Province of
British Columbia

report of the AUDITOR GENERAL

for the year ended
31 March 1979

Province of British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

The Honourable Hugh A. Curtis
Minister of Finance
Province of British Columbia

Sir:

I have the honour to transmit herewith my Report to the Legislative Assembly for the fiscal year ended 31 March 1979 for submission to the Assembly in accordance with the provisions of Section 10(1) of the Auditor General Act, S.B.C. 1976, chapter 3.

Erma Morrison

Erma Morrison, C.A.
Auditor General

Victoria, British Columbia
13 March 1980

TABLE OF CONTENTS

Part I

Section		Paragraph	Page
1.	Highlights		7
2.	Introduction		
	General	2.1	8
	Comprehensive Auditing	2.11	9
3.	Legislation	3.1	11
4.	Report on the Financial Statements		12
5.	Comments on the Financial Statements		
	Introduction	5.1	14
	Stated Accounting Policies and Practices	5.3	14
	Financial Statement Presentation	5.8	15
	Accounts Receivable from Other Governments and Agencies	5.9	15
	Taxes and Other Accounts Receivable	5.10	15
	Loans and Other Advances	5.13	16
	Investment in, and Advances to, Crown Corporations	5.16	16
	Investments, Other	5.21	17
	Other Current Liabilities	5.22	17
	Guaranteed Debt	5.23	18
6.	Internal Control Systems		
	Introduction	6.1	19
	Control Over Revenues	6.3	19
	Control Over Expenditures	6.16	21
	Conclusion	6.21	22
7.	Comments on Ministries		
	Introduction	7.1	23
	Ministry of Agriculture		
	Audit of Claim Payments	7.3	23
	Ministry of the Attorney-General		
	Purchase and Expenditure Systems	7.6	23
	Public Trustee	7.11	24
	Ministry of Consumer and Corporate Affairs		
	Liquor Distribution Branch	7.17	25
	Ministry of Finance		
	Treasury Section	7.20	26
	Securities Section	7.23	26
	Ministry of Forests		
	Unbilled Timber Royalties and Stumpage Fees	7.26	27
	Ministry of Health		
	Introduction	7.28	27
	Expenditure Controls	7.30	28

Section		Paragraph	Page
	Revenue Controls	7.34	28
	Patients' Trust Accounts	7.38	29
	Control Accounts	7.39	29
	Hospital Insurance Fund	7.40	30
	Emergency Health Services Commission	7.42	30
	Ministry of Human Resources		
	Canada Assistance Plan	7.47	31
	Ministry of Municipal Affairs and Housing		
	Housing Fund	7.53	32
	Grants to Housing Cooperatives and Nonprofit Societies	7.56	33
	Ministry of the Provincial Secretary		
	Lottery Fund	7.58	33
8.	Public Bodies	8.1	35
9.	Public Accounts Committee	9.1	36
10.	Organization and Activities of the Audit Office		
	Organization and Personnel	10.1	37
	Audit Activities	10.6	38
	Canadian Legislative Auditors' Conference	10.8	38
	New Office Location	10.10	38
	Accounts of the Office of the Auditor General	10.11	39
	Advisory Council	10.12	39
11.	Status of Findings and Recommendations Contained in the 1978 Annual Report of the Auditor General		40
	Part 2		
12.	Comprehensive Auditing	12.1	50
	Part 3		
13.	Royal Commission on Financial Management and Accountability	13.1	63
	Appendices		
I	Sections of the Auditor General Act Relevant to the Responsibilities of the Auditor General		67
II	Public Bodies of Which the Auditor General was the Appointed Auditor as at 31 March 1979		70
III	Public Bodies, of Which the Auditor General was not the Appointed Auditor, Whose Financial Statements are Included in Section F of the Public Accounts		71
IV	Sections A (pages A1 to A9), B and C of the Public Accounts		72

1

HIGHLIGHTS

Submission of this Report to the Legislative Assembly completes the second full cycle of the work of my Office. It presents major concerns, significant or illustrative findings, and recommendations arising from the work conducted by my staff relative to the 1979 fiscal year.

My report and opinion on the financial statements for the 1979 fiscal year is made without the qualifications or reservations necessary in my first reporting year. It is important to recognize that this opinion, as specified by the *Auditor General Act,* consists of my professional assessment as to whether the statements are presented fairly in accordance with the *stated accounting policies* of the Government.

However, the stated accounting policies are so replete with anomalies and inconsistencies that I have had to question whether identifiable policies, as such, exist. It is hoped that the comprehensive examination of accounting policies and practices referred to in the notes to the financial statements will lead to a more meaningful presentation of the Government's financial information.

The need for revised financial legislation continued throughout the year of my Report. Recent information indicates that steps are being taken in this regard.

I noted in my 1978 Report that systems of internal control over expenditures needed considerable improvement. In this year's audit we extended our tests in the area of expenditures, and found that little progress had been made toward improvement. In addition, we looked carefully at the control over revenues and found it to be less than satisfactory in many areas.

I again refer, in the body of this Report, to the status of the debt of the British Columbia Railway Company guaranteed by the Province.

My work in the past year has been involved mainly with the required examination of the accounts of the Province leading to my report on the financial statements, and the annual audits of the 27 public bodies of which I am the appointed auditor. As described in Part 2 of this Report, my Office has begun a pilot project which introduces the concepts of comprehensive auditing. This approach to the work of my Office is intended to embody in future audits all facets of my mandate, with particular regard to those relating to the economy and efficiency of program administration.

A separate Section is included as to the current status of findings and recommendations contained in my Report for the 1978 fiscal year. This will be a regular feature in future reports and will be updated annually so that changes and improvements may be noted as they occur.

Erma Morrison

ERMA MORRISON, C.A.
Auditor General

Victoria, British Columbia
18 February 1980

2

INTRODUCTION

General

2.1 My main duties and responsibilities as the Auditor General of British Columbia are set out in the *Auditor General Act,* S.B.C. 1976, chapter 3. Relevant sections of the Act are included as Appendix I to this Report. Sections 6, 7, and 8 of the Act require that I examine the accounts and records of the Government relating to the Consolidated Revenue Fund and other funds, report annually to the Legislative Assembly on the financial statements of the Government, and also report annually on other matters arising from my examination that should be brought to the attention of the Legislative Assembly.

2.2 The financial statements of the Government of the Province of British Columbia are prepared annually by the Comptroller-General in compliance with the *Financial Control Act,* and are included in the Public Accounts. I have examined the accounts and records relating to the Consolidated Revenue and other funds, and the report containing my opinion on the financial statements is included in the Public Accounts for the fiscal year ended 31 March 1979. The report containing my opinion on the financial statements is reproduced in Section 4 of this Report. The financial statements to which my opinion refers are shown in Appendix IV.

2.3 Due to numerous and continuing revisions to the financial statements and to delays in receiving the related notes, I experienced serious difficulties in completing my reports in good time. The *Financial Control Act* requires the Comptroller-General to submit the statements constituting the Public Accounts to the Minister of Finance on or before 30 September in each year. Although my audit field work was substantially completed by 30 September 1979, the financial statements and notes in final form were not delivered to me until 15 February 1980. It was only by imposing extensive additional work on my staff in order to examine and re-examine the effects of changes, at the expense of time scheduled for the 1980 audit, that it was possible to meet the deadline for submission of my opinion to the Legislative Assembly. In order that I may properly and efficiently carry out my statutory obligations as Auditor General, I recommend that the financial statements and notes thereto be finalized by 30 September of each year and that they be transmitted to me forthwith.

2.4 In my first Report I described the various conditions and circumstances which influenced the nature and limited the extent of my initial examination of the financial statements of the Province. Because of those scope limitations it was necessary for me to qualify my audit opinion on the financial statements for the fiscal year ended 31 March 1978. There has been no need to qualify my opinion in this respect for the fiscal year ended 31 March 1979.

2.5 In my first Report I commented on numerous matters that came to my attention, and made recommendations for corrective action. The current status of each of these items is set out in Section 11 of this Report.

2.6 In the course of our review we carried out audit tests in all ministries and relevant central agencies of the Government. My staff and I were afforded complete access to records of account and administration, and were provided with all the information and explanations required in the conduct of our examination. The audit findings, comments and

recommendations contained in this Report have been reviewed and discussed with senior officials of the various ministries directly involved. I wish to express my appreciation for the cooperation received from all Government organizations, Crown agencies and public bodies that we have dealt with.

2.7 Most matters described in this Report have come to light primarily as a result of the required examination of the accounts of the Province leading to my report on the financial statements. The *Auditor General Act,* in section 8, extends the Auditor General's mandate to include assessments as to the appropriateness of accounting and financial reporting policies, and whether ministry programs are being administered economically and efficiently. My objective is to extend the scope of our audit to include these other areas.

2.8 The *Auditor General Act* provides that the Auditor General may be appointed the auditor, or a joint auditor, of a Crown corporation, Crown agency or public body. As at 31 March 1979 I was the appointed auditor of 27 public bodies, an increase of two during the year. Comments regarding the audit of public bodies are contained in Section 8 of this Report.

2.9 My first annual Report was tabled in the Legislative Assembly on 2 April 1979 and was referred to the Public Accounts Committee of the Legislative Assembly, as required by the *Auditor General Act*. Comments relating to this Committee appear in Section 9 of this Report.

2.10 The report of the Royal Commission on Financial Management and Accountability (the Lambert Report) contains many significant observations and recommendations of interest to those concerned with management in government. My analysis of the Commission's report appears in Part 3 of this Report.

Comprehensive Auditing

2.11 In my first Report to the Legislative Assembly I said that I intended to conduct audits of economy, efficiency and the way in which the Government reports the results of its activities. The number of such audits to be performed would be based on the capacity of my Office. Because of the newness of the Office, my priority objectives during its first two years of existence were to fulfil my annual attest audit reponsibilities and to build a strong, professional team. Since I issued my first Report, I have also considered it crucial that the Office start to develop and carry out plans to ensure that it would fulfil all the requirements of its mandate as quickly as possible.

2.12 During the past year, in line with my announced intention, I have devoted much time to considering how the Office could best carry out all of the provisions of the *Auditor General Act*. In considering the solutions to this problem, I have consulted with my Provincial counterparts and with the Auditor General of Canada. During the last several years, the Auditor General of Canada has devoted considerable effort and resources to developing the approach and methodology to fulfil all the provisions of his mandate. In addition, I have looked closely at how certain legislative auditors outside Canada have applied "value-for-money" auditing mandates. These consultations have been of great benefit in helping me to arrive at, and adopt, the most appropriate audit approach.

2.13 My Office has examined both the methods used elsewhere and the particular requirements of this Province's *Auditor General Act*. On the basis of that examination, I

have concluded that the most desirable means of implementing my full mandate, over a number of years, is to begin adopting the comprehensive audit approach. Comprehensive auditing is a new concept for legislative auditors which was conceived in the Office of the Auditor General of Canada. It will continue to be further developed and refined over a period of time. However, I consider that this approach has the greatest potential for helping my Office to achieve its objectives of ensuring that all parts of the Auditor General's mandate are acted upon in the most efficient way and that this Office serves the Legislative Assembly in the most effective manner. The comprehensive audit approach is fully compatible with my Office's attempts thus far to carry on a pattern of constructive auditing.

2.14 Part 2 of this Report explains the comprehensive audit process and implications in greater detail.

3

LEGISLATION

3.1 In my first Report to the Legislative Assembly a year ago I commented on the existing financial legislation in this Province as being obsolete and failing to meet present and anticipated needs. My recommendation as to urgent need for its revision reflected my concern. Although my commentary was brief, I considered, and do so now, legislative reform in this important area to be essential. The need continues to increase as government grows and its management becomes more complex.

3.2 The need for such revision is acknowledged. Shortly after I took office in 1977 I was advised that the financial legislation was under review. Recently it has been indicated to me that such statutory revision was under active consideration. I continue to emphasize the imperative need for early action in this regard.

3.3 I do not think I can make any recommendation stronger or more important than that contained in my 1978 Report, which I reiterate:

> *''Legislation to meet current and anticipated requirements in this critical area is urgently needed, and I recommend that action be taken to provide it without delay.''*

4

REPORT ON THE FINANCIAL STATEMENTS

My report on the financial statements of the Government, required under section 7 of the *Auditor General Act*, has been included in the Public Accounts for the year ended 31 March 1979 and is reproduced below:

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS
INCLUDED IN THE PUBLIC ACCOUNTS
OF THE PROVINCE OF BRITISH COLUMBIA

To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia

I have examined the financial statements of the Government of the Province of British Columbia for the fiscal year ended March 31, 1979 as presented in the Public Accounts, and the related schedules contained in Sections B and C of the Public Accounts. These statements are:

Statement of assets and liabilities.
Statement of revenues and expenditures.
Summary of General Fund revenues.
Summary of General Fund expenditures.
Statement of net receipts and payments (combined funds).
Notes to financial statements.

These statements and schedules in my opinion constitute the statements of financial position, the results of operations and changes in financial position referred to in section 7 of the *Auditor General Act*, S.B.C. 1976, chapter 3.

I did not examine and do not express an opinion on the following statements contained in Section A of the Public Accounts:

Statement of consolidated revenue by major sources for the fiscal years ended March 31, 1974 through 1979.
Statement of consolidated expenditure by major functions for the fiscal years ended March 31, 1974 through 1979.
Statement of consolidated expenditure by objects of expenditure classifications (grouped) for the fiscal year ended March 31, 1979.

The information contained in these statements is supplementary in nature and not an integral part of the financial statements on which I am required to report.

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required for the purpose of my examination.

I have relied upon information furnished by the Consulting Actuary for the Public Service Superannuation Plan and the Teachers' Pensions Plan as to the accuracy of Note 6 to the financial statements as presented in the Public Accounts.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion,these financial statements present fairly the financial position of the Government of the Province of British Columbia as at March 31, 1979 and the results of operations and changes in financial position for the year then ended in accordance with the stated accounting policies as set out in Notes 1 and 2 to the financial statements applied on a basis consistent with that of the preceding year.

I emphasize that this report is limited under section 7 of the Act to an opinion on presentation of the financial statements in accordance with the stated accounting policies of the Government. Under section 8 of the Act I report separately to the Legislative Assembly on other matters. That report, dated 18 February 1980, contains comments on a number of matters about which I am concerned, and should be read in conjunction with this report.

ERMA MORRISON, C.A.
Auditor General

Victoria, B.C.
18 February 1980

5

COMMENTS ON THE FINANCIAL STATEMENTS

Introduction

5.1 This Section of the Report deals with the accounting treatment and presentation of items in the financial statements. It is concerned with accounting policies and practices followed in the maintenance of the central accounts and with legislative requirements for the specific treatment of some accounts. It also comments on the accuracy of account balances in the financial statements, and on instances where the stated accounting policies do not appear to have been followed.

5.2 Throughout this Report references are made to sections and pages of the Public Accounts. A reference to the Statement of Assets and Liabilities as at March 31, 1979 would be, for example, (PA A2 and A3).

Stated Accounting Policies and Practices

5.3 In my 1978 Report I referred to deficiencies and ambiguities in the content and application of stated accounting policies. I stated that as a result of these factors I encountered difficulties in commenting on the fairness of presentation of the financial statements of the Province.

5.4 Some attempt has been made in the 1979 financial statements to provide additional information by expanding the notes concerning accounting policies beyond those supplied for the 1978 year. Most of the notes and explanations have been framed to explain exceptions, anomalies and inconsistencies in the treatment of the data presented. The extent of the modifications and exceptions raises the question as to whether policies, as such, exist. No attempt is evident to remove such anomalies and inconsistencies. More simply, the treatment is directed to the symptoms rather than the disease.

5.5 A basic approach to the problems involved in presenting the financial position and operations of the Government is necessary if there is to be meaningful accountability to the people of the Province and others whose interests and concerns may be affected by the information provided. The first step in such an approach must be the serious evaluation of accounting policies to determine which alternatives appear to provide the most useful and relevant information, both to those who are charged with the management of public resources and those who provide them. The choice lies between a form of cash-based accounting and accrual accounting. In either case, government accounting ordinarily requires some degree of modification. Such modification requires clear definition and consistent application if meaningful financial statements are to be presented as acceptable accounting for the handling of public resources by Government.

5.6 The decisions taken in regard to the general basis of accounting to be used and the adoption of accounting policies are matters which I consider should be made at the government level. The necessity for this is supported by the fact that the financial statements are the representations of government, and have implications reaching far beyond provincial boundaries and local finance. When the general bases of accounting for Provincial purposes have been evaluated and a determination reached as to which basis appears to be the most appropriate, a full and clear body of stated accounting policies should be

formulated. These policies should be approved by the Treasury Board, and applied consistently in the government accounting process and in its financial statement presentation. In my opinion these steps are minimum requirements to bring the financial accounts and statements of the Government to an appropriate level of disclosure.

5.7 I also stated in my 1978 Report that a thorough study of the Government's accounting policies and financial statement presentation was warranted. The Comptroller-General has acknowledged this need. The notes to the 1979 financial statements refer to a comprehensive examination being undertaken which will take into account the suggestions of the study on Canadian Government financial reporting principles and practices sponsored by the Canadian Institute of Chartered Accountants. I am pleased that this decision has been taken, and look forward to improved financial statement presentation in the coming fiscal years and, hopefully, completely revised presentation in the 1982 fiscal year.

Financial Statement Presentation

5.8 Timber road offset credits. The presentation of timber royalties and stumpage fees in the financial statements does not show that this revenue is net of allowances made to producers for road building in timber lands. Allowances of $24 million were made in the 1979 fiscal year. Reporting the gross amount of royalties and stumpage fees, and the amount of timber road offset credits applied to reduce those earnings, would provide a more informative disclosure and would conform to the generally accepted practice of reporting gross revenues and expenditures in government accounts. I suggest that these amounts be stated separately in future.

Accounts Receivable From Other Governments and Agencies

5.9 Revenue accounting. In April 1979 the Ministry of Economic Development received $1.8 million from the Government of Canada under a cost-sharing program for industrial parks. The receipt was included in 1979 revenue, although no related program expenditures had been made in that period. According to stated accounting policies, the amount should have been treated as 1980 revenue. Thus Revenue Surplus for the 1979 fiscal period was overstated by $1.8 million.

Taxes and Other Accounts Receivable

5.10 Timber royalty and stumpage and grazing fees. The account balance of $88,292,320 (PA B3) represents unpaid billings as at 31 March 1979. We estimate that an additional $118 million, representing timber scalings made prior to 31 March 1979, had not been billed as at that date. We also estimate that, had billings been kept current, $45 million of the unbilled amount could have been collected and included in 1979 revenue. This matter is reported on further in paragraphs 7.26 to 7.27 of this Report.

