the MAG.
5. The Office of the MAG is an additional expenditure of the public funds in an area that already has greater accountability and transparencies at the local level.

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: DISTRICT OF BARRIERE
- Name of individual councillor or director (if applicable): VIRGINIA SMITH

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

N/A

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

N/A

3) Who should a Municipal Auditor General report to?

N/A

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

N/A

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

N/A

6) What do you see as the benefits of having an office of the Municipal Auditor General?

N/A.

7) Do you have any additional comments?

This is a waste of tax payer dollars. All cities, municipalities etc. are required, by law, to have an audit. The auditor is independent, makes comments and recommendations the financials also form part of the Annual Report, which is also required by law, and this report is available for public scrutiny.

Thank you for completing the survey.

Municipal Auditor General

Responses to Survey by the Municipal Council of Sun Peaks

1. What should be the general role or purposes of the Muni Auditor General (MAG)?
 - It should be an audit role for large municipalities and an advisory role for small muni's. Small municipalities operate in a much more transparent manner than do larger municipalities, in general taxpayers and council members can easily see everything done by small municipalities.
2. What specific functions or duties should the MAG have?
 - Best practices library
 - Could serve an advisory role for small municipalities.
 - Value for money audits are more useful in larger muni's with large spending programs.
3. Who should a MAG report to?
 - Mayor and Council of each municipality, the public and Minister of Community Development.
 - A written public report should be the result of the engagement.
4. What should be done with the recommendations made by MAG?
 - Recommendations by the MAG, should be treated similar to other audit recommendations, including being made public.
 - Council and Staff should determine if, when, and how they will follow up on the recommendations.
5. Should the MAG have the authority to audit just muni's and RD's or should is also audit other local bodies (ie. local boards, etc)?
 - If the authority to audit other local boards is added, the required resources and funding would be very large. Where does this funding come from?
 - There could be budget thresholds or population thresholds, and if a municipality or board's budget/population exceeded the threshold they would be subject to audit.
6. What are the benefits of having an office of MAG?
 - To help smaller communities establish functions in a cost effective manner
 - To give the public greater assurance that functions are managed effectively
 - This office should help to increase the transparency of local government.
 - To give elected officials assurance that functions are managed effectively.

7. Additional comments?

- the Province should consider the size of community, with the small municipalities being exempt from the actual audit provisions, instead using the MAG office as an advisory resource.
- Local governments need to maintain independence from the Province.
- Every muni is different, a best practice elsewhere in the Province may not work for Sun Peaks. This should not become a tool for the Province to try to standardize every municipality.
- We are in a period of government constraints and taxpayers are having difficulties paying taxes, is this going to be a cost effective use of tax dollars. Who is paying, Muni's or the Province or both? This must be more than just another layer of bureaucracy.
- Council expressed strong concern regarding the overall budget of this proposed office.
- Council wondered whether it was possible to use UBCM as the organization to manage the audit/oversight function, instead of setting up a whole new level of bureaucracy.



THE CORPORATION OF THE
CITY OF FERNIE

Office of the Mayor

P.O. Box 190, 501 - 3rd Avenue, Fernie, BC V0B 1M0

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HONOURABLE IDA CHONG
Ministry of Community, Sport and Cultural Development
PO BOX 9056 STN PROV GOVT
VICTORIA BC V8W 9E2

August 9, 2011

Dear Honourable Chong;

Re: Proposed Office of the Municipal Auditor General (MAG)

At the Regular Meeting held August 8, 2011, Council for the City of Fernie reviewed the *Municipal Auditor General Context Paper* prepared by the Union of British Columbia Municipalities (UBCM).

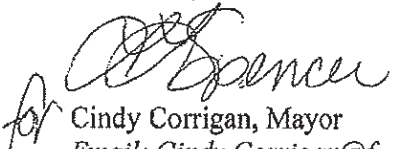
Council passed a resolution to outline and forward its comments and questions regarding the proposed office to the Ministry of Community, Sport and Cultural Development which are as follows:

- A clear statement articulating the specific problem the Office of the MAG is intended to solve is lacking;
- There is the potential for duplication of services provided by the Ombudsperson and Inspector of Municipalities;
- The method of financing the position and staff support required is not addressed; and
- The criteria used to audit and evaluate efficiency are not identified.

Before any further action is taken, Council encourages the Ministry to pursue additional consultation with the UBCM and its membership. Further, the Council requests the Ministry provide municipalities with specific details describing the problem to be solved by creating the Office of the MAG and the evaluation criteria to be used if the office is established.

On behalf of Council, I'd like to thank you for considering these comments and I look forward to receiving any additional details that are available regarding the proposed office. If you have any questions, please do not hesitate to contact me.

