

Select Standing Committee on Public Accounts

Appointment of an Acting Auditor General



LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

NOVEMBER 2019

**FOURTH SESSION
OF THE 41ST PARLIAMENT**



November 28, 2019

To the Honourable
Legislative Assembly of the
Province of British Columbia

Honourable Members:

We have the honour to present herewith the unanimous Second Report of the Select Standing Committee on Public Accounts for the Fourth Session of the 41st Parliament titled, *Appointment of an Acting Auditor General*.

Respectfully submitted on behalf of the Committee,

Shirley Bond, MLA
Chair

Mitzi Dean, MLA
Deputy Chair

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Composition of the Committee

Members

| | | |
|------------------------|--------------|--------------------------|
| Shirley Bond, MLA | Chair | Prince George-Valemount |
| Mitzi Dean, MLA | Deputy Chair | Esquimalt-Metchosin |
| Garry Begg, MLA | | Surrey-Guildford |
| Rick Glumac, MLA | | Port Moody-Coquitlam |
| Bowinn Ma, MLA | | North Vancouver-Lonsdale |
| Ralph Sultan, MLA | | West Vancouver-Capilano |
| Jane Thornthwaite, MLA | | North Vancouver-Seymour |
| John Yap, MLA | | Richmond-Steveston |

Committee Staff

Kate Ryan-Lloyd, Acting Clerk of the Legislative Assembly

Ron Wall, Manager, Committee Research Services

Lisa Hill, Committee Research Analyst

Terms of Reference

On February 21, 2019, the Legislative Assembly agreed:

1. That all reports of the Auditor General of British Columbia transmitted to the Speaker of the Legislative Assembly be deemed referred to the Select Standing Committee on Public Accounts, with the exception of the report referred to in section 22 of the *Auditor General Act*, S.B.C. 2003, c. 2, which is referred to the Select Standing Committee on Finance and Government Services; and,
2. That the Select Standing Committee on Public Accounts be the committee referred to in sections 6, 7, 10, 13 and 14 of the *Auditor General Act*, S.B.C. 2003, c. 2.

In addition to the powers previously conferred upon the Select Standing Committee on Public Accounts, the committee be empowered:

- a. to appoint of their number one or more subcommittees and to refer to such subcommittees any of the matters referred to the committee and to delegate to the subcommittee all or any of its powers except the power to report directly to the House;
- a. to sit during a period in which the House is adjourned, during the recess after prorogation until the next following Session and during any sitting of the House;
- a. to adjourn from place to place as may be convenient; and
- a. to retain personnel as required to assist the committee;

and shall report to the House as soon as possible, or following any adjournment, or at the next following Session, as the case may be; to deposit the original of its reports with the Clerk of the Legislative Assembly during a period of adjournment and upon resumption of the sittings of the House, the Chair shall present all reports to the Legislative Assembly.

Introduction

On September 24, 2019, Carol Bellringer, Auditor General, provided written notice to the Speaker of her resignation effective December 31, 2019, pursuant to section 6(1)(a) of the *Auditor General Act*, which sets out the resignation process for the Auditor General. Ms. Bellringer advised that she had opted to resign before the September 2022 end of her eight-year term for personal reasons.

The Legislative Assembly adopted the *Auditor General Act* in 1977, establishing an independent Auditor General reporting to the Assembly. The Act was amended in 2003 to strengthen the position's independence, mandate and accountability to the Assembly. The Act sets out the Auditor General's authority and mandate for the independent auditing of the financial statements and administration of the provincial public sector and the Auditor General's reporting relationships to the Assembly.

Section 7(1) of the Act provides that the Legislative Assembly may, on the recommendation of "the committee" designated by the Assembly, appoint an Acting Auditor General if the office is vacant. Section 7(2) provides that if the Assembly is not sitting, or is not scheduled to sit within five days, the committee designated by the Assembly may appoint an Acting Auditor General. The appointment of an Acting Auditor General is effective until a permanent Auditor General is appointed by a committee designated by the Assembly for this purpose under section 2 of the Act. Since 1977, four individuals have been appointed as Acting Auditors' General: Robert J. Hayward (1986-88); Arn van Iersel (2006-07); Errol Price (2007); and Russ Jones (2013-14).

The terms of reference for the Select Standing Committee on Public Accounts adopted by the Legislative Assembly on February 21, 2019 designate it as the committee referred to in section 7.

At the Committee's October 16, 2019 meeting, the Committee adopted the following motion:

That the Select Standing Committee on Public Accounts refer to the Subcommittee on Agenda and Procedure the task of selecting and unanimously recommending to the committee, no later than November 28, 2019, a candidate for appointment as Acting Auditor General, pursuant to section 7 of the *Auditor General Act*.

Meeting Schedule

The appointment process for an Acting Auditor General was considered by the Committee and the Subcommittee on Agenda and Procedure at the following meetings.