5.11 Old accounts. Included under this heading are two accounts receivable totalling $51,000 for loans made for student-aid and teacher-training. These loans were made prior to 1958 and no record now exists as to whom the loans were made. Although this conforms to stated accounting policy, it is unrealistic to continue to record such items as assets. They should be recognized as being uncollectible and written off.

5.12 Water licence fees. Under the authority of the Water Act, the Ministry of Environment issues licences and fees for water diverted or used from any waterway in the Province. During the 1979 fiscal year licence fees collected by the Ministry amounted to $15 million. As at 31 March 1979 there were accounts receivable of approximately $600,000 for fees outstanding not recorded in the financial statements of the Province. To be consistent with the treatment of other similar amounts, they should have been included in Taxes and Other Accounts Receivable.

Loans and Other Advances

5.13 University Endowment Lands (UEL) accounts. The Province has made capital advances from the Consolidated Revenue Fund for UEL buildings and land improvements. Advances totalling $4,184,887, which amount is unchanged since 1958, are shown as assets under General Fund, Loans and Other Advances (PA B4).

5.14 The UEL collects tax revenues and service fees. Accumulated net revenue and credits of $3,046,158 from the administration of the UEL are shown in the schedule of Special Purpose Funds, ''University Endowment Lands Administration Account'' (PA B11). Section 4 of the *University Endowment Lands Administration Act* provides that available moneys in the University Endowment Lands Administration Account should be used to repay the Consolidated Revenue Fund for moneys expended or advanced. I recommend, therefore, that as moneys become available in this account they be used to repay the General Fund advance account as required by the Act.

5.15 Recoverable advance not recorded. During the 1979 fiscal year $50,000 was advanced to a transit company by the Ministry of Municipal Affairs and Housing, under the Transit Management Services program. The company gave a promissory note to the Province and has shown the liability in its financial statements. Although the payment was clearly designated as a ''recoverable advance'' it was not recorded as an asset in the accounts or financial statements of the Province.

Investment in, and Advances to, Crown Corporations

5.16 British Columbia Railway Company. In my 1978 Report I commented that, based on the Company's financial results and the forecasts from various responsible sources as to the financial future of the Company, the value of its shares had been completely eroded. The situation continued to deteriorate in the past year. The Company's financial statements for the year ended 29 December 1978 reported accumulated losses of $302.7 million, an increase of $46.8 million over that of the preceding year. They also showed an overall deficiency of shareholder's equity of $55.9 million and a working capital deficit of $10.3 million.

5.17 In addition, the Province has guaranteed the principal and interest of the funded debt of the company which, at 31 March 1979, amounted to $650 million net of sinking funds. Comments concerning this guarantee and my recommendation regarding it are contained in paragraphs 5.23 to 5.25 of this Report.

5.18 To enable the Company to continue operations and meet its debt obligations further Provincial funding seems inevitable. Under such circumstances the shares are of questionable value. *Therefore, in the absence of an identifiable remedy for this situation, I recommend that, in compliance with good accounting practice, the Province's $185,572,900 investment in the British Columbia Railway Company be written down to a nominal value of $1.*

5.19 T.S. Holdings Ltd. As at 31 March 1979 the Public Accounts reported an advance of $2,850,538 to T.S. Holdings Ltd. The consolidated financial statements of T.S. Holdings Ltd. reported losses from operations in excess of $1 million for each of the fiscal years 1978 and 1979, which were offset by provincial and municipal subsidies. As at 31 March 1979 the deficiency of the shareholder's equity was $1,033,855. The Company's main asset was $1,511,411 due from Pacific Coach Lines Limited, another Crown corporation. Since T.S. Holdings Ltd. does not have sufficient assets to repay the advance, the value is overstated in the accounts and should be written down to reflect the anticipated loss to the Province.

Ministry officials advise us that they have concerns as to the viability of these companies as self-supporting entities. I therefore suggest that the worth of these investments be reappraised and that consideration be given to recognizing potential losses arising from the advances or under the guarantees.

5.20 Ocean Falls Corporation As at 31 March 1979 the Public Accounts show an investment of $789,952 in Ocean Falls Corporation, and advances to the Corporation of $10,000,000 of which $4,000,000 was advanced during the 1979 fiscal year. The financial statements of the Corporation for the year ended 31 December 1978 report a loss for the year of $4,381,095, accumulated losses of $5,461,407 and a deficiency of shareholder's equity amounting to $4,671,455. The Corporation has operated at a loss for the past two years and substantial further capital investment appears to be required. The Corporation's ability to repay the $10,000,000 advance is questionable and provision should be made for the potential loss. In addition the value of the investment is doubtful and should be reduced to a nominal value of $1.

Investments, Other

5.21 Investments, Other includes investments in three companies totalling $185,554. The Province has also guaranteed loans for these three companies up to $1,949,500 and made advances to two of them totalling $42,700.

Other Current Liabilities

5.22 Suspense accounts. Suspense accounts are used for transactions awaiting completion or clarification. At 31 March 1979 items of a revenue nature totalling $6.3 million were still awaiting final disposition. Most of these items would have been cleared at the year-end if regular analysis and reconciliation of the accounts were performed. I suggest that such action be taken in future.

Guaranteed Debt

5.23 British Columbia Railway Company. The Public Accounts show guaranteed debt of the British Columbia Railway Company in the net amount of $650 million as at 31 March 1979 (PA B17).

5.24 In my last Report I commented on the inability of the Company to meet its debt obligations, as described in the report of the Royal Commission enquiring into its status, and as acknowledged by its management. During the last year that situation did not change. Although the Railway made a small operating profit, before government grants, it experienced further erosion of working capital amounting to $53.4 million due primarily to the cost of servicing long term debt. Its financial statements show that at 29 December 1978 the Railway had no working capital, but rather a working capital deficit of $10.3 million.

5.25 A guarantor of debt is obligated to honour the terms of guarantee if the debtor is unable to repay its debts from its own resources. Once this becomes apparent good financial reporting requires that the obligation be recognized as a liability in the financial statements of the guarantor. At present there is no stated accounting policy in this respect. *I recommend that such an accounting policy be established for the accounts of the Province. Application of this policy would result in the net debt of the British Columbia Railway Company being recorded as a direct debt of the Province unless other financial arrangements were made to service this debt.*

5.26 Canada Pension Plan Investment Fund. The debt of various entities which has been guaranteed by the Province includes approximately $2,095 million owing to the Canada Pension Plan Investment Fund. If funds are needed to meet the requirements of the Canada Pension Plan, the Minister of Finance for Canada, on six months notice and subject to certain conditions, may call for repayment of the debt before maturity. This early redemption feature should be disclosed in the financial statements of the Province.

5.27 Financial statement presentation. Financial statements should present complete information as concisely and clearly as possible. In my view the Schedule of Guaranteed Debt does not meet these criteria. In addition to the subjects already dealt with, the Schedule would have provided better disclosure if:

—all comparative figures of the prior year had been shown for the net outstanding debt, so that the reader could ascertain the changes during the year;

—significant details such as maturity dates, interest rates and redemption features had been disclosed;

—investments of $165.5 million held as assets of the General and Special Purpose Funds and guaranteed by the Province had been shown as a deduction from the total outstanding debt guaranteed by the Province, in order to disclose the Province's true potential liability for guarantees; and

—the fair market value of investments held by sinking funds had been disclosed. We estimate that the fair market value of sinking fund investments is approximately $58 million less than the reported value of $759 million.

6

INTERNAL CONTROL SYSTEMS

Introduction

6.1 In this Section of the Report I comment on the methods and procedures which the Government uses to safeguard the assets of the Province, control the collection of revenue and the disbursement of funds, and ensure the reliability of its accounting records.

6.2 Control methods and procedures may vary from one ministry or branch to another depending on type and magnitude of revenue or expenditure, method of revenue collection, number of employees that can be used for control procedures, and other factors. However, there are basic procedures that should be present in all internal control systems. In the following paragraphs we comment on our findings, which indicate that these basic procedures generally were not used in the ministries.

Control Over Revenues

6.3 My 1978 examination included a general review of the systems of internal control over the collection and recording of major Provincial revenues. In the 1979 fiscal year we conducted further reviews to enable us to evaluate the effectiveness of controls in all revenue areas.

6.4 Many of the deficiencies we encountered in the internal control over revenues were common to all types of revenue and existed in the collection and recording practices of most ministries.

6.5 My main concerns are summarized as follows:

—Insufficient controls exist to ensure that all revenue is billed, collected and accurately recorded. (paragraph 6.8)

—Adjustments to revenue accounts are not always properly supported and authorized. (paragraph 6.9)

—Cash handling procedures are often inadequate to safeguard receipts. (paragraph 6.10)

—Duties of employees responsible for billing, collecting and recording revenue are not always adequately segregated. (paragraph 6.11)

—There are few documented procedures for handling and recording revenue. (paragraph 6.12)

—There is no provision in the central accounting system for responsibility centre reporting of revenue, and no overall requirement to report budgeted revenue as a comparison to actual. (paragraph 6.13)

—Detailed transaction reports from the Office of the Comptroller-General are seldom used effectively by the ministries as a check on the accuracy and completeness of transactions processed in the central accounts. (paragraph 6.14)

—The accounting records and filing systems for certain revenues do not provide adequate audit trails. (paragraph 6.15)

6.6 *I consider that the above-noted deficiences in the collection and recording of revenue are serious enough to warrant immediate study and corrective action.*

6.7 Our audit findings are discussed in more detail in the following paragraphs of this Section. Although certain ministries are mentioned in the comments on internal control weaknesses, the references are made only to illustrate widespread weaknesses in revenue controls throughout the Government.

6.8 Controls over billing, collection and recording of revenue. Revenues earned by the Province are basically of four kinds; taxes, licence and service fees, income from Crown corporations and other enterprises, and recoveries of joint costs from other governments. The major tax revenues, income and sales taxes, are subject to relatively strong controls, but we found that many types of licence and service fees and miscellaneous revenues are poorly controlled. For example, sales of wildlife licences for hunting and angling are not reconciled to inventories of licences and cash receipts. The Ministry of Environment is responsible for the regulation of this revenue, but senior Ministry officials feel that they cannot be held responsible for accounting for the revenue (approximately $6 million in 1979) since it is collected and remitted to the Treasury Section by Government Agents, and the Ministry of Finance controls the inventories of licences. The result is that no effective procedures are in place to ensure that all licence fees that should be received are in fact collected. Similarly, we noted instances in the Ministries of Eduction, Health, Human Resources, Municipal Affairs and Housing, and Provincial Secretary in which the collection of amounts receivable from other governments and agencies was unduly delayed because of lack of a positive process of billing and collection. The weaknesses observed in the above-noted cases were the failure to anticipate revenue and to monitor its collection with follow-up procedures.

6.9 Adjustments to revenue accounts. From time to time adjustments are made to correct previous entries, allocate revenue to various accounts and adjust accounts receivable. Such adjustments should be supported by back-up documents, the signature of the employee originating the adjustment, and an independent approval signature. In most revenue areas throughout the Government this does not always happen. Adjusting entries are occasionally processed without supporting documents and often without an independent approval signature.

6.10 Cash handling procedures. There are many departments and regional offices of the Government that collect miscellaneous revenues from the sale of licences and services. We observed that cash handling procedures were seldom formalized, with the result that cash control is often weak for this type of revenue. Reconciliation of prenumbered tickets or licences issued with cash deposited is an essential cash control that is not generally being followed.

6.11 Division of duties. One of the strongest and most reliable revenue controls is the requirement that billing, collecting, recording and depositing of revenue be separate functions performed by different employees. We encountered instances in almost every revenue area where one employee performed most, if not all, of these functions. With careful planning and organization a satisfactory division of duties could have been achieved.

6.12 Revenue procedures. There is no general revenue manual which states the procedures to be followed in the collection of the Province's revenues. Most of the

deficiencies mentioned in the preceding paragraphs could be corrected by documenting the required procedures and ensuring that they are followed in all ministries.

6.13 Revenue reporting. Revenue is recorded in the central accounts by type and not, as with expenditures, by responsibility centre.Recording and reporting revenue by responsibility centre would strengthen internal control over revenue since it would then be possible for originating offices to compare the balances in the central accounts against their own records. It would also provide the capability of reporting budgeted and actual revenues by responsibility centre.

6.14 Detailed checking of transactions. The Office of the Comptroller-General produces detailed transaction reports which list revenue entries in the central accounts. These entries are by type of revenue and it is sometimes difficult, if not impossible, for an originating office to identify that part of a revenue entry for which it is responsible.
However, this applies only to a few accounts and relatively minor amounts of revenue. In most cases the detailed transaction reports provide to the originating office an effective means of ensuring that revenue collected and deposited has been accurately recorded in the central accounts. With few exceptions the reports are not being used for this purpose by the ministries, and an important internal control is thereby lost.

6.15 Accounting records and files. The revenue accounting records and filing systems provide a most important control over the accuracy of the revenue accounts. We experienced considerable difficulty in locating supporting records in some revenue areas. This resulted in extra audit work which would not have been necessary had records and files been complete.

Control Over Expenditures

6.16 My 1978 Report contained a section dealing with internal control over expenditures. During that year we evaluated internal controls over general disbursements and payrolls, and I came to the opinion that the system of internal control over the disbursement of Provincial funds failed to meet generally recognized standards. I recommended that corrective measures to bring controls to an adequate level be given high priority.

6.17 This year we again evaluated internal controls over expenditures as part of our audit of the accounts of the Province. The results did not vary significantly from those of last year. Since my last Report the Comptroller-General has initiated action in a number of areas where improvement could be made without major system changes, although in some cases the controls implemented are still not as effective as they should be. He has also initiated projects to design a completely revised expenditure processing system.

6.18 I will not restate in detail my concerns, as they remain basically unchanged from last year. However in summary they are:

—Policies, directives, guidelines and procedures in the area of financial management and control are not clearly defined, nor effectively communicated to individuals concerned.

—Delegation of authority in the disbursement process lacks both definition and regulation, and is inadequately documented.

—Organizations have not adequately segregated duties of individuals for purposes of control.

—Batch processing controls of documents and other key controls are seldom used.

—Financial reports from the Office of the Comptroller-General are not effectively used by most ministries, thus negating the control feature inherent in such reports.

6.19 The urgent need for improved controls was evident throughout the majority of ministries we audited and I therefore again recommend that the highest priority be given to corrective actions required to bring controls to an adequate level.

6.20 In Section 7 of this Report I comment on the expenditure control systems of the Ministry of the Attorney-General and the Ministry of Health. I emphasize that the problems reported are not unique to these ministries, but have been included in considerable detail in that Section because they typify the weaknesses observed in the review of most ministries.

Conclusion

6.21 I am disappointed that the corrective action to bring expenditure controls to an adequate level, as recommended in my 1978 Report, has not yet produced more tangible results. I acknowledge the long-term value of the system design project initiated by the Comptroller-General, but am concerned that the use of basic controls such as regulation of delegated authority, segregation of incompatible functions, and effective use of central accounting system reports by the ministries has not been universally adopted throughout the Government.

6.22 With respect to revenue controls I recommend that the Comptroller-General take immediate steps to set standards that would establish an acceptable level of performance in the collection, custody and recording of Provincial revenues. These standards should be supported by clearly documented rules of procedure which would form a guide to revenue accounting and a means of evaluating actual performance.

7

COMMENTS ON MINISTRIES

Introduction

7.1 In this Section of my Report I comment on matters relating to particular activities of various ministries. Each ministry is responsible for certain programs or funds, and is accountable for related program and fund expenditures and, in some cases, revenues. It is mainly this financial accountability of ministries that is addressed in the following paragraphs.

7.2 The systems of control over revenues and expenditures throughout the Government are discussed in Section 6 of the Report. Specific comments on those systems in the Ministry of the Attorney-General and the Ministry of Health appear in this Section, and are included as examples of typical internal control weaknesses which we encountered throughout the Government.

MINISTRY OF AGRICULTURE

Audit of Claim Payments

7.3 The Ministry operates two substantial programs which require the submission of claims by farm producers. One is the Agricultural Credit Program under which the producers are reimbursed for part of the interest they pay to commercial lenders on loans for agricultural purposes. The other is the Farm Income Assurance Program which guarantees an assured price for agricultural produce to farmers who pay premiums to the Farm Income Assurance Fund.

7.4 Interest reimbursement claims under the Agricultural Credit Program are submitted after the end of the calendar year. For the 1978 calendar year approximately 6,500 applications, totalling $8.2 million, were submitted and processed between 1 February and 15 July 1979. Indemnities are paid throughout the year under the Farm Income Assurance Program. Total indemnities under this program were $14 million in the 1979 fiscal year.

7.5 Although a clerical check of claim payments is made at Ministry headquarters, there is virtually no field audit work performed. To ensure that all of the Ministry's requirements are met for payments under these two programs, I consider that field audit capability should be established to continually monitor payments.

MINISTRY OF THE ATTORNEY-GENERAL

Purchase and Expenditure Systems

7.6 Our audit of the accounts of the Government included an examination of internal controls over purchases of and payments for goods and services. The following comments apply to the systems of commitment to purchase and approval for payment as we found them in the Ministry of the Attorney-General.

7.7 The Ministry employs 4,700 people and is one of the larger decentralized ministries, with many diverse functions such as correctional institutions, Provincial courts and land registry offices. The purchase by the Ministry of virtually any type of goods or service can

be expected. Consequently, formalized systems for purchase commitment and payment approval are basic requirements to ensure that only legitimate expenditures, properly authorized, are made.

7.8 There is no formally documented delegation of commitment authority. Purchase requisitions are initiated with minimum evidence of approval throughout the Ministry and then forwarded to the Ministry Head Office. After a brief review, they are approved and submitted to the Purchasing Commission. Invoices can be approved for payment by any one of approximately 350 employees, some at relatively junior responsibility levels. Approved invoices and related cheque vouchers are processed at Head Office. Checks as to validity of approval are minimal because there is no signature record of delegated approval, nor are there any formally documented restrictions as to the dollar amounts of payments or specific accounts that may be charged.

7.9 In an expenditure control system it is essential to have procedures to ensure that only expenditures authorized by an entity are charged to it. It is Ministry policy that data submitted to the Comptroller-General for payment must be subsequently checked by Ministry personnel to the detailed transaction reports produced from the records of the central accounting system. However this instruction is not always followed. Program managers in the Ministry generally prefer to use internally generated reports to review expenditures. As a result, they do not have complete assurance that expenditures charged to their responsibility centres in the central accounting system are correct.

7.10 To improve overall controls over expenditures the Ministry should formally document procedures for making purchase commitments and approving payments, giving careful consideration to the appropriate levels of authority. In addition, procedures already established for the checking of transactions processed by the central accounting system should be followed.

