

Comprehensive Auditing
(EXTRACT from Auditor General's Annual
Report of 1978)

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**COMPREHENSIVE AUDITING FOR PARLIAMENT
A NEW CYCLICAL APPROACH**

11.1 In this, the first of two chapters dealing with comprehensive auditing, we outline a new audit approach for the Audit Office. The objective is to provide Parliament with constructive comprehensive evaluations of departments, agencies and Crown corporations on a cyclical basis and to co-ordinate the audit activities of the Office with those of internal and other auditors in these entities. This approach evolves largely from the developments which have occurred in the Office during the last five years.

Background

11.2 **Evolution of the Audit Office.** Formally, the legislation dealing with the Audit Office had evolved very little from 100 years ago when the position of Auditor General was created, to the introduction of the new legislation in 1977. As with most government institutions, however, the Auditor General's role is defined not only by the letter of the law, but also by tradition and convention. Here there was some evolution, particularly in the area of matters reported to the House of Commons. Early in the 1950s the Auditor General, Mr. Watson Sellar, instructed his staff to be alert to what he termed "nugatory payments". In 1958, he began reporting items of this type in his annual Report as "non-productive payments". His successor, Mr. Maxwell Henderson, continued in this tradition.

11.3 **The Independent Review Committee.** When I was appointed Auditor General in 1973, I believed there was a need for a fundamental reassessment of the functions of the Office and for a definition of the direction in which it should move in the future. The Independent Review Committee on the Office of the Auditor General of Canada was commissioned in October 1973 to meet this need. In April 1975 its report, a landmark study, was tabled in the House of Commons. The Government, after considering the Committee's recommendations, incorporated most of them in a new legal mandate for the Office, the Auditor General Act, proclaimed as of August 1, 1977.

11.4 **The Auditor General Act.** The new Act defines the responsibilities and relationships of the Auditor General. It requires the expression of opinions on financial statements and annual reporting on cases where there is insufficient accounting for and control over public resources and where money has not been expended for purposes intended. In addition, the legislation specifically calls for reporting cases where money has been expended without due regard for economy and efficiency and where procedures established to measure and report effectiveness are unsatisfactory -- the value-for-money issues critical to the Government's management of public resources.