



February 6, 2015

Ref: 157430

Ms. Rebecca F. Denlinger
Deputy Minister
Ministry of Community, Sport and Cultural Development
PO Box 9490 Stn Prov Govt
Victoria, BC V8W 9N7

Dear Deputy Minister Denlinger;

I am writing on behalf of the Audit Council to convey the Council's concerns about the performance of the Auditor General for Local Government (AGLG) in regard to performance audits. These concerns relate to the credibility of the office of the AGLG and the Audit Council. We also seek to provide you with our perspective on the apparent limitations of the Auditor General for Local Government Act (the Act) with regard to the authority of the Audit Council to review and monitor the performance of the AGLG.

In May 2013, the AGLG announced a slate of 18 performance audits on 3 audit topics, to be completed by March 31, 2014. The Audit Council's view, which we communicated to the AGLG, was that the AGLG office would better position itself for success by completing a small number of audits in the first year. To the date of this letter, only part 1 of one audit and one Perspectives series report have been published. There are several audits in the process of being completed over the course of the next few weeks. Even with those nearing completion, the dates for the remaining audits have been pushed back repeatedly. In December 2014, the AGLG advised us that the timelines as currently published would also not be met. On January 21, 2015, the Audit Council requested that the AGLG provide us with a written plan for completing the audits. The plan was provided on February 2, 2015 and discussed the following day. In the February 3, 2015 meeting with the AGLG, the Audit Council was advised that the timelines for delivery of the audits had changed yet again. The Audit Council does not feel that it has received satisfactory assurances as to these timelines. As a result, we are left with little confidence that the latest audit delivery targets will be met.

In addition, the Audit Council made several attempts to inquire into the reasons for the delays and to determine whether the AGLG has a clear plan for delivering on the audits currently underway. The Audit Council sought to obtain the advice of an independent third party with respect to these matters but it has not been able to do so because of challenges raised as to the scope of the Audit Council's statutory authority.

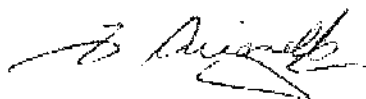
There appears to be a lack of legal clarity surrounding our ability to carry out what we believe is our mandate; that is, reviewing and monitoring the performance of the AGLG. Legal counsel for the AGLG, and counsel in the Ministry of Justice, have expressed the view that the Audit Council does not have the

.../2

authority under the Act to undertake the inquiries that the Audit Council views as essential to its role, or to initiate recommendations to the Minister. The Council is concerned that if this is the correct interpretation, it will not be able to carry out what the Council views as its intended role. While the Council does not necessarily accept the limited view of its statutory authority, it does not want to commence a process that it is not permitted to do, nor be engaged in a legal dispute over statutory interpretation. Moving forward, the Council believes that amendments to the Act and/or the development of regulations would provide for a clearer understanding of the Audit Council's authority and mandate.

In view of the above, the Council is unanimously of the view that it has a responsibility to communicate these concerns to you, in your role as the Minister's delegate in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Ariganello', with a stylized flourish at the end.

Anthony Ariganello
Chair
Audit Council



March 21, 2015

Anthony Ariganello
Chair, Audit Council
1101 – 1111 West Hastings Street
Vancouver BC V6E 2J3
Email: aariganello@bchrma.org

Dear Mr. Ariganello,

I am writing in response to your letter of February 6, 2015, and subsequent requests expressed through follow-on discussions, regarding your concerns associated with the performance of the Auditor General for Local Government (AGLG).

It is in response to these requests that I have attached the BC Public Service's *Interim Report: Work Place Review, Auditor General for Local Government* (January 19, 2015), which investigated allegations regarding the AGLG's conduct in the workplace. As you are aware, this review was undertaken at my direction based upon information provided to you by staff within the AGLG's office. The information contained in this review is confidential and is shared with you to assist you in your role as the Chair of the Audit Council.

I also confirm Minister Oakes' email of March 19, 2015, in which she requested the Audit Council's recommendation of the removal of the Auditor General for Local Government.

Please let me know if you have any additional questions.