Public Trustee

7.11 The Public Trustee is responsible for the functions of the Official Committee, the Official Guardian and the Official Administrator. In recent years the scope and case load of these functions have increased substantially. Changes to the Public Trustee's trust accounting and management systems necessary to meet these increased demands have not been made. As a result the present systems do not meet contemporary control standards or provide adequate information for the effective management of estates and trusts.

7.12 The following sections deal with items which we believe warrant immediate attention. The first two items were noted in my 1978 Report and have not yet been satisfactorily resolved.

7.13 Asset control accounts. In my 1978 Report I commented that, as at 31 March 1978, non-cash assets such as jewellery, real estate and automobiles were assigned values totalling $27.1 million in the records of the Public Trustee while the control account maintained by the Comptroller-General showed a balance of $59.7 million. I then recommended that steps be taken to reconcile these accounts. During the 1979 fiscal year the Comptroller-General identified most of the difference and made correcting adjustments. An unreconciled balance of $1.9 million remained as at 31 March 1979. Every attempt should be made to resolve this remaining difference as soon as possible.

7.14 Investigative teams. My 1978 Report noted that individual investigators rather than investigative teams were being used to inventory and receipt trust assets. This fails to provide adequate control and contravenes the procedures prescribed by the Ministry of the Attorney-General. No improvement was made during the 1979 fiscal year. This practice is unsatisfactory and should be rectified without further delay.

7.15 Securities held in trust. In July 1979 the internal audit staff of the Comptroller-General provided the Public Trustee with a list of securities which could not be located. This situation had arisen because the Public Trustee's records, due to poor survey documentation, did not in all cases adequately describe the location where securities were being held. At the time of our review in October 1979 securities with a recorded value of $138,000 as well as unvalued securities belonging to five trusts were still unaccounted for. We believe a more vigorous follow-up should have been undertaken and suggest that immediate steps be taken to locate and value any securities not yet accounted for. Procedures should be established to prevent similar problems occurring in future surveys.

7.16 Revenue Under provisions of the *Patients' Estates Act,* the *Official Guardian Act,* and the *Administration Act,* the Public Trustee may levy fees up to a maximum of 5% of the gross amount of an estate or trust administered by him. The Public Trustee does not charge fees on Official Guardian accounts and in other cases waives fees where hardship would result. We noted a lack of uniformity in the definition of hardship. Since fees are not charged until an estate is finalized there are sometimes insufficient funds remaining to cover the Public Trustee's fees, particularly where payments on account have been made to beneficiaries. Fees collected in the 1979 fiscal year amounted to $738,000. Recent studies have indicated that collections could be materially increased. In my opinion more emphasis should be placed on developing uniform guidelines and improved procedures for fee collection.

MINISTRY OF CONSUMER AND CORPORATE AFFAIRS

Liquor Distribution Branch

7.17 In my last Report I commented on the general inadequacy, in today's business environment, of the Branch's accounting systems and procedures and their inability to provide management with information necessary for purposes of operational control. I also commented on the Branch's plans to resolve these problems by developing a new management information and accounting system. Recommendations made to the Branch included the need to establish formal operating plans and budgets, and to expand the scope of its internal audit activity.

7.18 In this year's audit of the Branch my staff noted that considerable progress had been made in developing the management information system. Key parts of it were expected to be in place on schedule in late 1979 and early 1980. Operating plans and budgets were attempted for the 1980 fiscal year and the Branch plans to fully integrate these procedures into its control process for the 1981 fiscal period.

7.19 With respect to my recommendation to expand the scope of the Branch's internal audit I was informed that the Comptroller-General's audit group has undertaken responsibility for the audit of the financial function and controls within the Branch, while the Branch's internal audit group is responsible for store audits and reviews of an operational nature. I am pleased to see that all operations of the Branch are to be subject to an internal audit. However, I am concerned that this present division of responsibilities may not provide the Branch, a large commercial entity which is dissimilar from other government organizations, with the specialized knowledge and continuity required for a regular in-depth audit of all its various operations. I will continue to evaluate this arrangement to satisfy myself that it is appropriate to the needs of the Branch.

MINISTRY OF FINANCE

Treasury Section

7.20 Treasury Section is generally responsible for opening Government bank accounts, distributing Government cheques, receiving moneys for deposit, and reconciling bank accounts. Since our last examination there has been some improvement in the overall control of bank accounts by the Section. However, significant banking transactions have occasionally occurred, without the Section's knowledge, as illustrated in the following paragraph.

7.21 Transfers between bank accounts are sometimes made on instructions given by telephone. We noted instances where such instructions were given by persons who were not authorized signing officers. Moreover, these instructions were not subsequently confirmed by the written authorization of signing officers. On one occasion, to correct a deposit made in error to a Superannuation Fund bank account, $4.3 million was transferred from the Superannuation Fund account to the General Fund account without the knowledge of the signing officers of the Superannuation bank account. On another occasion, following a sale of securities, $300,000 was transferred without the Treasury Section's knowledge to a Government bank account in the United States as a normal investment transaction, and it remained as an unreconciled item on the bank reconciliation for six months. These occurrences, although not resulting in losses to the Province, indicate a weakness in control over banking transactions.

7.22 I recommend that guidelines and procedures be firmly established to ensure that proper authorization is obtained for all banking transactions. Further, I recommend the strengthening of controls by the Treasury Section in the exercise of its overall responsibility for Government bank accounts.

Securities Section

7.23 **Accounting deficiencies.** The Securities Section acts as investment manager, trustee and agent for the Province, and for various trust, pension and sinking funds. It maintains a subsidiary accounting system which records all assets and fund balances for which the Section has custodial responsibility. The central accounting system, maintained by the Comptroller-General, records only those assets and fund balances which appear in the Public Accounts. The central system does not record the ongoing transactions of all of

these funds, with the result that balances in the two systems are brought into agreement only at the fiscal year-end after intense analysis and many adjustments.

7.24 Basic deficiencies in the securities accounting system have resulted in records that cannot be relied upon to produce accurate information. In the 1978 and 1979 fiscal years we were able to satisfy our audit requirements only after extensive verification work beyond that normally necessary for an unqualified audit opinion. *Major improvements in the fund accounting and reporting practices of the central accounting system and the Securities Section system are urgently required, and I recommend that they be implemented without delay.*

7.25 Unrecorded investment. On 24 March 1975, an investment of $350,000 was made from a Special Purpose Fund. Although this was an investment of the Special Purpose Fund, the certificate of deposit was retained in the Ministry of the Provincial Secretary. It was not recorded by the Securities Section, and therefore was not included in the Fund assets. The disbursement of $350,000 was charged as a Fund expenditure. This occurrence demonstrates the lack of coordination between the records of the Securities Section and the central accounting system, referred to in paragraph 7.23, and illustrates the need for frequent reconciliations and adjustments between the balances in the two systems.

MINISTRY OF FORESTS

Unbilled Timber Royalties and Stumpage Fees

7.26 In Section 10 of my 1978 Report I referred to abnormal delays in the billing of timber royalties and stumpage fees. Some initial problems attributed to the new computerized system have been overcome. However, billing delays continued throughout the 1979 fiscal year and appear likely to continue for some time. The complicated and difficult timber valuation and rate-setting process contributes to the delays in producing current billings.

7.27 Unbilled fees at 31 March 1979 were estimated as $118 million. Of this amount, we estimate that $45 million would have been received and included in 1979 revenue had billings been made on a current basis. This matter is also referred to in paragraph 5.10 of this Report. I suggest that consideration be given to making interim billings until the timber valuation and rate-setting process is improved, so that the cash flow from this revenue source may not be unduly delayed.

MINISTRY OF HEALTH

Introduction

7.28 Expenditures of the Ministry in the 1979 fiscal year exceeded $920 million, excluding those of the Medical Services Commission which I audit separately. The Ministry also collected $34 million in revenue. Over 5,700 employees are engaged with the many diverse programs of the Ministry. Major programs such as Hospitals, Long-term Care, Government institutions, and the Emergency Health Services Commission have their own financial and accounting systems. Expenditures for these programs amounted to $809 million.

7.29 During the year my staff performed audit work throughout the Ministry and noted weaknesses in the systems of financial control. To a greater or lesser extent, weaknesses identified apply to all systems examined, although examples given may relate to specific programs. Our comments are summarized under the headings of Expenditure Controls, Revenue Controls, Patients' Trust Accounts, and Control Accounts. Remarks with respect to the Hospital Insurance Fund and the Emergency Health Services Commission are included under separate headings.

Expenditure Controls

7.30 Weaknesses noted in our review of expenditures included problems concerning inadequate segregation of responsibilities, delegations of authority, control over documents in process, and verification of expenditures charged to the Ministry.

7.31 The problem of inadequate segregation of responsibilities in the expenditure process was widespread throughout the Ministry both for the purchase of goods and services and for payroll. Staff in many payroll departments could both initiate the data that generated a pay cheque and then receive the cheques. In most Government institutions the same individual was often responsible for both making purchases and receiving goods. Accounting department clerks, who had no direct knowledge of the receipt of goods, frequently signed as receiving them.

7.32 Throughout the Ministry similar disbursements may require different levels of approval and can be handled in different ways. This was particularly evident in the procedures used for processing grants under the various programs. In many Government institutions we noted instances where junior clerks had signing authority for significant expenditures which, due to the volume of documents requiring approval, subsequently received only a cursory review in the process of final Ministry approval for payment.

7.33 No controls exist over documents in process between various locations within the Ministry or between the Ministry and the Comptroller-General. In addition, the detailed records of expenditures provided to the Ministry by the Comptroller-General are generally not reconciled to the source documents by the Ministry. Without such controls and checks the validity of expenditures charged to the Ministry cannot be verified.

Revenue Controls

7.34 As a result of the audit of revenues collected by the Ministry, we concluded that controls generally were inadequate to ensure that all revenues due were collected and properly recorded.

7.35 Where billings are involved in the revenue process a system should be designed so that all billings are made, recorded and followed up in order to ensure that the related revenue is received. Normal controls would include: pre-numbered or otherwise controlled invoices; accounts receivable subledgers and control accounts; regular review and collection procedures for outstanding items; and preparation of annual budgets for comparison with actual results. Few such controls were found in the Ministry. Examples of major sources of revenue for which some or all such controls were found to be missing included:

—billings to the Medical Services Commission;

—billings for mental health maintenance; and

—sales of hearing aid equipment and supplies.

7.36 Where billings are not involved it is normal for anticipatory controls, such as budgets or memo receivable records, to be set up. Few such controls were found within the Ministry. Examples relating to this problem include:

—amounts received from insurance companies for hospitalization costs arising from accident claims; and

—amounts which should have been received from a Regional Hospital District under a contract for paving hospital parking lots; although the contract was entered into in 1975, it was not until 1978 that the Ministry staff noted that no payments had been received.

7.37 When revenue is received, systems are normally established to ensure that the amounts collected are correct, that they are properly and completely processed, and that they are properly credited. Key elements in such systems include:

—the segregation of responsibilities so that no one individual is responsible for both the receipt of funds and their subsequent recording; and

—the recording of funds immediately upon receipt, as well as controls over their deposit and subsequent accounting.

Transactions were not being reconciled to the records provided by the Comptroller-General in order to ensure that all funds received had been properly accounted for, while the separation of responsibilities was generally unsatisfactory.

Patients' Trust Accounts

7.38 Our brief review of the systems in force in Government institutions to account for patients' trust moneys, amounting to $375,000, showed that often the same employee is involved in most transactions affecting the trust accounts. Since many patients cannot look after their own affairs, it is essential that a good system be in force to protect both the patient and the staff. The systems in place to administer and control patients' trust accounts should be upgraded immediately, with particular attention being given to adequate segregation of responsibilities.

Control Accounts

7.39 The Ministry is responsible for a number of accounts included in the balance sheet of the Province. The accounts record either amounts due to or from the Ministry, or amounts held in trust for third parties. We reviewed these accounts and found that control was generally poor. Accounts were not regularly reconciled to the central control accounts maintained by the Comptroller-General, and were infrequently analyzed and reviewed as to correctness. Specific examples are:

—**Employee Advances.** At 31 March 1979 employee advances totalled $166,000. The Ministry maintains subsidiary records for all advances and each month receives a detailed statement of all Ministry advances from the Comptroller-General. In our

tests of advances we found many discrepancies between the central listing and the subsidiary records. Approximately 25% of those tested were found to be in error. Examples include: unidentified advances; an advance to a hospital that the Ministry ceased operating in April 1978; a temporary advance outstanding since February 1977; and an improperly authorized advance. In order to ensure that all advances are correct, required and current, the Ministry should regularly review its records and reconcile them to those records maintained by the Comptroller-General.

—**Other Current Liabilities, Hospital Construction.** Prior to 1971 an agreement was in effect by which the Province and the Federal Government shared costs for hospital and health unit construction. In 1971 the balance of federal funding was transferred to the Province. As no outstanding commitments now remain the balance of $151,000 should be credited to Revenue.

Hospital Insurance Fund

7.40 A Hospital Insurance Fund, from which grants are made to hospitals toward operating expenses and capital costs, is required to be established under Section 17 of the *Hospital Insurance Act*. No such Fund has existed since 1955 when the balance of the Fund was credited to General Fund revenue. All expenditures and revenues now flow directly through the General Fund of the Province. For the 1979 fiscal year we estimate that expenditures in excess of $630 million and revenues of over $340 million, which should have been accounted for through a separate Hospital Insurance Fund, were dealt with in the General Fund.

7.41 We have found no legislative authority for the discontinuance of operation of this Fund, and therefore I recommend that either the Fund be reestablished or the Act amended to reflect current practice.

Emergency Health Services Commission

7.42 Legislative compliance. The Emergency Health Services Commission was set up as a separate legal entity in 1974 pursuant to the *Emergency Health Services Act* to provide emergency ambulance service throughout the Province. The Act requires that the Commission submit annually to the Minister and the Legislature a report respecting its operations, and a financial statement showing the financial operations of the Commission. Financial statements were prepared for the Commission for the fiscal years 1975 and 1976, and were audited by the Comptroller-General. The Public Accounts for 1976 contained the Commission's financial statements in the Public Bodies section.

7.43 A memorandum from the Acting Comptroller-General dated 22 July 1977 addressed to the Chairman of the Emergency Health Services Commission stated:

> "Since the March 31, 1977 and subsequent Public Accounts will contain full details of Commission expenditures and related revenue, the presentation of separate financial statements on an accrual basis of accounting would be both redundant and confusing. Accordingly, no such statements will be prepared in the future."

Since that date the expenditures and revenues of the Commission have been included in the budgetary expenditure and revenue of the General Fund and appear as such in the Public Accounts. No financial statements have been prepared other than a statement of expenditures which appears as part of the annual report of the Ministry of Health.

7.44 I do not believe that the current method of reporting on the activities and the financial operations of the Commission meets the requirements of the legislation and therefore I recommend that either the Act be complied with or amended to reflect current practice.

7.45 **Financial control weaknesses.** While performing the audit of the financial statements of the Province we noted serious shortcomings in financial controls within the Commission. These include:

—**Billings and accounts receivable.** Revenue for the 1979 fiscal year was $3.2 million and outstanding accounts receivable amounted to $1.2 million at 31 March 1979. Subsequent to 31 March 1979, $445,000 for uncollected accounts relating to the 1978 fiscal year were written off. The potential write-off for billings of the 1979 fiscal year has not been determined but is expected to be substantial. The extent of these write-offs indicates that a more vigorous collection effort should be pursued.

—**Payroll.** The Commission operates its own payroll system for both regular and part-time staff. This system is completely separate from the Provincial payroll system. The Commission's payroll costs, amounting to $15.7 million, are included as Professional Services in the Public Accounts. Controls in this system are inadequate and immediate steps should be taken to bring controls over payroll to an acceptable standard.

—**Operating unit advances.** The Commission makes advances to its 110 operating units throughout the Province in order that they can pay local expenditures. Each month the units request reimbursement from the Commission's head office by submitting an invoice. At 31 March 1979 outstanding advances to operating units totalled $316,200. Controls over both reimbursements and advances are very weak. Steps should be taken to bring the advance accounts under control and to obtain adequate support for all invoices submitted for reimbursement.

7.46 The Commission has recognized and agreed with the weaknesses identified and has undertaken to carry out corrective action.

MINISTRY OF HUMAN RESOURCES

Canada Assistance Plan (CAP)

7.47 The Canada Assistance Plan (CAP) provides for Canada to make contributions to the Provinces toward the cost of programs for the provision of assistance and welfare services to and in respect of persons in need. A wide variety of expenditures qualify for cost-sharing under CAP. Cost-sharing claims are complex and often require considerable supporting information, including some from third parties such as voluntary organizations partially supported by grants from the Province.

7.48 The Ministry of Human Resources is responsible, on behalf of the Province, for submitting CAP claims to Canada. In the 1979 fiscal year $204 million of the Ministry's expenditures was recovered by the Province. Although claims were made for the majority of

shareable expenditures, claims had not been made with respect to certain community and capital grants which are eligible for cost-sharing. At the time of our review in July 1979 Ministry personnel estimated $18.5 million in claims relative to expenditures made prior to 31 March 1979 had not been made. These claims are described in the following paragraphs.

7.49 Community grant claims. Operating grants made by the Province to various voluntary agencies providing assistance, as defined in CAP, to persons in need are shareable with Canada. Grants can be made by both the Ministry of Human Resources and other ministries. This Ministry alone estimated that claims totalling approximately $6 million could as at 31 March 1979 be made for expenditures of the Ministry dating back to 1974. They have identified further potential claims of approximately $500,000 arising from grants made by the Ministry of the Provincial Secretary.

7.50 Capital grant claims. Capital and equipment grants made by the Ministry of Human Resources and other ministries are also shareable with Canada. In the case of the Ministry of Human Resources no claims had been made to 31 March 1979 regarding capital grants since 1974. No claims had been made for grants made by other Ministries since the inception of CAP in 1966. Officials of the Ministry of Human Resources believe that the claims not made up to 31 March 1979 could amount to $12 million.

7.51 Other potential claims. During our audit of the Lottery Fund we noted that grants amounting to $1.2 million had been paid during the 1979 fiscal year to organizations that are qualified for cost-sharing under CAP. It is possible that these grants may be cost-shareable, and we have referred the matter to Ministry of Human Resources staff.

7.52 Guidelines and procedures should be established by a central agency to ensure that all ministries making expenditures shareable under the Canada Assistance Plan provide the Ministry of Human Resources with the information necessary to make claims. This information should be provided on a current basis and all claims should be made without delay.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

Housing Fund

7.53 The Housing Fund was established in 1973, pursuant to the *Ministry of Municipal Affairs and Housing Act,* for the purposes of supervising, acquiring, developing, maintaining, improving, and disposing of housing within the Province.