Yours truly,


Cindy Corrigan, Mayor
Email: Cindy.Corrigan@fernie.ca

Cc Councillor Barbara Steele, UBCM President



DISTRICT OF TUMBLER RIDGE

MUNICIPAL AUDITOR GENERAL SURVEY

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official – **NO**
- This survey response is from a local government council or board – **YES**
- Name of municipality or regional board – **DISTRICT OF TUMBLER RIDGE**

SURVEY

1. What should be the general role or purpose of the Municipal Auditor General?
N/A – see comments in question 7.
2. What specific functions or duties should the Municipal Auditor General have (e.g. should it focus on value for money audits? Should it identify best practices?)?
N/A – see comments in question 7.
3. Who should a Municipal Auditor General report to?
N/A – see comments in question 7.
4. What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should the local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?
N/A – see comments in question 7.
5. Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have the authority over other local bodies (e.g. the greater boards, corporations incorporated by municipalities)?
N/A – see comments in question 7.
6. What do you see as the benefits of having an office of the Municipal Auditor General?
N/A – see comments in question 7.
7. What should be the general role or purpose of the Municipal Auditor General?
There is a serious concern about the lack of consultation with local governments and the UBCM. The provincial government should, through consultation, determine what problem the Municipal Auditor General is intended to solve. Whether the auditor is the best mechanism to resolve the problem. How work in the office is related to other municipal tax reform commitments made by the premier. How the office fits within the overall accountability system, and what other options have been or would be considered.

Municipal Auditor General Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both "financial audits" and "performance audits" (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia's *Auditor General Act* states that a report or examination "must not call into question the merits of program policies or objectives of the government".

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no): yes
- Name of municipality or regional district: Village of Midway
- Name of individual councillor or director (if applicable): _____

SURVEY

- 1) What should be the general role or purpose of the Municipal Auditor General?
- 2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?
- 3) Who should a Municipal Auditor General report to?
- 4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?
- 5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?
- 6) What do you see as the benefits of having an office of the Municipal Auditor General?
- 7) Do you have any additional comments? The Village of Midway council feels that the M.A.G is redundant and unnecessary especially for small municipalities who would have added responsibilities and expenses with little in return. Council also requests an overview of the benefits and cost to municipalities.



August 9, 2011

File: 1680-01 – Municipal Auditor General

The Honourable Ida Chong, FCGA
Minister of Community, Sport
and Cultural Development
PO Box 9490 STN PROV GOVT
Victoria, BC V8W 9N7
Via e-mail: CSCD.Minister@gov.bc.ca

Dear Minister,

Re: Municipal Auditor General Survey

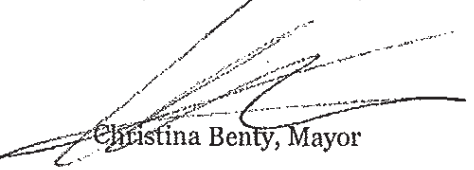
Our Council has chosen to write you directly regarding establishment of a Municipal Auditor General (MAG) office rather than respond within the confines of a single-page survey.

We believe that deciding this matter wrongly would have unnecessarily disruptive consequences for how municipal governance is presently practiced in British Columbia. So, understanding the gravity of the subject, we discussed it at length among ourselves then invited our trusted senior staff members into the conversation. We collectively agree upon and offer-up these reasoned though preliminary thoughts.

For purposes of expediency we will, for this instance only, stipulate that accountability to our residents in the form of value-for-money reporting could be enhanced. However, we contend comprehensive means to do so already exist. Therefore, we respectfully suggest the following as an alternative to creating a MAG:

1. In partnership with the UBCM, LGMA and the University of Victoria Local Government Institute, the ministry should sponsor an immediate quantitative and qualitative analysis of the existing value-for-money tools available to BC municipalities;
2. As a near-term pilot program, the ministry should fund a limited, representative sampling of value-for-money audits in volunteer municipalities (perhaps by employing staff of the Auditor General of BC) to evaluate the scale and scope of present practices, and we so volunteer;
3. If warranted by outcomes from the above, expand the specificities of the *Community Charter* reporting regime [i.e. modify the reports of the municipal Auditor (s. 171) to include some level of value-for-money reporting, and require their inclusion in the Annual Municipal Report (s. 98)];
4. Accelerate development of local government managers' professional competencies by broadening the Certification and Scholarship Programs of the BC Board of Examiners (i.e. in consultation with UBCM, LGMA and other interested parties, amend BC Reg. 324/2005); and
5. Expand the scale and scope of the Local Government Internship Program to include transitional opportunities for experienced public administrators from other levels of government.

For your consideration, Madame Minister.


Christina Benty, Mayor



Bhk 536 004

August 11, 2011

Via Email: CSCD.Minister@gov.bc.ca
(original to follow)

The Honourable Ida Chong
Minister of Community, Sport and Cultural Development
PO Box 9056 Stn Prov Govt
Victoria BC V8W 9E2

Dear Minister:

Re: Municipal Auditor General

On August 5, 2011 the RDEK Board of Directors considered your letter regarding the establishment of a Municipal Auditor General (MAG). It is difficult to assess exactly what roles, responsibilities and authorities the MAG should have as it is unclear what the desired outcome is; however, the Board would like to submit the following concerns and comments in response to your survey:

Survey Question #2:

1. To improve on the potential benefits, the functions of a MAG should include providing advice, documenting best practices, and responding to the concerns over local taxation that are currently submitted to the Province.