Respectfully,

Rebecca F. Denlinger
Deputy Minister

Attachment

Page 04 to/à Page 05

Withheld pursuant to/removed as

s.22

Page 06

Withheld pursuant to/removed as

s.22;s.13

Page 07 to/à Page 09

Withheld pursuant to/removed as

s.22

Page 10 to/à Page 20

Withheld pursuant to/removed as

s.22;s.13

157827

Weich, Rika I CSCD:EX

From: Hart, Emma CSCD:EX
Sent: Monday, March 23, 2015 9:37 AM
To: CSCD Minister's Correspondence Action Items CSCD:EX
Subject: FW: Letter from Audit Council to Minister Oakes
Attachments: Audit Council Chair letter to Honourable Coralee Oakes March 20_2015.pdf

Emma Hart

Administrative Assistant

Office of the Minister

Community, Sport and Cultural Development

T: 250 387 2283 F: 250 387 4312

Email: Emma.Hart@gov.bc.ca

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From: Brazier, Heather M CSCD:EX

Sent: Friday, March 20, 2015 5:33 PM

To: Bell, Jordan CSCD:EX; Minister, CSCD CSCD:EX

Subject: Letter from Audit Council to Minister Oakes

Dear Jordan,

In my role as Audit Council Secretariat, the Audit Council has requested that the attached letter be sent to Minister Oakes.

Heather Brazier

Executive Lead

Integrated Policy, Legislation and Operations Division

Ministry of Community, Sport and Cultural Development

Phone: 250 387-3860

Cell: s.17

E-mail: Heather.Brazier@gov.bc.ca

CORRESPONDENCE SERVICES

Received: MAR 23 2015

Sent: 11:23 2015

ASSIGN TO:

IFLO - Exec. Lead

☐ MINISTER'S RESPONSE
☐ DM RESPONSE
☐ DIRECT REPLY
☐ NECESSARY ACTION
☐ COMMENTS/ADVICE
☐ PREMIER'S RESPONSE
☒ INFO/FILE

** confidential*



March 20, 2015

Honourable Coralee Oakes
Minister of Community, Sport and Cultural Development
Room 124, Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Oakes:

As Chair of the Audit Council, I am writing on behalf of the Audit Council to request:

- Further to section 6(2) of the *Auditor General for Local Government Act* (Act), a written request from you that the Audit Council make a recommendation for suspension or removal of the Auditor General for Local Government (AGLG) under section 19 (1)(c) of the Act;
- Confirmation that a recommendation made in good faith by the Audit Council under section 19 (1)(c) is fully covered by the indemnity provided by the provincial government to the Audit Council members;
- An update on the status of the reviews of the AGLG Office undertaken by the provincial government, in particular the review conducted by the Public Service Agency. This is in view of public comments made to the effect that the Audit Council has a role in human resource matters; and
- Information on the steps and time that would be required, should it be necessary, to confirm by way of legislation or regulation the Legislature's intent that the Audit Council has full authority to take all necessary actions in relation to its role in reviewing and monitoring the performance of the AGLG.

On behalf of the Audit Council, I wish to express our frustration that we have experienced regarding the performance of our duties and ability to function given the uncertainty surrounding the current legislation.

The Audit Council awaits your response.

Sincerely,

Anthony Ariganello
Chair
Audit Council



March 21, 2015

Anthony Ariganello
Chair, Audit Council
1101 – 1111 West Hastings Street
Vancouver BC V6E 2J3
Email: aariganello@bchrma.org

Dear Mr. Ariganello

Re: Auditor General for Local Government

I write in response to the matters you raise in your March 20, 2015 letter regarding my request for the recommendation of the Audit Council on the removal of the Auditor General for Local Government.

Before responding to these matters, I want to acknowledge the difficult situation in which you and the Audit Council members have been placed, given the response of Ms. Ruta to your proposed review of the AGLG office, and I want to express my appreciation to you for taking on the responsibilities and duties under the Act.

Turning now to your questions, first, I am satisfied you have the statutory power, and indeed duty, to provide the recommendation I have requested and that no legislative revision is required for this purpose.