7.54 In Section 8D of my 1978 Report I noted deficiencies in the accounting records of this Fund and also referred to improvements which, we were informed, were in progress. Deficiencies in the Fund's record-keeping continued to exist throughout the 1979 fiscal year. As a result some 1979 year-end balances were incorrectly stated. Others were not supported by subsidiary records. Major items which we consider unsatisfactory are as follows:

—An advance of $1.5 million to a municipality, originally to be repaid from appropriations of the Ministry of Environment, appears unlikely to be collected and should be written off.

—The Fund does not maintain subsidiary records of Rural and Remote mortgages, totalling $1.7 million.

—There is no provision for loss on a $2.7 million mortgage given by a corporation which subsequently went into receivership.

—Property with a book value of $1.9 million has been sold, but is still included in the Real Estate account. Mortgages Receivable are understated by approximately the same amount.

—The Fund's recorded cost of $15.4 million for federal/provincial partnership projects still does not agree with the Central Mortgage and Housing Corporation (CMHC) cost records.

7.55 I am concerned that the expected improvements in the records were not reflected in the 1979 fiscal year accounts. The highest priority should be given to remedying the deficiencies and inaccuracies in the accounts of the Fund, and bringing the balances in the Housing Fund and CMHC into agreement.

Grants to Housing Cooperatives and Nonprofit Societies

7.56 The Province makes grants to cooperatives and nonprofit societies to subsidize operations during the early years of housing projects. Recipients must accommodate a number of low-income families at rentals which do not fully cover unit operating costs.

7.57 To enable the Ministry to determine the amounts of the subsidies, which are based on the financial positions and operating results of the grant recipients, and in order to identify the costs that are shareable with the Federal government, the cooperatives and societies are required to submit:

—operating budgets;

—audited financial statements; and

—declarations of resident families' income and rental charges.

These reporting requirements have not been enforced. As a result, grants have been made to cooperatives with operating surpluses in excess of the allowable amounts, and some cost-sharing claims on the Federal government have been delayed. In my opinion the reporting requirements should be enforced to achieve efficient financial management of the program.

MINISTRY OF THE PROVINCIAL SECRETARY

Lottery Fund

7.58 The Lottery Fund was established under the *Lotteries Act* to receive all funds arising from the participation of the Province in the operations of lotteries, either solely or jointly with others. Proceeds from lotteries, after payment of costs of administration of the Act, are to be used for: "...cultural or recreational purposes or for preserving the cultural heritage of the Province or for any other purpose consistent with the objects of the Western Canada Lottery Foundation." The Foundation provides that funds may be used for: "...objects of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional, sporting, recreational, social welfare, civic improvement, educational, environmental, or conservational nature, and to purchase, establish, develop, maintain and operate facilities, programs and services used or useful in connection therewith."

7.59 We reviewed all, and examined a number of, grants made from the Fund during the fiscal year ended 31 March 1979 and considered the grants to have been made for purposes consistent with those described.

7.60 The Lotteries Branch is divided into two sections. One is concerned with the licensing and regulation of lotteries within the Province, and the other is responsible for the administration, distribution and accounting for tickets of the Western and Provincial Lotteries as well as for receipts from Loto Canada. The Licensing Section revenue of $248,000 arising from the issue of licences and permits was credited to General Fund revenue, while its operating costs of $87,000 were charged to the Lottery Fund. As stated in my 1978 Report it would be more appropriate for related revenues and expenditures to be reported through the same fund.

7.61 The Act states, in part, that the Lottery Fund "...shall be paid all proceeds from the conduct and operation of lotteries..." However, there is no separate bank account for the Fund, and its unexpended balance appears only as a liability account in the books of the Province. In practice, all cash receipts and disbursements are processed through the Province's general bank account. No separate investments are made on behalf of the Fund and no interest income is credited to it. In contrast, the Provincial Home Acquisition Fund, which like the Lottery Fund has no statutory provision regarding interest, was credited with $3.5 million in interest from the General Fund in the 1979 fiscal year. As the Fund's revenue is raised for specific purposes, I consider that interest earned on its unexpended balance should be credited to the Lottery Fund rather than used for the general purposes of Government. In the 1979 fiscal year interest income could have exceeded $1 million.

7.62 In late November 1978 my office was requested by the Provincial Lotteries Branch and the Royal Canadian Mounted Police to review the Lottery Branch records in order to substantiate reported losses of lottery tickets in late October. We confirmed that tickets with a retail value of $91,000 were unaccounted for following a break-in at the Vancouver Office of the Lottery Branch and the disappearance of a shipment of tickets originating from the Victoria Office.

7.63 From our review in December 1978 and January 1979 we concluded that the accounting records and procedures could not be relied upon to adequately control or account for the purchase, distribution and sale of lottery tickets, and that most of the self-checking features inherent in a good control system were missing. Although the system was designed to balance each draw separately, no draws had been balanced since September 1978 following the introduction of the "Scratch and Win" feature of the Provincial Lottery and the increase in draws from bi-weekly to weekly for the Western Lottery.

7.64 Subsequent to the year-end the Branch discontinued handling and distributing the majority of lottery tickets sold in the Province. This change in operating procedures should help to alleviate some of the problems noted at the time of our review.

8

PUBLIC BODIES

8.1 The *Auditor General Act* states that I am eligible to be appointed the auditor of a Crown corporation, Crown agency, or public body as defined in the Act. As at 31 March 1979 I was the appointed auditor of 27 public bodies, with total assets of $4,000 million and annual expenditures of $1,4000 million. These public bodies are listed in Appendix II to this Report.

8.2 My audit opinions on the financial statements of the Workers' Compensation Board (fiscal year ended 31 December 1978) and the Pacific Vocational Institute (fiscal year ended 31 March 1979) were qualified for the following reasons:

—Workers' Compensation Board. There was uncertainty over the likelihood that the Board would be able to recover the full amount of class balances recoverable from future assessments ($227 million) within the timing objective established by the Board for funding of this item.

—Pacific Vocational Institute. There was uncertainty as to the collectibility of an amount of $216,000 due to the Institute from the Ministry of Education, Science and Technology. The amount was later determined to be uncollectible.

8.3 Management letters are prepared for each public body audit performed, and submitted to the chief executive officer of the public body involved. These letters include observations on and recommendations for improvement of internal accounting controls and financial management systems.

8.4 Not all public bodies are audited by the Auditor General. In accordance with relevant legislation, public accountants have been appointed as auditors for certain public bodies. Section F of the Public Accounts includes the financial statements of some public bodies of which I am not the auditor. These report total assets of $8,000 million and annual expenditures of $2,000 million. These public bodies are listed in Appendix III to this Report.

8.5 Three public body audits still remain the responsibility of the Comptroller-General, or persons designated by him. They are:

British Columbia Systems Corporation
Pacific Coach Lines Limited
T.S. Holdings Ltd.

These entities have been audited and reported on by firms of public accountants.

9

PUBLIC ACCOUNTS COMMITTEE

9.1 The *Auditor General Act* requires that the annual report of the Auditor General be laid before the Legislative Assembly and then referred to the Select Standing Committee on Public Accounts and Economic Affairs (commonly known as the Public Accounts Committee) for its consideration.

9.2 A new Committee is appointed at each session of the Legislature and normally sits only during the period when the Assembly is in session. It is composed of members of the Legislative Assembly and traditionally includes representatives of all major political parties roughly in proportion to their overall representation in the Assembly.

9.3 My first annual Report for the fiscal year ended 31 March 1978 was tabled in the Legislative Assembly on 2 April 1979, the day before the dissolution of the 31st Parliament. The Report was referred to the Public Accounts Committee on 8 June 1979 during the first session of the 32nd Parliament. The Committee met for the first time on 9 July 1979 and held six meetings during the session. I attended four of these meetings at which the Committee discussed matters contained in my Report.

9.4 Under the parliamentary form of government, public accounts committees play an important role in the administrative accountability of governments to their legislative assemblies. They provide the forum to which officials of ministries may be called to account for the legality, probity and prudence of government expenditures, and to which central agencies can be required to account for responsibilities in establishing administrative policies and procedures.

9.5 The annual report of the legislative auditor can be of considerable value to a public accounts committee by identifying problem areas and key issues. It can serve as a guide to the elected representatives for the selection of matters which warrant further enquiry. Also, involvement of the committee with the auditor's report and endorsement of his recommendations for corrective action can often reinforce and support the work of the auditor.

9.6 The Public Accounts Committee has been interested in and supportive of the work of my Office, and I look forward to a continuation and strengthening of this relationship with the Committee in the future.

10

ORGANIZATION AND ACTIVITIES OF THE AUDIT OFFICE

Organization and Personnel

10.1 Organization. During the period covered by this Report the Office of the Auditor General was organized in three audit divisions. Mr. Frank Barr, C.A. and Mr. Raymond L. Hunter, C.A. headed the two divisions responsible for the audit of the Provincial accounts. A third division, directed by Mr. Gordon W. Dawson, C.A., was responsible for the audit of all public bodies of which I am the auditor. The Deputy Auditor General, Mr. Robert J. Hayward, C.A., assisted me in the management of the Office. These senior officers, together with myself, comprise the Executive Committee which deals with overall planning and policy matters.

10.2 Staffing. The Audit Office has a staff of 60, consisting of 30 professionals, 25 student accountants, and an administrative staff of 5.

In addition we have received, as at 18 February 1980, firm commitments from 5 individuals who will be joining our staff over the next few months. Recruiting efforts will continue with a view to reaching authorized staff levels during the 1981 fiscal year.

10.3 In spite of the pressing need to be at full strength as soon as possible, we have adhered to a firm policy of maintaining an appropriately high standard in the selection of candidates for positions throughout the Office. Although this has lead to an extension of our initial recruiting period, we feel that the policy is justified by the obvious long-term benefits.

10.4 Staff levels at 31 March 1979, with a projection to 31 March 1980, are summarized hereunder:

	Actual 31 March 1979	Projected 31 March 1980
Senior management	5	6
Managers and supervisors	10	18
Other audit staff	27	36
Total professional staff	42	60
Administrative staff	5	5
	47	65

Additions to the staff have substantially increased the capacity of the Office to carry out its audit responsibilities. In the past we found it necessary to make extensive use of personnel of public accounting firms to supplement our own resources. Although those requirements are now being reduced, we anticipate a continued need to call on the private sector for supplementary professional services.

10.5 Training and professional development. The establishment and maintenance of a high level of competence is essential to any professional activity of this nature. Employees at the student level are required to actively pursue courses of study leading to a recognized accounting designation. Their training within the Office consists of on-the-job experience and a program of formal training under the direction of our staff training officer. Our professional senior staff participate in development programs, teach accounting and auditing courses, and conduct research in technical areas. The entire activity, requiring the devotion of considerable time and effort, is considered essential to the long-term development of the Office and its staff.

Audit Activities

10.6 The Office made considerable progress in the past year in the use of advanced techniques to improve the effectiveness of our audit work. Specifically:

—We are developing the capability of applying the latest state-of-the-art in the audit of computerized data. This requires a thorough understanding of computer theory and operations, and entails the use of computer-assisted auditing techniques. To ensure that this complex field is thoroughly understood and the general audit staff are properly trained and supported, we have added an experienced senior person to our staff to head a specialist group.

—Statistical sampling and evaluation techniques are used when appropriate to reduce the extent of our audit tests and enable us to thoroughly assess the results of our examinations.

—A third field of development is that of comprehensive auditing, which is described more fully in Part 2 of this Report.

10.7 During the fiscal year ended 31 March 1979 I was appointed auditor of the following public bodies:

British Columbia Health Care Research Foundation
Health Facilities Association of British Columbia

A complete list of public bodies of which the Auditor General was the appointed auditor as at 31 March 1979 is included as Appendix II to this Report.

Canadian Legislative Auditors' Conference

10.8 On 13 - 15 August 1979 I attended, with two senior members of my staff, the seventh annual Conference of Legislative Auditors in St. John's, Newfoundland. These meetings serve as a forum for the discussion of many mutual interests and concerns and the sharing of technical and other information related to the work of the Office. All the provinces and Canada were represented by some 40 senior members of the various audit offices. Guest speakers included the Honourable A. Brian Peckford, Premier of Newfoundland, Mr. T. Pat Reid, M.P.P., Chairman of the Public Accounts Committee, Province of Ontario, and Professor J.E. Hodgetts and Mr. J.D.N. Ford, members of the Royal Commission on Financial Management and Accountability.

10.9 A meeting of the representatives of the Public Accounts Committees from all the provinces was held at the same time in St. John's. This provided an opportunity for a joint meeting of the two groups at which an informative discussion of common concerns took place.

New Office Location

10.10 After occupying two temporary office quarters in the first two years of its existence, the Office was relocated on 10 December 1979 to permanent offices at 8 Bastion Square in Victoria. The provision of suitable space is essential to the efficient operation of any office, and I am pleased to report that the location and space that has been provided should meet our requirements.

Accounts of the Office of the Auditor General

10.11 The *Auditor General Act* requires that an auditor be appointed by the Treasury Board to audit the accounts of the Office of the Auditor General annually. A firm of independent public accountants was appointed and their report for the fiscal year ended 31 March 1979 has been forwarded to the Speaker for tabling at the next session of the Legislative Assembly.

Advisory Council

10.12 Again this year a small group of senior representatives of the accounting profession has assisted me in an advisory capacity. Their advice has been of great assistance in my evaluation of this year's audit findings and I wish to express my appreciation for the contribution they have made.

11

STATUS OF FINDINGS AND RECOMMENDATIONS CONTAINED IN THE 1978 ANNUAL REPORT OF THE AUDITOR GENERAL

Section, Paragraph	Subject	Status as at Date of Preparation of the 1979 Annual Report
5	**Legislation**	
5.2	Recommendation that improvements be made to financial control legislation.	No change.
6	**Stated Accounting Policies**	
6.14	Deficiencies and ambiguities in the content and application of stated policies warrant a thorough study of the Government's accounting policies and financial statement presentation.	Comprehensive examination of accounting policies and practices is being undertaken.
7	**Internal Control Over Expenditures**	
7.4	System of internal control over the disbursement of Provincial funds fails to meet generally recognized standards.	No significant changes. Major modifications to disbursement system now in process.
7.20	Deficiencies in the payroll system.	Improvements noted in Central Pay Office procedures. Little change in ministries.
7.23	Financial management information systems not effectively used.	Some improvement noted. Modifications to disbursement system expected to benefit management information systems.
8A	**Fund Accounts**	
8A.6	Method used to account for the funds does not meet the generally recognized procedures of fund accounting. Superannuation and Trust Funds assets should preferably be segregated from assets of other funds.	No change. Policy described in notes to 1979 financial statements.

8A.7	Stated accounting policies do not clearly describe the practice of pooling some fund assets, nor method of allocating interest income.	Procedures described more fully in notes to 1979 financial statements.
8B	**General Fund - Revenue Surplus Section**	
8B.4 and 11.14	Monthly bank reconciliations not performed regularly and not up-to-date. Long standing unreconciled or unexplained differences in some accounts.	Monthly bank reconciliations now up-to-date. Some unreconciled and unexplained differences still exist.
8B.5 and 11.13	List of Government bank accounts and authorized account signatories incomplete and not up-to-date.	Improvements noted.
8B.8	Stated policy of accounting for revenue on a cash basis, with a major modification, not fully complied with.	Expanded description of policy in notes to 1979 financial statements.
8B.9	NSF cheques included in accounts receivable, and considered uncollectible, should be written off.	No change.
8B.10 and 6.10 and 11.5	Working capital advance to the Liquor Distribution Branch represents accounts maintained on the accrual basis by the Branch. The modification to cash basis of accounting for revenue should be disclosed.	Disclosed in notes to 1979 financial statements.
8B.12 and 8B.13	A statement of accounts of the Queen's Printer has not been certified by the Comptroller-General as required by the *Public Printing Act*.	No change.
8B.14 and 8B.15	Deficiencies in Queen's Printer accounting system should be remedied without further delay.	No change.
8B.17	Treatment of holdbacks is not consistent with stated policy on expenditures.	No change.
8B.17	Deferral of revenue from sale or lease of Crown Lands not consistent with stated policy on revenue.	No change.
8B.18	Many suspense accounts not reconciled or cleared.	No significant improvement.
8B.20	Securities held as guarantee and performance deposits should be under supervision and record keeping of the Securities Section.	No change.

STATUS OF FINDINGS AND RECOMMENDATIONS CONTAINED IN THE 1978 ANNUAL REPORT OF THE AUDITOR GENERAL - CONTINUED

Section, Paragraph	Subject	Status as at Date of Preparation of the 1979 Annual Report
8B.24	Presentation of the Province's deficit in the financial statements not appropriate.	Presentation corrected in 1979 financial statements.
8C	**General Fund - Capital Surplus Section**	
8C.3	Purpose and content of Capital Surplus should be clearly defined in the stated accounting policies.	Policy statement amplified in notes to 1979 financial statements.
8C.9	Unbilled timber royalties and stumpage fees of $43 million at year-end. Estimated additional cash receipts and revenue of $26 million in fiscal 1978 if billings made on a current basis.	No improvement. Current status described in 1979 Report.
8C.14	Steps should be taken to either enforce terms of agreement for $2.5 million loan or obtain authorization for deferral.	No change. Refinancing proposal in process.
8C.15	Creston Valley Foods Ltd. $1.5 million debenture written down to nominal value of $1 without apparent authority.	Debenture now recorded at $1.5 million.
8C.18	Recovery of $5.5 million loan is questionable and appropriate provision should be made.	No change.
8C.19	$10 million advance to the Provincial Transit Fund is not a realizable asset of the General Fund.	Advance written off to Capital Surplus account.
8C.20	A review should be made of sundry loans and advances for deletion from the accounts.	No change.
8C.22	Recommendation that the investment in the British Columbia Railway Company be written down to $1.	No change.

8C.24	Investment in shares and promissory note of British Columbia Resources Investment Corporation would more appropriately be included in "Investments in, and Advances to, Crown Corporations".	No change as at 31 March 1979. Subsequently ceased to be a Crown corporation.
8C.25	Reappraisal of the value of the investment in Kootenay Dehydrators Ltd. and recognition in the accounts of the potential loss under loan guarantees recommended.	No change.
8C.29	Stated accounting policy regarding fixed assets should be clarified.	No change.
8D	**Special Purpose Funds**	
8D.5 and 8D.6	The Housing Fund's cost records of federal/provincial partnership projects and mortgage records under the Rural and Remote Housing Program fail to provide adequate control or complete information.	No significant change.
8D.13	Revenue from the Lotteries Branch Licensing Section taken into Budgetary Revenue of the General Fund, while its operating costs were charged to the Lottery Fund. Related revenues and expenditures should be reported in the same fund.	No change.
8D.14	Lottery Fund cash receipts are deposted in the Province's general bank account and Fund disbursements are made from the same account. The Fund is not credited with interest income. Recommendation that interest allocation be considered.	No change.
8D.18	Recommendation that a provision of $3 million be made for doubtful mortgages in the accounts of the Provincial Home Acquisition Fund.	No change.
8F	**Trust Funds**	
8F.4	Records maintained by the Public Trustee of non-cash assets held in trust do not agree with records maintained by the Comptroller-General. Recommendation that steps be taken to reconcile the accounts of the two systems and maintain them on a controlled basis.	Improvements noted. An unreconciled balance remains.