Survey Question #7:

1. There is a potential for duplication of services currently provided by the Ombudsperson and Inspector of Municipalities.
2. The method of financing the position and support staff is not addressed.
3. Regarding the proposed role of undertaking performance auditing, there is a lack of information on the criteria that would determine efficiency.
4. More consultation with the UBCM Executive and membership is required before any further action is taken.

It is important for local governments to have a healthy accountability system. Further consultation with local governments and the UBCM Executive will help clarify if there are gaps in the existing accountability system, and if so, if a MAG is the best corrective measure.

We look forward to working with you further on the establishment of a MAG office.

Sincerely,

Scott Manjak
Chair

SM/th

Resolution 42558

Mason, Patty JTI:EX

From: Minister, CSCD CSCD:EX
Sent: Thursday, August 4, 2011 1:28 PM
To: Bindra, Rena CSCD:EX
Subject: FW: MAG Survey

Here you go...

Sylvia Hawkins, Manager

Strategic Information and Correspondence Branch | Executive Operations | Ministry of Community, Sport and Cultural Development
2nd Floor – 800 Johnson Street | Victoria, BC | V8W 9W1 | ☎ 250.356.9772

From: Allan Patton [<mailto:apatton@rdos.bc.ca>]
Sent: Monday, August 1, 2011 10:02 AM
To: Minister, CSCD CSCD:EX
Cc: Bill Newell
Subject: MAG Survey

BACKGROUND

All provinces in Canada have a Provincial Auditor General who conducts independent audits of government operations through both “financial audits” and “performance audits” (i.e., audits that consider value for money). It is important to note that the Auditor General is not designed to revisit or evaluate the decisions made by elected officials. For example, British Columbia’s *Auditor General Act* states that a report or examination “must not call into question the merits of program policies or objectives of the government”.

Some other provinces also have an office of the Municipal Auditor General. Nova Scotia introduced legislation to appoint a Municipal Auditor General in 2008; however, full implementation has not yet occurred. In Ontario, municipalities may (other than Toronto, which must) establish their own office of the Municipal Auditor General (e.g., Ottawa, Oshawa, and Markham have created such offices) and so can municipalities with populations over 100,000 in Quebec.

In designing the office of the new Municipal Auditor General for British Columbia, there are a number of principles to keep in mind:

- it should not duplicate the existing accountability framework for local government;
- it should have independence and credibility;
- it should be cost effective, and;
- it should be accountable to the taxpayer (e.g., by making information publicly available).

SURVEY INSTRUCTIONS

The purpose of this survey is to obtain your feedback on the establishment of a Municipal Auditor General. Survey responses will be compiled by staff at the Ministry of Community, Sport and Cultural Development to enable further discussion at the annual UBCM convention in September.

Please return completed surveys by September 9, 2011, by email to: CSCD.Minister@gov.bc.ca

You may choose to fill out this form as an individual elected official or as an organization as a whole (e.g. council or board).

Please provide the following information to assist in reviewing the results:

- This survey response is from an individual elected official (yes or no):
- This survey response is from a local government council or board (yes or no):
- Name of municipality or regional district: _____
- Name of individual councillor or director (if applicable): Allan Patton, Electoral Area C Director, Regional District of Okanagan Similkameen _____

SURVEY

1) What should be the general role or purpose of the Municipal Auditor General?

Don't believe we need one.

2) What specific functions or duties should the Municipal Auditor General have (e.g., should it focus on value for money audits? should it identify best practices?)?

3) Who should a Municipal Auditor General report to?

UBCM

4) What should be done with the recommendations made by a Municipal Auditor General as a result of an audit (e.g. should local governments be required to consider the results of an audit as part of their financial plans or annual reports?)?

5) Should the Municipal Auditor General have authority to audit just municipalities and regional districts, or should the office also have authority over other local bodies (e.g., the greater boards, corporations incorporated by municipalities)?

Audit Board's of Variance especially for ethics.

6) What do you see as the benefits of having an office of the Municipal Auditor General?

None, we already get audited and we have already the ability to do internal audits and Service Reviews. It's a new layer of bureaucracy and added expense we don't need.

7) Do you have any additional comments?

Local governments are far more fiscally responsible than either of the senior governments. Local governments aren't allowed to run a deficit so we have to either raise taxes or cut programs which make us immediately accountable to the taxpayer. Senior governments are allowed to defer cutting programs or raising taxes by adding to the national or provincial debt which makes them unaccountable and in my view irresponsible.

Clean up your own mess before you start looking to clean up ours.

It's another case of: a solution desperately searching for a problem.

Thank you for completing the survey.

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