Second, I can assure you that in exercising your duties in good faith, you and the members of the Audit Council are indemnified with respect to any legal proceedings that may arise concerning the recommendation you provide to me.

Third, as requested, Deputy Minister Denlinger will send you the human resources review conducted by the Public Service Agency regarding the Office of the Auditor General for Local Government.

I want to also clarify my recent public comment about the Audit Council looking into human resources matters within the office. I did not mean to convey that the Council has the responsibility to review human resource matters generally within the office, but rather to convey that the Audit Council has the authority to review the Auditor General's interactions with her staff as they may have impacted on the performance of the office.

In closing, I want to emphasize that it is necessary for me to ensure that the public interest is being met in the performance of this office and therefore I look forward to receiving the recommendation of the Audit Council as soon as possible.

Sincerely,

Coralee Oakes
Minister

157826

Weich, Rika I CSCD:EX

From: Hart, Emma CSCD:EX
Sent: Monday, March 23, 2015 9:44 AM
To: CSCD Minister's Correspondence Action Items CSCD:EX
Subject: FW: Audit Council Letter to Minister Oakes
Attachments: Audit Council Chair letter to Honourable Coralee Oakes March 21_2015.pdf

Emma Hart

Administrative Assistant

Office of the Minister

Community, Sport and Cultural Development

T: 250 387 2283 F: 250 387 4312

Email: Emma.Hart@gov.bc.ca

release minister the audit council letter to minister oakes

From: Brazier, Heather M CSCD:EX
Sent: Saturday, March 21, 2015 5:27 PM
To: Minister, CSCD CSCD:EX; Bell, Jordan CSCD:EX
Cc: Denlinger, Becky CSCD:EX
Subject: Audit Council Letter to Minister Oakes

In my role as Audit Council Secretariat, I am sending the attached letter at the request of the Audit Council.

Regards,
Heather

Heather Brazier
Executive Lead
Integrated Policy, Legislation and Operations Division
Ministry of Community, Sport and Cultural Development
Phone: 250 387-3860
Cell: s. 17
E-mail: Heather.Brazier@gov.bc.ca

CORRESPONDENCE SERVICES
Received: MAR 23 2015
Sent: MAR 23 2015
ASSIGN TO:
IFLO-Exec. Lead
<input type="checkbox"/> MINISTER'S RESPONSE
<input type="checkbox"/> DM RESPONSE
<input type="checkbox"/> DIRECT REPLY
<input type="checkbox"/> NECESSARY ACTION
<input type="checkbox"/> COMMENTS/ADVICE
<input type="checkbox"/> PREMIER'S RESPONSE
<input checked="" type="checkbox"/> INFO/FILE

*confidential
XRef: 157430, 157148



March 21, 2015

Honourable Coralee Oakes
Minister of Community, Sport and Cultural Development
Room 124, Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Oakes:

I am writing on behalf of the Audit Council to convey the attached Audit Council resolution and ask that you consider our recommendation under section 19 (1)(c) of the *Auditor General for Local Government Act* (the "Act") that the Auditor General for Local Government (AGLG), Ms. Basia Ruta, be removed from the position. This is in response to your letter of March 21, 2015 to the Chair of the Audit Council regarding your request that the Audit Council provide a recommendation for removal of the AGLG.

We previously stated in our February 6, 2015 letter to Deputy Minister Becky Denlinger (your delegate in this matter at that time) our concerns about the AGLG's decision in May 2013 to undertake 18 performance audits on 3 audit topics, to be completed by March 31, 2014; the subsequent lack of delivery of performance audit reports and the continual revisions to completion dates for the audits; and our lack of confidence that the revised current delivery targets will be met. As you know, the Audit Council has made repeated attempts to inquire into the reasons for the delays and to determine whether the AGLG has a clear plan for delivering on the audits currently underway.