STATUS OF FINDINGS AND RECOMMENDATIONS CONTAINED IN THE 1978 ANNUAL REPORT OF THE AUDITOR GENERAL - CONTINUED

Section, Paragraph	Subject	Status as at Date of Preparation of the 1979 Annual Report
8F.5	Individual investigators, rather than investigative teams, used to inventory and receipt trust assets.	No change.
9	**Guaranteed Debt**	
9.6	The Province should recognize the net debt of the British Columbia Railway Company as direct debt of the Province and record it as such in the Public Accounts.	No change.
9.8	Inconsistent treatment of accrued interest in calculating net guaranteed debt.	No change.
11	**Ministries**	
	Ministry of Consumer and Corporate Affairs	
11.2	Accounting systems and procedures of the Liquor Distribution Branch inadequate for purposes of operational control.	New procedures being implemented.
	Ministry of Education	
11.8 and 11.10	The Insurance Corporation of British Columbia held a fund of $2,690,483 at 31 March 1978 in respect of Public School Insurance premium refunds. Recommended that the fund balance be returned to the Consolidated Revenue Fund.	Balance returned to Consolidated Revenue in the 1980 fiscal year.
	Ministry of Finance	
11.16 and 11.18	Weaknesses in organization and supervision, internal controls and accounting records of the Securities Section.	Improvements made in organization and supervision. No other significant changes.

11.20	Cash handling procedures of the Consumer Taxation Branch require considerable improvement to reach a desirable standard.	Some improvements noted.
11.21	Approximately $3.3 million receivables of the Audit and Collections Section of the Consumer Taxation Branch considered to be doubtful accounts. No write-offs since 1975.	Satisfactory adjustments made.
11.22	Audit coverage of the Consumer Taxation Branch not sufficiently comprehensive to ensure adequate monitoring and collection of fuel taxes.	Approval obtained to hire fuel tax auditors.

PART 2

COMPREHENSIVE AUDITING

PART 2 - COMPREHENSIVE AUDITING

TABLE OF CONTENTS

	Paragraph	Page
INTRODUCTION	12.1	50
BACKGROUND		
Evolution of the Legislative Audit Role	12.6	50
The Auditor General Act	12.16	52
COMPREHENSIVE AUDITING		
An Integrated Approach	12.21	53
Financial Controls	12.26	54
Reporting to the Legislative Assembly	12.28	54
Attest and Authority	12.33	55
Management Controls	12.35	56
Electronic Data Processing	12.41	57
COORDINATION WITH INTERNAL AUDITORS	12.44	57
THE CANADIAN COMPREHENSIVE AUDITING FOUNDATION		
Background	12.46	57
Objectives	12.50	58
GOVERNMENT-WIDE ISSUES	12.54	59
THE PUBLIC ACCOUNTS COMMITTEE	12.55	59
BENEFITS TO THE LEGISLATIVE ASSEMBLY	12.57	60
CONCLUSION	12.58	60

12
COMPREHENSIVE AUDITING

Introduction

12.1 In this Part of my Report I describe the approach my Office has begun to take in conducting audits which embody all key provisions of my mandate, contained in sections 7 and 8 of the *Auditor General Act*. This new audit approach is called comprehensive auditing. Comprehensive auditing allows me to carry out several tasks or areas of responsibility in one integrated audit process. The first is my responsibility for examining and reporting on the Government's financial and accounting controls. The second is to fulfil those requirements of the *Auditor General Act* aimed at evaluating both management controls and the bases the Government uses to account for and disclose to the Legislative Assembly the results of its activities.

12.2 Comprehensive audits are based on the premise that legislative auditing should be constructive as well as informative. Accordingly, we describe and analyze significant deficiencies observed during our audits and recommend ways to remedy these weaknesses. This is a cornerstone feature of the comprehensive audit approach.

12.3 Comprehensive auditing also entails auditing and reporting on a cyclical basis. Such work is in addition, and is complementary, to the annual audits and reporting required in the non-discretionary sections of the *Auditor General Act*. Cyclical reporting will allow my Office to manage the increased audit workload required by my broad mandate. Also, cyclical rather than annual reporting gives members of the Legislative Assembly enough time to digest and critically review the findings of my Office and allows managers enough time to improve their management processes and to remedy deficiencies revealed by our audits. Finally, comprehensive auditing is founded on the principles of coordination and integration, which allow me to avoid unnecessary duplication of audit work, and which ensures that my Office will conduct effective and efficient audits.

12.4 The approach to implementing my full mandate, described in this Part of my Report, has largely evolved from developmental work undertaken by the Office of the Auditor General of Canada. This work has been carried out over the last five years in response to the need for more effective and efficient contemporary audit practices at all levels of the public sector in Canada. Accordingly, I intend to introduce comprehensive auditing progressively over several years to carry out the duties of my Office as required by section 8 of the *Auditor General Act* of British Columbia.

12.5 The present task for my Office involves the monitoring and establishment of the required methodology in my Office and the training of my staff in its application. I have taken steps to ensure that my Office has the expertise necessary to conduct initial comprehensive audit pilot projects. We have begun our first such project. My 1980 Report will contain the results of this work and should be regarded as illustrating the type of report that we expect to provide to the Legislative Assembly in future. As we make further progress and gain more experience with comprehensive audit methodology, and as the ''state-of-the-art'' in comprehensive auditing emerges, our audit approach and reporting will likely be modified as appropriate.

Background

12.6 Evolution of the legislative audit role - Its decline and resurgence. Although the Office of the Auditor General in this Province is only two years old, the need for auditing

the financial statements of the Government of British Columbia is clearly shown in the history of this Province's administration. In 1913, the Audit Act set out the legal basis for legislative audit in the Province by establishing both the position of Auditor General and the attendant mechanisms for reporting to the Legislative Assembly. At that time, the Auditor General's responsibilities were largely of a pre-audit nature, even though, within certain limits, a duty was imposed to conduct a post-audit and to report on its results to the Legislative Assembly. In 1917, the responsibilities originally given to the Auditor General largely came to rest on other Government officials. The role of the Auditor General declined and the Comptroller-General was assigned the responsibility for audit.

12.7 This was the situation until 1976, when the Legislative Assembly established my Office through new legislation contained in the *Auditor General Act*. By enacting this new legislation (proclaimed in 1977) the Legislative Assembly signalled a new era and attached greater importance to both the need for, and the role of, audit in managing, controlling and accounting for public resources and funds entrusted to the Government.

12.8 The legislators demonstrated their concern with these issues by including two important kinds of provisions in the *Auditor General Act*. The first of these provisions recognized that if government is to be properly accountable, there must be an independent and objective review of the fairness, consistency and reliability of both the Government's accounting for the funds entrusted to it, and the manner in which it reports its financial position. Independence and objectivity are basic audit precepts. Accordingly, the Legislative Assembly took an important forward step when it drafted provisions that created an audit office headed by an Auditor General who: reports directly to the Legislative Assembly; is a servant of the Legislature; and has sufficient funding to properly carry out assigned responsibilities.

12.9 The second and equally critical series of provisions in the Act provide for the Auditor General to audit the administration of public funds in a much broader context than that which was traditionally considered to be necessary. About 60 years ago, the Public Accounts Committee in British Columbia expressed its concern about this area. In its 1919 Report the Committee stated: "The form of the accounts should bring to light extravagence and inefficiency, and enable criticism to be usefully applied." This principle expressed in 1919 is no less true today than it was 60 years ago when the total budget of the Province was one three hundred and fiftieth of what was estimated for 1979.

12.10 In the Canada of today, amidst an era of growing government and increasing public concern over the quality of management of scarce resources and public funds, there is an increasing trend toward assigning a broader role to legislative auditors, usually Auditors General. In this respect, the *Auditor General Act* of British Columbia passed by the Legislative Assembly of 1976 ranks among the most progressive audit legislation in Canada. Currently, there are two other provinces (Ontario and Alberta) that have enacted broad scope audit mandates in addition to that of the legislation governing the Auditor General Act of Canada.

12.11 A vital part of any system for controlling the public purse is the component that provides elected representatives with enough reliable assurance that appropriate and reasonable financial and management controls do exist over the use of all public funds. When they read reports on how funds have been spent on various activities, elected representatives

must be able to rest assured that the reports are accurate. Moreover, these reports must present information in such a way that the reader is able to assess the results of activities both fully and meaningfully.

12.12 Governments in Canada have begun to recognize that one way of providing this kind of assurance to elected representatives is to enlarge the scope of the audits done by those auditors who report directly to the body of elected representatives. The enlarged scope usually provides for examining issues of financial and management controls and the bases used to measure and report the results of government activities.

12.13 Much of the work of the Auditor General of Canada which extends beyond the traditional mandates of legislative auditors has become known as value-for-money audit. Value-for-money audits in Canada have thus far focussed on the systems and procedures which public service managers implement and use to monitor staff performance, improve productivity and measure and report the results of their programs.

12.14 Value-for-money auditing does not try to override the public service's primary responsibility for managing the public funds and resources entrusted to it economically, efficiently and effectively. Nor do value-for-money audits attempt to comment on or assess the merit of Government policy and its policy objectives. Instead, the broad objectives of value-for-money auditing are first, to evaluate and report on whether management personnel in the public service are using reasonable and appropriate management control techniques to carry out their responsibilities, and second, to evaluate and report on the appropriateness of the methods used to account and report for the way that public funds and resources are used.

12.15 The need for and the appropriateness of this type of legislative audit is attracting widespread interest and support in Canada. Interest and support are shown not only by legislative bodies who have the ultimate responsibility for effectively controlling the public purse, but also by those who are concerned with accounting and auditing at all levels of private enterprise and government. For example, in 1978 the Canadian Institute of Chartered Accountants established a special committee to examine the role of the auditor. This committee concluded that value-for-money audits are appropriate for all levels of government and publicly funded organizations.

12.16 The Auditor General Act. The *Auditor General Act* defines my responsibilities for auditing and reporting on the financial statements of the Government. It requires me to report annually to the Legislative Assembly. At that time, I express my opinion in accordance with accounting policy (stated by the Government) on the fairness and consistency of the Government's financial statements. The Act also directs me to report annually any instance in which I have observed that accounting for or control over public monies has been insufficient or where public money has been spent for purposes not intended by the Legislature.

12.17 The Act also provides for a broader audit scope and allows me to examine programs and report whether or not they have been conducted with due regard to economy and efficiency. The Act allows me to report whether the financial statements of the Government, in addition to being accurate, consistent and in compliance with Government accounting policy, are presented in such a way that they provide full and appropriate disclosure.

12.18 The Act distinguishes between my duty to report annually on the financial statements and my audit responsibilities concerning questions of economy, efficiency and the bases of reporting - which are the underlying value-for-money areas of my mandate. Although I am bound to audit and report annually on the financial statements, the Act does not stipulate that I must report annually on issues of economy and efficiency for all Government programs.

12.19 Although the *Auditor General Act* is flexible in its value-for-money audit provisions, I do not believe that this flexibility reduces the importance which the Act attaches to these areas. Instead, the Act, through its "permissive" sections, recognizes that planning and conducting audits which include value-for-money issues require different approaches and consideration of materiality. For example, the draftsmen of the Act recognized that the costs of annually reporting on whether or not all programs were being administered economically and efficiently, would not likely be justified. It is unlikely that it would be practical, even given sufficient resources, to carry out such examinations annually. Moreover, annual reporting on all programs would produce an unmanageable quantity of information for members of the Legislative Assembly and public service managers to digest. If this were the case, the potential for improving the mangement of the public purse might be diminished.

12.20 Comprehensive auditing recognizes this danger. Accordingly, one of its fundamental principles is that audits should be conducted over a period of time and reported at intervals which suit particular programs and ministries. Thus it may be appropriate to report periodically on major elements of completed audit work within a particular Ministry or program. In other situations it may be more appropriate to report all findings under our comprehensive audit mandate at one time.

Comprehensive Auditing

12.21 An integrated approach. The *Auditor General Act* of this Province contains provision for audit in four key areas. In addition the audit of electronic data processing is implicit in each of the areas specifically contained in the Act. These can be most easily grouped into the following categories.

—Financial controls
—Reporting to the Legislative Assembly
—Attest and authority
—Management Controls
—EDP controls

12.22 In developing the comprehensive audit approach, the Auditor General of Canada used the acronym "FRAME" to describe the five parts of comprehensive audit listed above. This acronym provides a useful basis for examining the legal responsibilities of the legislative auditor and for identifying the type of methodology and the skills required to conduct comprehensive audits.

12.23 Each of the first four "FRAME" components is recognized in the Act as being separate, and in some cases subject to different provisions for examination and reporting. The comprehensive audit process, while recognizing the individuality of each of these components, also recognizes that each is closely interrelated. In addition, the comprehen-

sive audit process especially recognizes the importance of auditing financial and mangement controls in and over computer-based data processing systems. This emphasis arises because the growing use, increasing complexity, and far reaching impact of computers requires the auditor to use the skills of specialists and to apply different approaches to auditing electronic data processing systems.

12.24 A cornerstone feature of the comprehensive audit approach is the integration of the FRAME components in audit plans. Comprehensive audit does not mean that my Office will undertake five different and separate audits of a program. Instead we will execute and report on audits, which include the five FRAME components, as appropriate to the program and the organization managing it. This integrated audit approach will help ensure that we do not overlook significant issues.

12.25 Using this approach will also enhance the efficiency of the audit. Because all significant audit areas are interrelated, it is easier to avoid duplication than if each area were audited separately. Finally, a fully-integrated audit approach makes it easier to arrive at the kinds of assessments which I am required to make under the *Auditor General Act*.

12.26 Financial controls. The provisions in section 8 (1) of the *Auditor General Act* require that I call attention to anything arising from my examination which in my opinion should be brought to the attention of the Legislative Assembly. These provisions include instances in which systems of internal control and accounting have been insufficient and they constitute the core area of the "F" in FRAME - that is, financial controls.

12.27 My Reports this year and last contain examples of certain types of observations and recommendations arising under section 8 (1) of the *Auditor General Act*. The comments and recommendations thus far reported in this area arose from observations made by my staff while examining the Government's financial statements. These evaluations focussed, for the most part, on certain types of processing and accounting controls that we would normally expect to find in each system examined; for example, segregation of duties and batch processing methods. However, even if these types of controls are provided for (and reliably adhered to in systems) they do not necessarily result in satisfactory financial control. This is because contemporary accepted definitions of internal control point to the important role that planning, budgeting and reporting systems have to play in achieving an overall adequate level of control. Accordingly, examinations of control systems in comprehensive audits will continue the pattern established thus far by my Office for basic internal controls and will extend to include such control features as the organization of the financial function, financial reporting and budgetary control systems and internal audit.

12.28 Reporting to the Legislative Assembly. Section 8 (2) (a) of the *Auditor General Act* directs my attention to the manner in which the Government accounts for and reports on its activities. The Act states in part: "In the (annual) report the Auditor General may also include an assessment as to whether the financial statements of the Government are prepared in accordance with the most appropriate basis of accounting for the purpose of fair presentation and disclosure . . ."

12.29 This part of my responsibility, referred to by the "R" (Reporting) in FRAME encompasses two concepts. The first concept is that, to be properly accountable, the Government must be provided with independent and objective assurance that it is using accounting and reporting principles that are reasonable and that provide appropriate disclo-

sure of the results of its activities. Financial statements contain accountability information. Accordingly, if the bases used to account for and report on the results of government activities are inappropriate, or if these statements omit important information, it is unlikely that they will fulfil their intended purpose of providing information which is needed to help draw conclusions about how the Government collects and uses public funds and how it manages public resources, assets and debt.

12.30 The second important concept is that the reported outcomes or results of government programs must be logically linked to the intended outcomes as stated in the reports and submissions used to request funds initially. Historical financial information about activities and programs alone cannot provide members of the Legislative Assembly with the insight they need to assure themselves that public funds have been spent for the purposes intended.

12.31 Since governments do not seek to earn profits, as in the private sector, linking Estimates information with financial and other information on actual results is at the core of appropriate disclosure. That is, comparing planned outcomes to actual outcomes. The Public Accounts of British Columbia already recognize this fact and display information derived from the Estimates together with the historical information about actual revenues and expenditures.

12.32 As provided for in the *Auditor General Act*, comprehensive audits will examine, under the "R" component of FRAME, information contained in the financial statements of the Government, including the nature of information about the intended use of public funds and the manner in which it is provided. Such examinations would provide assurance as to whether or not the financial statements of the Government provide members of the Legislative Assembly with:

—complete information in a form which would allow them to fully understand and assess the Government's financial position; and

—a basis for assessing how well public service managers administer the public funds and resources entrusted to them by the Legislative Assembly.

12.33 Attest and authority. This component of comprehensive auditing (the "A" in FRAME) includes all of section 7 of the *Auditor General Act* and has direct links with section 8 (1) (d) of the Act. Under section 7 of the Act, I am required to report annually. Comprehensive audits will contribute directly to audit work conducted in other ministries and central agencies, which is necessary for me to form an opinion on the extent to which the financial statements of the Government are accurate, consistent and prepared in accordance with the Government's stated accounting policies.

12.34 Much of the work associated with the attest and authority component of my mandate requires the use of systems based auditing. This requirement also applies to the financial control ("F" component) of FRAME. In a "systems based audit", the auditor must carry out an organized study and evaluation of controls within a system to determine how much he can rely on the system's ability to ensure that funds are reliably accounted for and that collection and expenditure of funds are properly controlled. The same systems based approach can be applied to the areas of economy and efficiency. Thus, the work undertaken in the other FRAME modules is complementary to this and other parts of my mandate.

12.35 Management controls. In comprehensive auditing, the "M" component of FRAME (Management Controls) focusses upon the Government's systems and procedures for promoting economic acquisition and efficient use of resources. Together with the "R" component (Reporting) the "M" component constitutes the core of what has become known in Canada as "value-for-money auditing". My responsibilities in these areas are set out in section 8 (2) (b) of the *Auditor General Act*.