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|------------------|---|
| October 10, 2019 | Subcommittee on Agenda and Procedure Meeting <ul style="list-style-type: none">• Briefing on Acting Auditor General appointment process• Subcommittee report to the Committee |
| October 16, 2019 | Select Standing Committee on Public Accounts Meeting <ul style="list-style-type: none">• Consideration of October 10, 2019 Subcommittee report to the Committee• Adoption of motion to refer to the Subcommittee the task of recommending to the Committee a proposed candidate for the position of Acting Auditor General no later than November 28, 2019 |

- October 23, 2019 Subcommittee on Agenda and Procedure Meeting
- Briefing on Acting Auditor General appointment process
 - Approval of letter to Deputy Auditors General inviting applications
- October 31, 2019 Subcommittee on Agenda and Procedure Meeting
- Technical briefing by Carol Bellringer, Auditor General
 - Deliberations
- November 18, 2019 Subcommittee on Agenda and Procedure Meeting
- Interviews
 - Deliberations
- November 20, 2019 Subcommittee on Agenda and Procedure Meeting
- Deliberations
 - Subcommittee report to the Committee
- November 26, 2019 Select Standing Committee on Public Accounts Meeting
- Deliberations
 - Adoption of report

Recruitment Process

The Subcommittee met on October 23, 2019 and developed a recruitment process for the position of Acting Auditor General. The Subcommittee agreed to write to the Deputy Auditors General in the Office of the Auditor General inviting them to consider submitting an application for the position of Acting Auditor General. The deadline for applications was October 30, 2019.

On October 31, 2019, the Subcommittee received a technical briefing from Carol Bellringer, Auditor General, on the responsibilities, skills and competencies for the position of Acting Auditor General. Subcommittee Members reviewed the applications received by the October 30, 2019 deadline with respect to each applicant's leadership and senior executive experience, knowledge of financial accounting and auditing principles and standards, and communication and engagement experience. The Subcommittee determined that three applicants should be invited for an interview.

Interviews with invited candidates were held on November 18, 2019. Each interview covered approaches to leadership and organizational management applicable for the temporary position of Acting Auditor General, knowledge and understanding of the statutory and policy framework for the position of Acting Auditor General, relationship building with Members and stakeholders, and communications and analytical abilities.

Subcommittee Members were very impressed with the high level of knowledge and experience of the senior leadership of the Office of the Auditor General. British Columbians can be proud of their professionalism and dedicated public service. Members thank all of the candidates for their interest and engagement in the recruitment process and their commitment to this important Office in British Columbia.

Subcommittee Members acknowledged that the criteria for the position of Acting Auditor General are focused on continuity of the Office and are quite separate and distinct from those which will be required for the Auditor General term appointment. The appointment process for an Acting Auditor General is not intended to preclude any applications for the position of Auditor General or to influence the work of the Special Committee to Appoint an Auditor General, which was established by the Legislative Assembly on October 11, 2019, pursuant to section 2 of the Act.

In their deliberations, Subcommittee Members recognized Russ Jones' senior management and nearly 30 years of audit experience in the Office of the Auditor General, including his service as Acting Auditor General in 2013-14, his appreciation of the caretaker role of the Acting Auditor General in ensuring continuity in the work of the Office and facilitating its transition to new leadership, his understanding of the responsibilities and mandate of the Office, his knowledge of financial accounting and audit developments in the public and private sectors, and his commitment to non-partisan and impartial public service. Mr. Jones is a Chartered Professional Accountant with a Chartered Professional Accountants of British Columbia practice license to sign audit opinions in order to fulfill the statutory responsibilities with the *Auditor General Act*. He holds a Bachelor of Commerce degree from the University of Windsor and a Masters of Business Administration from Simon Fraser University.

The Subcommittee's November 20, 2019 unanimous recommendation that Mr. Jones be appointed as Acting Auditor General was considered by the Committee on November 26, 2019. Committee Members shared the

Subcommittee's assessment that Mr. Jones' eminent qualifications, experience and approach to leadership would make him an effective Acting Auditor General during an important period of transition for the Office. Committee Members unanimously agreed to recommend to the Legislative Assembly that Russ Jones be appointed as Acting Auditor General.

On behalf of all Members of the Legislative Assembly, the Committee expresses their gratitude to Carol Bellringer for her leadership and dedication to promoting accountability and good administrative and financial practices and controls for the province's public sector. Her important work over the past five years has helped to improve the effectiveness, efficiency and economy of provincial policies and programs and to maintain the integrity that British Columbians expect from their public organizations.

Recommendation

The Committee unanimously recommends to the Legislative Assembly that Russ Jones be appointed as Acting Auditor General, pursuant to the *Auditor General Act*, S.B.C. 2003, c. 2.

Biographical Information

Russ Jones, FCPA, FCA, ICD.D, is a Deputy Auditor General of British Columbia. He served as Acting Auditor General from May 27, 2013 to September 14, 2014. Prior to his appointment, he was the Assistant Auditor General - Financial Audit and Chief Financial Officer at the Office. He has specialized in accounting, financial reporting and auditing in the public sector for nearly 30 years.

Mr. Jones is a Chartered Accountant with an MBA from Simon Fraser University. He first joined the Office in 1980, following five years with a national accounting firm. He was also comptroller for two locally-owned Victoria companies from 1986 to 1989, and has served as facilitator for the CA School of Business. He was named a Fellow of the Chartered Accountants of B.C. in 2014, in recognition of his exceptional leadership and service to the community and the profession.



Mr. Jones is a member of the Institute of Chartered Accountants of B.C.'s Bylaws Committee, and from 2011 to 2017 sat on the Public Sector Accounting Board, which sets standards and provides guidance for financial and performance reporting in the public sector.