The Audit Council has lost confidence in Ms. Ruta's ability to effectively and credibly carry out the mandate of the Office of the AGLG. Moreover, the Audit Council believes that its ability to work with Ms. Ruta is damaged beyond repair. Our recommendation also reflects our view that the lack of productivity has damaged the credibility of the Office of the AGLG, an office that was intended to assist local governments achieve value for money. It is our recommendation that in order to restore that credibility, it is necessary to remove Ms. Ruta.

Sincerely,

Anthony Ariganello
Chair
Audit Council

AUDIT COUNCIL RESOLUTION:

Whereas under section 19 (1)(j) of the *Auditor General for Local Government Act*, the Audit Council is responsible for reviewing and monitoring the performance of the Auditor General for Local Government (AGLG), including, without limitation, the performance of the AGLG in respect of the annual service plan; and

Whereas under section 19 (1)(c) of the *Auditor General for Local Government Act*, the Audit Council is responsible for recommending to the minister suspension or removal of the AGLG; and

Whereas under section 21 (3)(b)(iii) of the *Auditor General for Local Government Act* the Minister has requested the Audit Council to convene a meeting to consider suspension or removal of the AGLG; and

Whereas under section 6 (2) of the *Auditor General for Local Government Act*, the Minister must consider the recommendation of the Audit Council under s. 19 (1)(c); and

Whereas the Audit Council wrote to Deputy Minister Becky Denlinger on February 6, 2015, in her capacity as the Minister's delegate in this matter, conveying the Audit Council's concerns about the performance of the AGLG in regard to performance audits; and

Whereas the Audit Council has now lost all confidence in the ability of the AGLG to effectively and credibly deliver on the mandate of the Office of the AGLG; and

Whereas Minister Oakes in her letter of March 21, 2015 to the Chair of the Audit Council requested that the Audit Council provide a recommendation for removal of the AGLG under section 19 (1)(c) of the *Auditor General for Local Government Act*; therefore

Resolved,

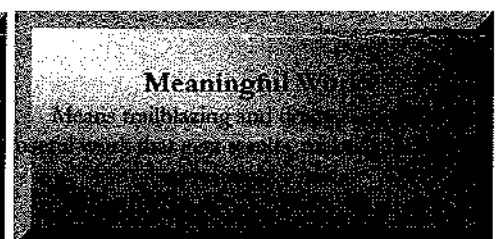
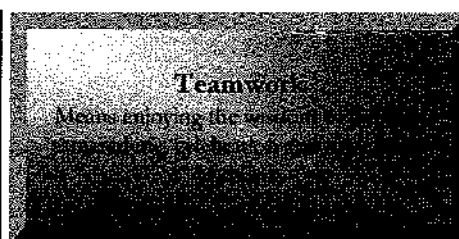
That under section 19 (1)(c) of the *Auditor General for Local Government Act*, the Audit Council recommend to the Minister removal of the AGLG by sending the attached letter to the Minister of Community, Sport and Cultural Development.

March 21, 2015

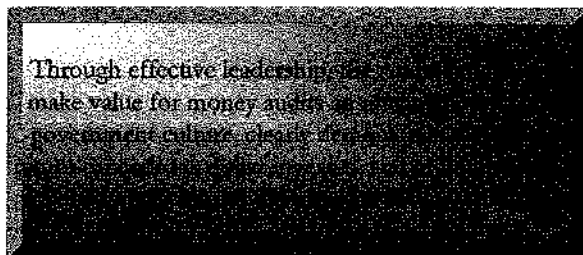
MINISTRY OF COMMUNITY
SPORT AND CULTURAL DEVELOPMENT
MINISTER'S OFFICE
RECEIVED
AUG 23 2013
ROUTE TO: 154016
CC:
DRAFT REPLY ☐ DM ☐ FYWFILE ☒
REPLY DIRECT ☐ FIA ☐

In April 2012, the Provincial Government appointed a five member expert advisory body, the Audit Council, to monitor and review the performance of the new Auditor General of Local Government (AGLG). The Audit Council developed a three year strategic plan in the spring of 2013 to serve as a road map for Council activity, while aligning the strategic focus of the Audit Council and Auditor General for Local Government. The following core values, vision, mission, objectives, actions, and measures establish an accountability framework for the Audit Council as it endeavours to help create a world class model of value for money auditing in local government.