12.36 Although elements of value-for-money auditing have been undertaken in numerous government jurisdictions under various descriptions, such as operational and/or management audits, the methodology and approach for this type of audit have not been as widely developed as those for evaluating financial control systems. Moreover, in Canada the results of such audits or examinations in either the private or public sector have infrequently been reported publicly. In the case of comprehensive auditing, and in line with the provisions of the *Auditor General Act*, the results of value-for-money audits conducted by my Office would be included in my Annual Report.

12.37 The comprehensive approach closely links value-for-money components with the traditional and financial control type of examination.

12.38 The provisions of the *Auditor General Act* relating to value-for-money audit pose more complex and challenging problems to implement than do the other parts of my mandate. The Act challenges us to assess whether or not program managers are managing their progams with due regard to economy, efficiency and appropriate reporting. We must therefore have appropriate and reasonable criteria related to the value-for-money components of comprehensive audits. These are necessary to ensure that, as with all other aspects of my mandate, the Office conducts its work to the highest possible standards of fairness and objectivity. Such standards are crucial to any form of independent audit. These criteria should also be clearly understood by public service managers and acceptable as "reasonable man standards" which can and should be observed in the management of government business.

12.39 Other governments, legislative and internal auditors and private sector auditors and their governing bodies, such as the Canadian Institute of Chartered Accountants, are giving increasing attention to comprehensive audit methodology. The work of developing and selecting efficient and effective audit practices for planning, conducting and reporting on value-for-money audits is very costly, and largely beyond the resources currently available to my Office. However, the Auditor General of Canada has devoted considerable effort and resources to establishing the methodology and practices needed to carry out comprehensive audits and to develop appropriate audit criteria. Although further effort will be required to refine these processes and develop additional methodology, the Auditor General of Canada has already contributed much to the body of comprehensive auditing knowledge. This knowledge has already been applied, has been shown to be of practical value, and has been made available to both my Office and those of my provincial counterparts who have similar value-for-money provisions in their mandates. Accordingly, I have begun to draw on this knowledge of criteria and methodology. In my opinion, the sharing of this audit methodology among legislative auditors will result in significant savings for the taxpayers of this Province.

12.40 Another important facet of the audit of management controls is the need to use specialist skills which are not normally found in auditors trained only in traditional financial

audit areas. To ensure that comprehensive audits are effectively and efficiently conducted it is necessary to employ a multi-disciplined team.

12.41 Electronic data processing. Even though the *Auditor General Act* does not specifically mention electronic data processing (EDP) systems, it is clearly understood that any organized audit of financial and management controls must include a review of computer systems. Computer systems must be audited because they can profoundly affect the organization that uses them. Such systems, for instance, are often at the core of financial accounting procedures and are central to processing data used for various management control purposes.

12.42 As was discussed previously under the heading of management controls, these systems, because they are often complex, must be audited by highly trained specialists. These specialists must have the expertise first to assess an organization's need for computer-based systems and then to evaluate the quality of their design. Those who audit computer-based systems must also be able to evaluate whether these systems have been developed and implemented properly and be able to assess their impact on other related systems and operations.

12.43 Depending upon what would be appropriate in given circumstances, the EDP component (the "E" in FRAME) would focus upon four areas: first, controls over the use of and controls in electronic data processing systems; second, the use of computers by the auditor to help audit data processed by an EDP system; third, the use of computers by the auditor to help audit data not processed by an EDP system; and fourth, issues of economy and efficiency related to the use of computers. For example, with respect to the fourth area above, we might assess whether due regard to economy and efficiency has been demonstrated in determining whether or not the use of a computer has yielded significant cost benefits over other methods of processing or controlling information.

Coordination With Internal Auditors

12.44 If my Office is to efficiently fulfil the mandate in the *Auditor General Act*, it must avoid duplicating the work of internal auditors. Not only is duplication very costly to the taxpayer, but it is disruptive to public service managers who must continue to manage their staff while audits are in progress. Duplication also diverts scarce audit resources which might be employed more cost effectively elsewhere. In the Government of British Columbia, although I am the only auditor who is responsible directly to the Legislative Assembly, the responsibility for audit devolves not only upon my Office but also upon those staff who perform internal audits. Internal auditors are usually attached to the staff of ministries themselves or to the staff of the Comptroller-General. Coordination with these groups can achieve economies and can result in more effective use of the time of audit staff.

12.45 Whenever my Office undertakes a comprehensive audit, we will evaluate the work done by internal and other auditors to determine how their work might affect the nature and extent of our audit.

The Canadian Comprehensive Auditing Foundation

12.46 Background. The comprehensive audit approach may well provide a vehicle for other legislative auditors in Canada and elsewhere to constructively and efficiently exercise

the full scope of their value-for-money and traditional mandates. The Auditor General of Canada has recognized this fact, and accordingly has shared the methodology of comprehensive audit, thus far developed, with me and with my provincial counterparts. I believe that my Office has benefited greatly from this sharing, particularly when the expertise and cost that were required to develop the basic methodology framework are considered.

12.47 Because comprehensive auditing methodology encompasses not only the traditional work of the legislative auditor, but also the newer value-for-money components, the adoption of this form of auditing is compatible with the terms of the provisions of the *Auditor General Act* of British Columbia. The importance of the approach which the Auditor General of Canada has developed is demonstrated by the interest being shown by legislative auditors in Canada and elsewhere.

12.48 I was pleased during the past year to sit on a Comprehensive Audit Steering Committee with my provincial counterparts and the Auditor General of Canada. This Committee monitored comprehensive auditing processes and methodology.

12.49 One of the main goals of that Committee was to see a focal point established in Canada for the further development of comprehensive audit methodology and practices and to establish a source from which all auditors who are concerned with value-for-money and comprehensive audit can draw from and share in. On 12 February 1980 the establishment of such a focal point was realized with the bringing into being of the Canadian Comprehensive Auditing Foundation.

12.50 Objectives. The objectives of the Canadian Comprehensive Auditing Foundation are broadly to:

—encourage and coordinate the development of comprehensive auditing methodology;

—to develop, promote and disseminate comprehensive auditing knowledge;

—to design, develop and organize comprehensive audit training programs; and

—to provide a focal point for the exchange of information and views in respect to comprehensive auditing.

12.51 The benefits, in terms of the savings to taxpayers, which can be enjoyed by pooling and sharing the methodology, knowledge and skills required for legislative auditors to fulfil all aspects of their mandate are obvious. Without a focal point the development of such methodology might be fragmented and ad hoc and development work would overlap causing duplication, inconsistency and wasted effort. Since much of the methodology required to audit various government programs under contemporary legislative audit mandates will be similar from one government jurisdiction to another, a central focus for development represents a practical, cost-effective approach.

12.52 The need for, and the potential for substantial benefits to be derived from, the Canadian Comprehensive Auditing Foundation has been recognized and strongly supported not only by legislative auditors but also by the professional audit community and the government community. The Canadian Institute of Chartered Accountants which is re-

sponsible for the setting of standards to govern its members has endorsed and supports the objectives of the Canadian Comprehensive Auditing Foundation. Strong support has also come from the Comptroller General of Canada and Canadian professional auditing, accounting and consulting firms.

12.53 Because of the mandate contained in the *Auditor General Act*, which points to the need for my Office to conduct audits which pertain to economy, efficiency and the basis of reporting to the Legislative Assembly, and because I have launched the comprehensive audit process in my Office, I am pleased to be a member of the first Board of Governors of the Canadian Comprehensive Auditing Foundation. I believe that my association with the Foundation will help my Office and that of other legislative auditors to fulfil their mandates in the most appropriate and efficient way.

Government-Wide Issues

12.54 Associated with and arising from the application of comprehensive auditing in programs and ministries, it is reasonable to expect that issues of government-wide significance will be identified which should be examined by my Office in a broader government-wide context. Such issues might, for example, include the manner in which central agencies of the Government provide functional direction for financial management to all ministries of the Government. Another example might be the way that the results of programs and activities are summarized and reported in the Public Accounts. In addition such issues might also pertain to general assessments of the adequacy of financial and management controls over certain elements of activities common to all government ministries and programs. In order to cope with these issues, the comprehensive audit process can be extended to consolidate and further explore such issues on a government-wide basis. Where such an approach appears warranted, it would be my intention to conduct further extended audit work embodying the same principles of comprehensive auditing to deal with them.

The Pubic Accounts Committee

12.55 This section of my Report has described how I have begun to implement the key areas of my mandate contained in section 8 of the *Auditor General Act*. Because of the significance of the potential benefits of the comprehensive audit approach to members of the Legislative Assembly and public service managers, I have been most gratified by the interest expressed in this approach by the Public Accounts Committee, represented by its Chairman and Secretary.

12.56 As Auditor General for the Province it is my responsibility to lead the representation of this Audit Office at the Annual Conference of Legislative Auditors. In 1979 the conference, held in St. John's, Newfoundland, was attended by my provincial and federal counterparts and a number of their senior staff. A key feature of this Conference was a joint session between the legislative auditors attending and the Chairmen and Vice-Chairmen (or Secretaries) of Public Accounts Committees from across Canada. A major topic at this joint session was comprehensive audit and its approach and principles. These were covered in detail. I was most gratified that the two gentlemen, who represent the Public Accounts Committee of British Columbia, which is in fact the Audit Committee of the Legislative Assembly, were able to devote their valuable time to this concept.

Benefits to the Legislative Assembly

12.57 The comprehensive audit approach as it is currently being implemented, and developed for the future, will facilitate the work of the members of the Legislative Assembly and of the Public Accounts Committee. Specifically this approach will:

—simplify their assessing the quality of financial control;

—help managers to correct unsatisfactory situations and to improve the management of public funds and resources; and

—provide them with assessments which integrate and therefore give a more balanced picture of major findings and recommendations in all areas of my mandate contained in sections 7 and 8 of the *Auditor General Act*.

Conclusion

12.58 So that my Office can start providing to the Legislative Assembly the type of report described in this Section I have taken steps to launch comprehensive auditing in my Office. The first comprehensive audit pilot project to be undertaken by my Office is currently underway. I am pleased to report that it is being conducted in an atmosphere of full cooperation and enthusiasm by the Deputy Minister and the officials of the Ministry concerned.

12.59 To help ensure the development in my Office of the skills necessary to conduct comprehensive audits I am pleased to have been able to retain, on loan from a national firm of Chartered Accountants, the services of one of its partners to supplement my own Office's resources. Mr. Jean-Pierre Boisclair, C.A., C.M.C., from MacGillivray & Co., is currently helping my Office to conduct its pilot work in this area. Mr. Boisclair has had several years of previous experience in this field at the federal level.

PART 3

ROYAL COMMISSION ON FINANCIAL MANAGEMENT AND ACCOUNTABILITY

13

ROYAL COMMISSION ON FINANCIAL MANAGEMENT AND ACCOUNTABILITY

13.1 The recently published final report (March 1979) of the Royal Commission on Financial Management and Accountability, under the chairmanship of Allen T. Lambert, turned the spotlight on the best means of providing for financial management in the federal administration of Canada. While it is recognized that the scope and recommendations in the report relate specifically to conditions at the federal level, nevertheless I feel that there are clear and consistent principles in accountability which are equally applicable at the provincial level.

13.2 The Royal Commission report points out that a vital element in the establishment of a management system framwork is " . . . the introduction of processes for exacting an accounting for performance, and applying the consequence of its outcome to individual processes that should extend throughout the ranks of every department . . . and there can be no proper accountability unless all information required to form a judgement about performance has been made available." An essential requirement of the accounting process, therefore, is the fullest possible disclosure of all relevant information both within and by government to the Legislature and the public.

13.3 The Royal Commission recognizes, however, that to provide relevant and accurate financial information in support of both plans and results, the methods for assembling and presenting such data must be modified. Internal audit systems must also be improved. Quoting again from the report: "Accounting methods used in departments and in most agencies result in both inaccurate estimates of the costs of implementing a proposal and inaccurate reports of the cost of carrying out the activity. In addition, these program costs cannot be reliably compared on a periodic basis with the relevant benefits or outputs. These two shortcomings have a significant influence on efforts to obtain value for money by running government programs economically, efficiently, and effectively. They also frustrate attempts to achieve satisfactory assessments of management performance."

13.4 The Royal Commission report suggests that another anomaly of government accounting systems is that costs are charged to programs with little regard to when they actually contribute to program output and fail to provide reliable calculations of the cost of personnel, financial administration and other overhead costs.

13.5 The essence of the report is to be found in the bald statement that establishing the means of proper accountability is the core of our democratic form of government. The Commission contends that proper financial administration is a vital component of both management and accountability and financial considerations should be at the heart of every phase of departmental activity. They should form an essential part of the planning process, the budgeting of resources to implement those plans, the control of subsequent expenditures and the evaluation of the efficiency and effectiveness with which any activity has been undertaken.

13.6 The Commission presses for two proposals which are central to the accurate forecasting of revenues, the determination of appropriate expenditure limits and debt

ceilings, and the assurance that full value is received for those public funds. The first proposal is the preparation of a fiscal plan, covering a 5 year period, designed to show where the Government is going, how it will get there and what the financial consequences will be. The second is a realignment of responsibilities between and within major departments to bring responsibility for management to a focus. It was not suggested by the Commission that all the projections in the plan be met precisely, particularly those extending into the longer term. Nevertheless, it should be a carefully prepared view of the financial path the Government intends to follow, and deviations from it would require deliberate decisions at the appropriate level. It must not be simply a collection of working assumptions or mechanical projections; this would not be a plan.

13.7 The main virtue of these proposals, according to the report, is that they would significantly strengthen the ability of government to impose expenditure ceilings from the top, as opposed to the present system under which it is confronted by cumulative spending proposals derived from the incremental increase in the funds sought by virtually every unit of a department.

13.8 In respect to the Public Accounts Committee (PAC), the report recognizes its pivotal role and how it provides the forum in which chief administrative officers of departments account for the ''legality, probity and prudence'' of government expenditures. To achieve its goals the review conducted by the PAC must be both regular and objective and the Commission report on Financial Management and Accountability lies in its recognition that fulfilled. To do otherwise cannot provide the basis for a comprehensive review of administrative performance, nor any assurance of accountability for that performance, states the Commission. To quote again from the report: ''The current sporadic and selective approach to review undermines the role the Public Accounts Committee could play in the accountability of government to Parliament''.

13.9 Also recommended is the desirability of a close liaison between other standing committees and the PAC. ''With its broader perspective on a department and its programs, a standing committee would be in a position to make better informed judgements about whether the PAC's findings reflect more general or widespread administrative or managerial problems.'' At the present time the PAC does not receive an accounting on aspects of personnel management including the efficiency and effectiveness of training in improving skills and remedying weaknesses which are just as important as financial considerations in the delivery of programs and services.

13.10 As I mentioned at the beginning of this Section, the main virtue of the Royal Commission report on Financial Management and Accountability lies in its recognition that the rate of growth of government and its complexity and size make it increasingly important that there be greater care in the use of the resources that have been entrusted to it. The concern for accountability shown by those who wish to strengthen the management system throughout the Federal Government should, in my view, be matched by similar consideration at the provincial level.

APPENDICES

APPENDIX 1

Sections of the Auditor General Act Relevant to the Responsibilities of the Auditor General

Examination of Accounts

6. (1) The auditor general shall examine in such manner as he considers necessary the accounts and records of the Government relating to the Consolidated Revenue Fund and all public money, including trust and special funds under the management of the Government, and to public property.

(2) Notwithstanding any other Act, the auditor general

(a) shall be given access to the records of account and administration of any ministry, and

(b) may require and receive from any person in the public service, information, reports and explanations necessary for the performance of his duties.

Report on Financial Statements

7. (1) The auditor general shall report annually to the Legislative Assembly on the financial statements of the Government, including those required by section 40 of the *Financial Control Act,* respecting the fiscal year then ended.

(2) The report shall form part of the Public Accounts and shall state

(a) whether he has received all of the information and explanations he has required, and

(b) whether in his opinion, the financial statements present fairly the financial position, results of operations and changes in financial position of the Government in accordance with the stated accounting policies and as to whether they are on a basis consistent with that of the preceding year.

(3) Where the report of the auditor general does not contain the unqualified opinion required under this section, the auditor general shall state the reasons why.

Annual Report

8. (1) The auditor general shall report annually to the Legislative Assembly on the work of his office and call attention to anything resulting from his examination that he considers should be brought to the attention to the Legislative Assembly including any case where he has observed that

(a) accounts have not been faithfully and properly kept or public money has not been fully accounted for, or

(b) essential records have not been maintained, or

(c) the rules, procedures, or systems of internal control applied have been insufficient

(i) to safeguard and protect the assets of the Crown, or

(ii) to secure an effective check on the assessment, collection and proper allocation of the revenue, or

(iii) to ensure that expenditures have been made only as authorized, or

(iv) to ensure the accuracy and reliability of the accounting data, or

(d) public money has been expended for purposes other than for which it was appropriated by the Legislature.

(2) In the report the auditor general may also include an assessment

(a) as to whether the financial statements of the Government are prepared in accordance with the most appropriate basis of accounting for the purpose of fair presentation and disclosure, or

(b) as to whether any program being administered by a ministry is being administered economically and efficiently.

Trivial Matters

9. The auditor general need not report to the Legislative Assembly on any matter he considers immaterial or insignificant.

Tabling Annual Report

10. (1) A report of the auditor general to the Legislative Assembly shall be submitted by him through the Minister of Finance.

(2) Upon receipt of a report of the auditor general, the Minister of Finance shall lay the report before the Legislative Assembly as soon as possible.

(3) If the Minister of Finance does not lay the report before the Legislative Assembly on the first sitting day following the receipt of the report by him, the auditor general shall transmit the report to the Speaker and the Speaker shall lay the report before the Legislative Assembly.

(4) Upon being laid before the Legislative Assembly, the annual report of the auditor general shall be referred to the Public Accounts Committee of the Legislative Assembly.

Special Report

11. The auditor general may at any time make a special report to the Legislative Assembly on a matter of primary importance or urgency that, in his opinion, should not be deferred until he makes his annual report.

Other Reports

12. The auditor general may at any time make a report to the Minister of Finance, the Treasury Board, the Lieutenant-Governor in Council, or any public officer on any matter that in the opinion of the auditor general should be brought to his or their attention.

Special Assignments

13. The auditor general may undertake special assignments at the request of the Lieutenant-Governor in Council, but he is under no obligation to carry out any such requested assignment if, in his opinion, it would interfere with his primary responsibilities.

Stationing Officers in Ministries

14. (1) The auditor general may station in any ministry a person employed in his office to enable him more effectively to carry out his duties, and the ministry shall provide the necessary office accommodation for a person so stationed.

(2) The auditor general shall require every person employed in his office who is to examine the accounts or the administration of a ministry pursuant to this Act to comply with any security requirements applicable to, and to take any oath of secrecy required to be taken by, persons employed in that ministry.

Inquiry Powers

15. The auditor general may examine any person on oath on any matter pertaining to his responsibilities and for the purpose of such an examination the auditor general has all the powers, protection and privileges of a commissioner under sections 7, 10 and 11 of the *Public Inquiries Act*.

Public Bodies

16. (1) Notwithstanding any other Act, where the auditor general is not the auditor of a public body,

(a) the public body shall, on the request of the auditor general, supply the auditor general with a copy of all financial statements and reports relating to the public body,

(b) the auditor of the public body shall, on the request of the auditor general, make available to the auditor general, within a reasonable time, all working papers, reports and other documents in his possession relating to the public body, and

(c) the auditor general may conduct such examinations of the records and operations of the public body as he considers necessary or advisable to carry out his duties under this Act.

(2) Notwithstanding any other Act, the auditor general

(a) shall be given access to the records of account and administration of any public body, and

(b) may require and receive from any office or employee of a public body information reports and information necessary for the performance of his duties.

Eligibility as Auditor

17. Notwithstanding any other Act, the auditor general is eligible to be appointed the auditor, or a joint auditor, of a Crown corporation, Crown agency, or public body.

Transfer of Audit Duties

18. The Lieutenant-Governor in Council may transfer to the auditor general the duty imposed by any Act on the comptroller-general to conduct an audit.

APPENDIX II

Public Bodies of Which the Auditor General was the Appointed Auditor as at 31 March 1979

*British Columbia Assessment Authority
*British Columbia Educational Institutions Capital Financing Authority
*British Columbia Harbours Board
*British Columbia Health Care Research Foundation
British Columbia Heritage Trust
British Columbia Institute of Technology
British Columbia Power Commission Superannuation Fund
British Columbia Railway Company Pension Fund
*British Columbia Regional Hospital Districts Financing Authority
*British Columbia School Districts Capital Financing Authority
Captain Cook Bi-Centennial Committee
College Pension Fund
Creston Valley Wildlife Management Area Trust Fund
*Health Facilities Association of British Columbia
*Legal Services Commission
*Medical Services Plan of British Columbia
Municipal Superannuation Fund
Pacific Vocational Institute
Provincial Capital Commission
*Provincial Rental Housing Corporation
Simon Fraser University
Teachers' Pensions Fund
The University of British Columbia
The University of British Columbia Health Sciences Centre
University of Victoria
*Workers' Compensation Board of British Columbia
Workers' Compensation Board Superannuation Fund

*** Included in Section F of the Public Accounts.**

APPENDIX III

Public Bodies, of Which the Auditor General was not the Appointed Auditor, Whose Financial Statements are Included in Section F of the Public Accounts

British Columbia Buildings Corporation
British Columbia Cellulose Company
British Columbia Development Corporation
British Columbia Ferry Corporation
British Columbia Housing Management Commission
British Columbia Hydro and Power Authority
British Columbia Petroleum Corporation
British Columbia Railway Company
British Columbia Steamship Company (1975) Ltd.
British Columbia Systems Corporation
Housing Corporation of British Columbia
Insurance Corporation of British Columbia
Ocean Falls Corporation
Pacific Coach Lines Limited
Science Council of British Columbia
Surrey Farm Products Investments Ltd.
T.S. Holdings Ltd.
Urban Transit Authority

APPENDIX IV

Sections A (pages A1 to A9), B and C of the Public Accounts

SECTION A

MAIN FINANCIAL STATEMENTS OF THE PROVINCE

CONTENTS

		PAGE
Statement of assets and liabilities	A	2
Statement of revenues and expenditures	A	5
Summary of General Fund revenues	A	6
Summary of General Fund expenditures	A	7
Statement of net receipts and payments (combined funds)	A	8
Notes to financial statements	A	9

STATEMENT OF ASSETS AND

ASSETS

	1979	1978	Net increase or (decrease) during 1978/79
General Fund	$	$	$
Cash and temporary investments	654,408,844	467,181,556	187,227,288
Accounts receivable from other governments and agencies	33,064,843	26,378,617	6,686,226
Working capital advances	11,513,193	8,909,831	2,603,362
	698,986,880	502,470,004	196,516,876
Other recorded assets—			
Taxes and other accounts receivable	122,012,390	71,371,084	50,641,306
Loans and other advances	52,934,034	53,539,815	(605,781)
Investment in, and advances to, Crown corporations	393,361,531	386,841,069	6,520,462
Investments, other	151,718,489	151,718,489	—
Fixed assets	2,335,606,211	2,077,930,237	257,675,974
	3,055,632,655	2,741,400,694	314,231,961
	3,754,619,535	3,243,870,698	510,748,837
Special Purpose Funds			
Cash and Investments	294,609,342	237,632,385	56,976,957
Other assets	374,153,795	399,196,778	(25,042,983)
	668,763,137	636,829,163	31,933,974
Superannuation Funds			
Cash and Investments	689,550,666	573,878,245	115,672,421
Trust Funds			
Cash and Investments	841,275,680	739,451,785	101,823,895
	5,954,209,018	5,194,029,891	760,179,127

Notes:

The notes on page A 9 are an integral part of these financial statements. Detailed schedules of the Asset and Liability accounts can be found in Section B.

LIABILITIES AS AT MARCH 31, 1979

LIABILITIES

	1979	1978	Net increase or (decrease) during 1978/79
General Fund	$	$	$
Outstanding cheques	138,459,407	91,932,085	46,527,322
Accounts payable	164,300,462	147,030,787	17,269,675
Other current liabilities	39,617,154	46,888,424	(7,271,270)
	342,377,023	285,851,296	56,525,727
Unmatured debt	261,447,790	261,447,790	—
Excess of assets over liabilities—			
Revenue surplus (deficit)			
Surplus, April 1, 1976, to date	356,609,857	216,618,708	139,991,149
Deficit at March 31, 1976, funded	(261,447,790)	(261,447,790)	—
Net revenue surplus (deficit)	95,162,067	(44,829,082)	139,991,149
Capital surplus	3,055,632,655	2,741,400,694	314,231,961
	3,150,794,722	2,696,571,612	454,223,110
	3,754,619,535	3,243,870,698	510,748,837
Special Purpose Funds			
Fixed capital funds—			
Capital accounts	90,000,000	90,000,000	—
Current accounts	9,300,946	8,016,805	1,284,141
Other funds	563,043,988	534,280,208	28,763,780
Miscellaneous statutory accounts	6,418,203	4,532,150	1,886,053
	668,763,137	636,829,163	31,933,974
Superannuation Funds			
Public Service	687,917,655	572,276,598	115,641,057
Members of the Legislative Assembly	1,633,011	1,601,647	31,364
	689,550,666	573,878,245	115,672,421
Trust Funds			
Miscellaneous trust accounts	841,275,680	739,451,785	101,823,895
	5,954,209,018	5,194,029,891	760,179,127
Guaranteed Debt			
Debt of municipalities, other local governments and Crown agencies, etc., guaranteed by the Province (net)	6,811,144,886	6,288,180,152	

LIONEL G. BONNELL, C.A.
Comptroller-General

STATEMENT OF REVENUES AND EXPENDITURES FOR THE FISCAL YEAR ENDED MARCH 31, 1979

GENERAL FUND

	1979 $	1978 $
Budgetary Transactions		
Revenue	4,566,426,231	4,055,491,833
Expenditure	4,323,680,656	3,895,464,582
Budgetary surplus	242,745,575	160,027,251
Nonbudgetary Transactions (current)		
Revenue	2,500,000	84,251,098
Expenditure	31,500,000	103,789,371
Net expenditure	(29,000,000)	(19,538,273)
Revenue Surplus Account Appropriation		
Expenditure—*Revenue Surplus of 1976–77 Appropriation Act, 1978*	(73,754,426)	—
Net increase in revenue surplus for the year	139,991,149	140,488,978
Balance, Revenue Surplus Account, April 1, 1976, to date[1]		
Beginning of year	216,618,708	76,129,730
End of year	356,609,857	216,618,708

SPECIAL PURPOSE FUNDS

Revenue		
Transfers from General Fund	140,087,418	51,046,693
Interest on investments and loans	43,485,013	37,726,944
Other receipts	31,379,022	50,088,191
	214,951,453	138,861,828
Expenditure		
Grants	162,171,614	11,506,047
Administration and other expenditure	20,845,865	63,326,477
	183,017,479	74,832,524
Net increase in funds	31,933,974	64,029,304
Balance of Funds		
Beginning of year	636,829,163	572,799,859
End of year	668,763,137	636,829,163

SUPERANNUATION FUNDS

Revenue		
Contributions and other receipts	48,226,211	42,653,084
Government contributions—transfers from General Fund	49,600,135	40,294,564
Interest on investments	45,799,758	34,069,974
	143,626,104	117,017,622
Expenditure		
Superannuation allowances	27,953,683	22,463,649
Net increase in funds	115,672,421	94,553,973
Balance of Funds		
Beginning of year	573,878,245	479,324,272
End of year	689,550,666	573,878,245

[1] The Revenue Surplus Account does not include the deficit at March 31, 1976, of $261,447,790 funded pursuant to the *British Columbia Deficit Repayment Act, 1975–76.*

For further particulars *re* this summary *see:*
General Fund—A 6 and A 7.
Special purpose funds—B 11.
Superannuation funds—B 14.

SUMMARY OF GENERAL FUND REVENUES FOR THE FISCAL YEAR ENDED MARCH 31, 1979[1]

Estimated, 1979 $		1979 $	1978 $
	Budgetary Revenue		
2,440,500,000	Taxation	2,536,189,121	2,308,287,803
557,800,000	Natural resources	721,217,660	626,718,583
237,300,000	Other revenue	261,667,887	224,525,174
219,500,000	Contributions from Government enterprises	229,237,507	188,541,597
825,250,000	Contributions from other governments	818,114,056	707,418,676
4,280,350,000	Total budgetary revenue	4,566,426,231	4,055,491,833
	Nonbudgetary Revenue		
	Recovery of advance to B.C. Harbours Board	2,500,000	2,000,000
	Government of Canada contribution to assist in the construction of Dease Lake rail line	—	79,852,785
	Interest earned on above	—	1,315,295
	Proceeds on windup of Consolidated Sinking Fund	—	1,083,018
	Total nonbudgetary revenue	2,500,000	84,251,098
	Combined General Fund Revenues	4,568,926,231	4,139,742,931

[1] Details of revenue are shown on pages C 2 and C 3.

SUMMARY OF GENERAL FUND EXPENDITURES FOR THE FISCAL YEAR ENDED MARCH 31, 1979[1]

Estimated, 1979 $	Budgetary Expenditure	1979 $	1978 $
4,397,588	Legislation	6,063,285	5,280,369
2,229,903	Auditor General	1,265,328	344,966
753,760	Executive Council	752,687	691,125
72,051,221	Ministry of Agriculture	35,099,263	55,671,527
186,676,087	Ministry of Attorney-General	186,721,210	152,669,696
13,610,996	Ministry of Consumer and Corporate Affairs	11,608,595	8,630,049
29,166,038	Ministry of Economic Development	32,238,762	10,220,302
1,032,846,805	Ministry of Education	1,041,493,189	940,584,501
96,284,299	Ministry of Energy, Transport and Communications	91,705,437	80,456,445
53,266,986	Ministry of Environment	53,807,024	45,520,646
102,704,435	Ministry of Finance	93,295,440	134,297,718
118,547,852	Ministry of Forests	130,720,944	100,849,814
1,156,351,556	Ministry of Health	1,141,568,744	954,710,057
357,366,589	Ministry of Highways and Public Works	423,064,410	431,021,965
552,515,648	Ministry of Human Resources	558,512,445	545,140,791
40,397,460	Ministry of Labour	37,553,032	39,613,181
10,457,213	Ministry of Mines and Petroleum Resources	9,865,510	7,974,777
257,099,413	Ministry of Municipal Affairs and Housing	258,828,360	215,567,548
132,325,548	Ministry of Provincial Secretary and Travel Industry	148,179,589	114,832,084
61,300,603	Ministry of Recreation and Conservation	61,075,827	51,387,021
—	Ministry of Deregulation	159,285	—
—	Ministry of Lands, Parks and Housing	27,872	—
—	Ministry of Tourism and Small Business Development	74,418	—
4,280,350,000	Total budgetary expenditure	4,323,680,656	3,895,464,582
	Nonbudgetary Expenditure Charged to Current Revenue		
	Special purpose funds—		
	Appropriation to funds		1,665,099
	Advances to a fund		5,000,000
			6,665,099
	Crown corporations—		
	Advances	11,500,000	2,000,000
	Investments	—	7,631,250
	Grants	20,000,000	85,668,080
		31,500,000	95,299,330
	Other—		
	Transfer of investment in Canadian Cellulose Company Ltd. shares to British Columbia Resources Investment Corporation in exchange for noncash asset (promissory note)		1,824,942
			1,824,942
	Charged to Revenue Surplus Account		
	Expenditure—*Revenue Surplus of 1976–77 Appropriation Act, 1978*	73,754,426	—
	Combined General Fund Expenditures	4,428,935,082	3,999,253,953

[1] Details of expenditures are shown on pages C 4 to 12.

In accordance with the *Supply Act No. 2, 1978* (1978, chap. 38), the actual expenditures are reported in relation to the services and amount appropriated. Reorganization changes made in December 1978, pursuant to the *Constitution Act*, are therefore not reflected in these statements except for expenditures authorized under the *Constitution Act* and by special warrants for the ministries of "Deregulation", "Lands, Parks and Housing", and "Tourism and Small Business Development".

COMBINED FUNDS

STATEMENT OF NET RECEIPTS AND PAYMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1979

NET RECEIPTS

	1979 $	1978 $
Revenue (page A 5)		
General Fund		
Budgetary	4,566,426,231	4,055,491,833
Nonbudgetary	2,500,000	84,251,098
	4,568,926,231	4,139,742,931
Special purpose funds	214,951,453	138,861,828
Superannuation funds	143,626,104	117,017,622
	4,927,503,788	4,395,622,381
Deduct (add)—adjustments for revenues not represented by cash received and for receipts (net) accounted for through asset accounts		
Eliminate inter-fund transfers	189,687,553	91,341,257
Increase (decrease) in accounts receivable	6,686,226	(24,541,173)
Decrease in other assets of special purpose funds	(25,042,983)	(15,728,642)
	171,330,796	51,071,442
Total net receipts from operations	4,756,172,992	4,344,550,939
Other Sources		
Increase in trust funds administered	101,823,895	117,400,480
Total net receipts	4,857,996,887	4,461,951,419

NET PAYMENTS

Expenditures (page A 5)		
General Fund		
Budgetary	4,323,680,656	3,895,464,582
Nonbudgetary	31,500,000	103,789,371
Revenue surplus appropriations	73,754,426	—
	4,428,935,082	3,999,253,953
Special purpose funds	183,017,479	74,832,524
Superannuation funds	27,953,683	22,463,649
	4,639,906,244	4,096,550,126
Deduct (add)—adjustments for expenditures not represented by cash disbursed and for payments (net) accounted for through asset or liability accounts		
Eliminate inter-fund transfers	189,687,553	91,341,257
Net increase in current liabilities	56,525,727	10,634,444
Net decrease (increase) in working capital advances	(2,603,362)	506,327
	243,609,918	102,482,028
Total net payments	4,396,296,326	3,994,068,098
Net cash received	461,700,561	467,883,321
Cash and investments—beginning of year	2,018,143,971	1,550,260,650
Cash and investments—end of year (below)	2,479,844,532	2,018,143,971

Cash and Investments (page A 2)

General Fund	654,408,844	467,181,556
Special purpose funds	294,609,342	237,632,385
Superannuation funds	689,550,666	573,878,245
Trust funds	841,275,680	739,451,785
	2,479,844,532	2,018,143,971

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Practices

The accounting policies and practices of the Province have been developed over the years to meet changing circumstances and needs; they are based on concepts and provisions contained in the *Revenue Act, Financial Control Act,* the annual *Supply Act* and other legislation.

While these policies and practices are regularly reviewed, a comprehensive examination is being undertaken which will take into account the suggestions of the study on Canadian Government financial reporting principles and practices sponsored by the Canadian Institute of Chartered Accountants.

Current policies and practices are outlined in the following paragraphs.

A. THE ACCOUNTING ENTITY AND BASIS OF REPORTING

The financial statements include the accounts of the Consolidated Revenue Fund and of certain funds deposited with and administered by the Minister of Finance pursuant to various statutes. They do not include those of Crown corporations and other separate Government agencies. The interest of the Province in its Crown entities is shown only to the extent of amounts invested in or advanced to them and as to guarantees of their debt securities issued. Accumulated earnings (or deficits) retained in these organizations are not reflected in the financial statements.

The financial statements summarize the financial activities of the Province during the year and show the assets, liabilities and undisbursed balances of revenue and funds at the close of the year. For purposes of these statements the accounts of the Province are presented in four fund divisions:

- General Fund—includes the main operating accounts of the Province plus certain asset accounts included for purposes of information and record only through off-setting contra-entries to Capital Surplus Account.
- Special Purpose Funds—earmarked revenues and funds set aside from the General Fund for specific or special purposes.
- Superannuation Funds—the accounts of the Public Service and Members of the Legislative Assembly Superannuation funds.
- Trust Funds—deposits, sinking funds and other accounts administered or held in trust for others.

B. BASIS OF ACCOUNTING—GENERAL FUND

(1) *Gross Basis of Accounting*—In general, revenues and expenditures are reported on a gross basis by source of revenue and by program expenditure appropriations as set out in the annual Estimates of Revenue and Expenditure or in other legislative authority, except where receipts are credited against related program expenditures in the Estimates.

Revenues and expenditures are presented in three categories:

(i) budgetary transactions, which are the ordinary revenues and expenditures of Government included in the annual Estimates of Revenue and Expenditure;

(ii) nonbudgetary transactions which are extraordinary revenues and expenditures of significant amount not anticipated in the annual Estimates or in revenue surplus account appropriations;

(iii) revenue surplus account appropriations expenditures which are specifically authorized by the Legislature as payable out of surpluses of prior years.

(2) *Cash Basis of Accounting* — The cash basis of accounting, modified as described below, is used to report on the stewardship of the government with respect to taxes and other revenues raised and to funds appropriated and expended for Government programs. On this basis, revenues are taken into the accounts in the fiscal period in which they are received and expenditures are charged when the actual payments are made.

In addition to payments for salaries and wages, goods and services, interest, grants and subsidies and other program operating expenses, expenditures include:

—the acquisition and construction of physical assets;

—loans and recoverable advances to individuals, Crown corporations and agencies and other organizations including school and regional improvement districts;

—equity investment in Crown and other corporations;

—transfers to special purpose and superannuation funds;

—internal transfers between appropriations.