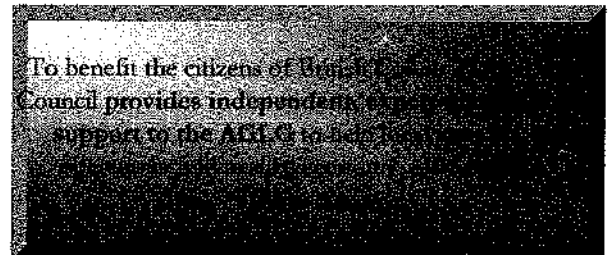
CORE VALUES



VISION



MISSION



STRATEGIC OBJECTIVES

1) Tangible Audit Results.

Support the AGLG in delivering value for money audits that will identify quantifiable savings, benefits, opportunities or best practices for local governments of all sizes.

Actions:

- Support the AGLG in setting up the foundation for the Office's success
- Support the AGLG in delivering up to three audits in 2013 and up to five audits in 2014

Measures:

- The Office is set up including sufficient funding, staffing, office space, equipment, security and technology (December 2013)
- The prescribed number of audits is completed (Summer 2014)

2) Audit Council/AGLG Positive Relationship:

Develop and maintain a positive working relationship between the Audit Council and AGLG.

Actions:

- Have the AGLG brief the Audit Council at regular meetings including an open and consultative review of the working relationship
- Have the AGLG and Audit Council Members jointly attend some local government, stakeholder and public functions
- Have the Chair and/or Audit Council engage the AGLG in informal dialogue semi annually.
- Develop a process to share documents and advice in a timely manner between the AGLG and Audit Council

Measures:

- AGLG update and relationship check-in are standing agenda items at Council meetings (June 2013)
- Audit Council Members have each attended at least one local government, stakeholder or public function with AGLG staff (June 2014)
- Four informal dialogue events have been completed (December 2014)
- Audit Council Policy & Procedures Manual includes a process (September 2013) and progress is measured against this standard (June 2014)

3) Audit Council Education and Awareness:

Increase Audit Council understanding of local government through education and awareness.

Actions:

- Have Audit Council Members subscribe to the UBCM newsletter, LGMA Exchange Magazine, and Civic Info BC
- Arrange a two hour Local Government essentials discussion for Audit Council Members
- Have each Audit Council Members engage their local government for familiarization tours and 'ride alongs'
- Host two separate Question and Answer sessions with a select group of elected and appointed officials to get rural and urban perspectives

Measures:

- All actions are completed (October 2014)

4) Acceptance and Public Education:

Monitor AGLG performance in terms of respect, acceptance and support for value for money auditing from local governments, stakeholders, and the public.

Actions:

- Monitor achievement of the performance measures of the Annual Service Plan as part of the AGLG performance review framework
- Support having AGLG representation at all provincial and regional local government elected and appointed officials conferences
- Participate in developing the AGLG communications/media/engagement strategy, in particular, defining the Audit Council role
- Support the AGLG in recommending regulations to enable ad hoc performance audits on a cost recovery basis, at the request of local governments

Measures:

- Gauge local government, stakeholder, and public acceptance through the AGLG formative evaluation process (December 2015 initial baseline)
- Gain Ministerial approval of regulation for ad hoc performance audits (December 2015)



Ref: 154016

DEC 04 2013

Mr. Anthony Ariganello
Chair
Audit Council of British Columbia
201 – 10470 152nd Street
Surrey, BC V3R 0Y0

Dear Mr. Ariganello:

Thank you for your letter of August 22, 2013, in which you provided me with a copy of the Audit Council of British Columbia's Strategic Plan for 2013/14, pursuant to section 4.5.1 of the Audit Council's Policies and Procedures Manual.

The Strategic Plan is central to the work of the Audit Council, as it establishes its core values and strategic objectives for the coming year.

Thank you again. I appreciate all the work that has gone into developing and drafting this plan.

Sincerely,

Coralee Oakes
Minister