At year-end the following major modifications are applied to the cash basis accounts in determining the annual operating results in the General Fund:

—monies received in April of the next following year pertaining to cost-sharing programs with other governments or agencies are included in revenue where related expenditures have been charged to the fiscal year;

—the net profit of the Liquor Distribution Branch and the net income of the British Columbia Systems Corporation, calculated on the accrual basis of accounting, are included as revenue whether or not received in cash during the fiscal year;

—accounts payable at March 31 are included as expenditures, where payments are made during April of the next following year;

—interest accrued at March 31 on the unmatured debt is included as expenditures;

—inventories and other assets of the Queen's Printer and the Purchasing Commission warehouse at March 31 are deducted from expenditures and carried forward as working capital advances.

(3) *Reporting of Assets and Liabilities*—The assets and liabilities of the General Fund reported in the financial statements include:

(i) those arising from the cash transactions of the Government and the year-end modifications. They include cash and temporary investments, liabilities for outstanding cheques and unmatured debt at the close of the year, amounts due from other organizations for miscellaneous non-revenue services provided, monies held in suspense and other accounts pending disposition and amounts resulting from the modifications to the cash basis of accounting for revenues and expenditures described above:

(ii) taxes and other accounts receivable, loans, advances and investments (including Crown corporations) and certain fixed assets which are included as assets even though they are accounted for as revenues and expenditures at the time cash is received or disbursed. These assets are reported under the heading of "Other recorded assets" for purposes of record and information through memorandum contra-entries to the Capital Surplus Account.

Assets representing investments or financial claims on others are recorded at cost or other designated values without any revaluation to reflect collectible or recoverable values or any allowances for losses.

(4) *Accounting for the Excess of Assets Over Liabilities*—The net assets of the General Fund are accounted for in two surplus accounts under the above designation:

(i) the Revenue Surplus (deficit) Account represents the accumulation of revenues and expenditures to date and is presented in two sections:

—Surplus April 1, 1976 to date, which is represented by cash and other current assets less the liabilities other than the unmatured debt.

—Deficit at March 31, 1976 which is funded by the unmatured debt.

(ii) the Capital Surplus Account represents the recorded value of the assets included in the financial statements on a memorandum basis for record and information purposes as outlined above.

C. Basis of Accounting—Other Funds

(1) *Special Purpose Funds*—The accounts of these funds are maintained on the cash basis of accounting. However, in the Housing and Home Acquisition funds, transactions recording the acquisition and disposal of certain program assets are accounted for as capital transactions instead of current expenditures or revenues. Accordingly assets of these funds include advances and mortgages receivable, real estate held for development and investments in and advances to Crown corporations and are recorded at cost without revaluation to reflect collectible or recoverable values or any allowances for losses. Gains and losses realized on disposal of these assets are included in revenues and expenditures.

As in the General Fund, revenues and expenditures are generally reported on a gross basis by source of revenue—including transfers from general fund expenditure accounts—and by appropriate classifications of expenditure, primarily grants.

(2) *Superannuation Funds*—These funds are maintained on a cash basis. Revenues are reported net of refunds and include Government employer contributions transferred from general fund expenditure accounts. Expenditures are superannuation allowances paid.

(3) *Trust Funds*—Individual accounts are maintained on a cash basis. Receipts and disbursements are not reported as such but are reflected in the Statement of Assets and Liabilities as increases or decreases in the balances of funds held.

(4) *Interest Entitlement*—The interest entitlement of individual funds or accounts is determined by the governing statute. Some statutes do not provide for specific investment of funds nor for any interest to be paid while others may specify that any interest earned on fund investments is to be credited to general fund revenues rather than to the specific fund.

(5) *Funds and Cash Assets Accounting and Reporting*—In accordance with statutory or administrative requirements, separate accounts are maintained for each of the individual accounts included in these fund divisions. Where required by the governing legislation or administrative policy, separate bank accounts and/or specific investment accounts are also maintained. Otherwise the cash assets together with any uninvested balances of funds are held in the general fund cash and temporary investment accounts for purposes of administration and cash management. Interest due to individual funds or accounts on such balances is paid or allocated at market rates.

At the close of the year these cash balances are reported in the assets of the applicable fund divisions in the financial statements together with the balances held in the specific bank and investment accounts.

D. Commitments

No provision is made in the accounts for commitments under construction or other contracts in force at the year-end.

2. Cash and Investments

Investments are recorded at cost with the exception of long-term debt securities held by the superannuation funds which are recorded at the lower of cost or par since premiums paid on these securities are written off at the time of purchase. No allowances or provisions for losses on realization of investments are included in the accounts; any such losses, or gains, are accounted for at the time of sale or maturity.

At March 31, 1979 $1,339,328,000 of the investments held are securities issued or guaranteed by the Province.

3. Crown Service Corporations

Functions formerly performed internally by the Government are the responsibility of two Crown corporations formed to provide facilities and services to the Government on a fee-for-service basis.

(1) The British Columbia Buildings Corporation provides building accommodation and related facilities and services to Government ministries on a rental and service fee basis. All Government buildings except the Legislative Buildings, Government House and certain other properties have been transferred to the Corporation.

Consequently, expenditures for the construction, maintenance and related costs of public buildings are no longer direct budgetary expenditures of the government—primarily of the Ministry of Highways and Public Works—but are incurred by the Corporation and recovered through annual buildings occupancy charges to user ministries which are included in their budgetary expenditures.

In consideration for the income-producing properties transferred from the government, and which had been charged to government expenditures in prior years, the Corporation issued a noninterest bearing note to the Province dated March 31, 1978 in the amount of $143,570,934 being the deemed cost of depreciable properties included in the determination of the occupancy charges. The note is payable in 29 semi-annual $5 million instalments which are credited to budgetary revenue when received by the Province thereby offsetting on an aggregate basis the deemed-costs portion of the annual building occupancy charges payable by the ministries. As indicated in Note 7—Subsequent Events, issuance of an additional note has been authorized by the Corporation; the accounting treatment will be the same as outlined above.

The Province also receives dividends from the Corporation from time to time which are credited to budgetary revenue.

(2) The British Columbia Systems Corporation is responsible for the provision of data processing services to ministries on a fee-for-service basis. Its annual net income is payable to the Province and is included in budgetary revenue.

Financial statements of these corporations are included in Public Accounts, Section F.

4. British Columbia Railway Company

The Province holds the entire issued share capital of the Railway and, pursuant to the *British Columbia Railway Construction Loan Act,* guarantees the payment of the principal and interest of all moneys borrowed by the Railway. The investment and guarantee as at March 31, 1979 are:

—Investment, at the historical cost of the shares, $185,572,900
—Guaranteed debt, net of sinking funds, $650,037,861.

At March 31, 1979 $177,777,000 of the Railway debt was held in investment accounts included in these financial statements and a further $317,526,000 was held by other Provincial public sector superannuation and pension funds.

In February 1977 the Government appointed a Royal Commission "to make inquiry into and concerning all aspects of the management and development of the British Columbia Railway and the participation of the Crown therein as shareholder," including a particular inquiry into "the foreseeable financial requirements of the Railway for all purposes." The Railway in a submission to the Royal Commission stated that "Substantial debt relief is required. B.C. Railway cannot in the foreseeable future expect to earn sufficient moneys to service, let alone repay, this debt." The main report of the Commission was issued in August 1978 and an addendum in March 1979. The report is under study by the Government and the Railway.

5. Guaranteed Debt

In addition to the direct debt included in the liabilities of the General Fund, the Province also guarantees debt securities issued by local governments and Crown corporations and agencies and the obligations of other enterprises under certain Government programs. This debt is generally self-sustaining, however that issued by school and regional hospital districts and educational institutions is serviced in part by contributions from the Province through existing grants formulas. In fiscal 1978/79 these contributions were approximately $81 million or 60 per cent of the total debt service costs payable.

As a result of over-all Government financing policies a substantial portion of the guaranteed debt is held in investment accounts included in these financial statements and in other Provincial public sector superannuation and pension funds. Canada Pension Plan funds made available to the Province are also invested in these securities.

The guaranteed debt is disclosed in the schedules to the Statement of Assets and Liabilities.

6. Superannuation and Pension Plans

A. Public Service Superannuation Plan

This plan is financed by employee contributions, matching employer contributions, and additional employer contributions paid at the time each allowance is granted for any shortfall between the actuarial present value of the allowance and the accumulated employee and matching employer contributions.

Under the *Public Service Superannuation Act,* an actuarial valuation of the plan is required to be conducted at least once every five years. The most recent valuation was conducted as at March 31, 1977.

In that report the actuary indicated that, if the plan were financed on the entry age normal basis, a basis frequently employed by private pension plans, there would be an actuarial liability as at March 31, 1977 of about $154 million in respect of basic benefits. In the actuary's opinion, aggregate statutory contributions, as described above, will exceed entry age normal contributions and he has estimated that these contributions will be sufficient to fully amortize the $154 million actuarial liability over a period of approximately 20 years if all actuarial assumptions are realized.

Allowances in payment are automatically adjusted quarterly to reflect increases in the Consumer Price Index. Such pension supplements are financed on an approximate "pay-as-you-go" basis by contributions of one-half per cent of salary by both employees and employer. Actuarial liabilities associated with such increases are not funded under the statutory financing provisions, but there is provision for both employee and employer contributions to be increased to 1 per cent of salary when required to maintain the financing on a "pay-as-you-go" basis. There is no statutory provision for any additional contributions beyond this to finance these post-retirement supplements even though it is possible that in future such contributions would be required to maintain financing on the "pay-as-you-go" basis. The actuary reported that as at March 31, 1977 there was an actuarial liability of $37 million in respect of the pension supplements granted up to that date.

B. Teachers' Pensions Plan

Under the *Teachers' Pensions Act* the Province is responsible for the employer contributions to the Teachers' Pensions Fund administered by the Commissioner of Teachers'

Pensions; these contributions are included in the budgetary expenditures of the Ministry of Education. A report on the administration of the plan and fund is made annually to the Legislature.

This plan is financed by teacher contributions, matching Government contributions, and additional Government contributions made to ensure that at any time the assets in the fund are at least equal to the actuarial present value of all allowances which are in effect and the total amount of contributions, accumulated with interest, held in the fund on behalf of teachers in respect of whom no allowance has been granted.

Under the *Teachers' Pensions Act,* an actuarial valuation of the plan is required to be conducted by an actuary at least once in each consecutive five-year period. The most recent valuation was conducted as at December 31, 1977. In that report the actuary recommended that the statutory basis of contributions be strengthened so that contributions, in future, would be sufficient to fully finance benefits for all new entrants to the plan and to hold the actuarial liability constant as a percentage of future teacher payroll. On this basis, he advised that the actuarial liability was $548 million for basic benefits. While this represents an increase of $80 million since December 31, 1974, the report stated that the plan "funded ratio" has improved.

Discussions are continuing between Government and teachers as to the manner in which the recommended increase in contribution rates should be achieved and no change has yet been made. Any such change would require amendment of the Act.

Allowances in payment are automatically adjusted quarterly to reflect increases in the Consumer Price Index. Such pension supplements are financed on an approximate "pay-as-you-go" basis by contributions of 1 per cent of salary by both teachers and Government. Actuarial liabilities associated with such increases are not funded under the statutory financing provisions. There is no statutory provision for any additional contributions to finance these post-retirement supplements even though it is possible that in future such contributions would be required to maintain financing on the "pay-as-you-go" basis.

7. Subsequent Events

A. Revenue Surplus Account Appropriations

During the 1979 summer session of the Legislature the Revenue Surplus Account of $356,609,857 as of March 31, 1979 was appropriated to the extent of $220,488,978 by the following Acts:

Revenue Surplus of 1977–78 Appropriation Act, 1979—$140,488,978.
Vancouver and Victoria Trade and Convention Centres Fund Act—$12,500,000.
Lower Mainland Stadium Fund Act—$25,000,000.
Special Purpose Appropriation Act, 1979—$42,500,000.

B. British Columbia Resources Investment Corporation

In March 1978 the Government transferred its holdings in several resource corporations as well as certain petroleum and gas exploration rights to the Corporation in exchange for a promissory note for $151,532,930 (*see* page B 5 for details).

In January 1979 the Government announced a plan to make a gift of five free shares in the Corporation to each eligible resident of the Province. Accordingly, on April 19, 15 million common shares in the Corporation were received by the Government in exchange for the Corporation's promissory note and subsequently applications were received by the Government for approximately 10.5 million of these free shares. A further 81.2 million treasury shares were subscribed by the public for cash, raising some $487.4 million for the Corporation. As a result of these share distributions the interest of the Government in the Corporation has been reduced from 100 per cent to less than 5 per cent.

C. British Columbia Buildings Corporation

Subsequent to March 31, 1979 the Corporation authorized the issuance of an additional noninterest bearing promissory note to the Province for $40,143,682 in settlement of additional properties transferred to the Corporation including buildings under construction at March 31, 1978, and not completed.

D. Surrey Farms Products Investments Ltd. (formerly Panco Poultry Ltd.)

The assets and business of Surrey Farm Products Investments Ltd. and subsidiaries were sold during the 1978/79 fiscal year. Subsequent to March 31, 1979 the company paid a dividend of $14.8 million to the Province, the sole shareholder. Surrey Farms is in the process of being wound up.

8. Comparative Figures

Where applicable, the 1978 figures provided for purposes of comparison have been restated to conform with the presentation used in the current year. These restatements have had no effect on the reported net results of operations for the previous year.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES

CONTENTS

PAGE

General Fund—
- Assets ..... B 2
- Liabilities ..... B 6
- General Fund excess of assets over liabilities ..... B 7

Special purpose funds—
- Assets ..... B 9
- Summary of transactions and balances of funds ..... B 11

Superannuation funds—
- Assets ..... B 12
- Summary of transactions for the year ended March 31, 1979 ..... B 14

Trust funds—assets, fund balances ..... B 15

Guaranteed debt ..... B 16

Details of direct debt ..... B 18

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 1979

GENERAL FUND ASSETS

Cash and Temporary Investments	1979	1978	Net increase or (decrease) during 1978/79
Cash	$	$	$
Cash on hand and in chartered banks in Canada	12,182,558	2,515,570	9,666,988
Cash in banks in England (converted at current rate)	82,585	264,942	(182,357)
Cash in banks in United States (U.S. dollars)	547,815	325,879	221,936
	12,812,958	3,106,391	9,706,567
Temporary Investments (at cost)—listed below	753,950,741	570,790,048	183,160,693
	766,763,699	573,896,439	192,867,260
Less amounts applicable to:			
Special purpose funds (page B 9)	49,028,775	57,918,353	(8,889,578)
Superannuation funds (page B 12)	18,708,159	3,550,621	15,157,538
Trust funds (page B 15)	44,617,921	45,245,909	(627,988)
(*See* note below)			
	112,354,855	106,714,883	5,639,972
Total cash and temporary investments	654,408,844	467,181,556	187,227,288
Securities Held (listed at par value)—			
Short-term deposits with chartered banks, trust companies, etc.—			
Banque Canadienne Nationale	20,000,000	—	
Bank of British Columbia	13,816,450	11,929,194	
Bank of Montreal	81,128,365	73,219,858	
Bank of Nova Scotia	79,023,662	59,302,280	
British Columbia Central Credit Union	10,000,000	3,327,500	
Canadian Commercial Industrial Bank	—	1,000,000	
Canadian Imperial Bank of Commerce	222,159,073	183,956,029	
Co-operative Trust of Canada	2,000,000	—	
First City Trust Company	1,009,300	—	
Mercantile Bank of Canada	22,326,320	4,011,020	
Northland Bank	—	1,000,000	
Provincial Bank of Canada	8,522,491	3,084,000	
Royal Bank of Canada	133,684,500	80,848,117	
Toronto Dominion Bank	75,506,159	123,562,597	
	669,176,320	545,240,595	
Other—			
British Columbia Buildings Corporation notes	20,000,000	—	
[1]British Columbia Development Corporation note	23,000,000	20,000,000	
[1]British Columbia Hydro and Power Authority parity bonds	—	9,000	
[1]British Columbia Railway Company notes	20,000,000	—	
[2]Export Development Corporation notes	12,801,780	981,161	
[3]Procan Ltd. notes	9,170,300	4,770,090	
	754,148,400	571,000,846	
Less excess of par value over cost	197,659	210,798	
Total securities, at cost, above	753,950,741	570,790,048	

[1] Province of British Columbia guarantee.
[2] Government of Canada guarantee.
[3] Provincial Bank of Canada guarantee.

NOTE—For purposes of administration and cash management the uninvested balances of the superannuation funds and various special purpose and trust deposit funds are held in the general fund cash and short-term investment accounts. The balances as of March 31 are shown in the respective fund divisions as indicated above.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND ASSETS—Continued

	1979 $	1978 $	Net increase or (decrease) during 1978/79 $
Accounts Receivable From Other Governments, Agencies, and Miscellaneous Accounts			
Government of Canada—*re* shared-cost program	22,476,781	11,647,116	10,829,665
British Columbia Buildings Corporation	—	4,646,566	(4,646,566)
British Columbia municipalities—*re* shared-cost program	1,646,100	4,175,885	(2,529,785)
British Columbia Systems Corporation	2,228,587	—	2,228,587
Sundry agencies and miscellaneous accounts	6,713,375	5,909,050	804,325
	33,064,843	26,378,617	6,686,226
Working Capital Advances			
Purchasing Commission (Langford Warehouse)	310,148	274,601	35,547
Liquor Distribution Branch	6,801,609	4,030,606	2,771,003
Workers' Compensation Board	245,000	245,000	—
Queen's Printer	1,352,001	1,406,799	(54,798)
Miscellaneous advances—ministries	2,804,435	2,952,825	(148,390)
	11,513,193	8,909,831	2,603,362

Other Recorded Assets Comprising The Capital Surplus Account

Taxes and Other Accounts Receivable			
NOTE—These accounts are included for record purposes only. The amounts are not taken into revenue until received in cash.			
Property taxes	10,085,596	10,603,456	(517,860)
Social services tax	4,501,025	6,305,314	(1,804,289)
Corporation capital tax	560,289	1,124,803	(564,514)
Insurance premiums tax	15,017	2,512	12,505
Logging tax	1,557,218	2,733,249	(1,176,031)
Mining and mineral land tax	75,906	457,830	(381,924)
Probate fees and succession duties	2,324,566	4,726,315	(2,401,749)
Timber royalty and stumpage and grazing fees	88,292,320	32,507,826	55,784,494
Social and health agencies	917,711	691,059	226,652
Student-aid loans	41,864	41,864	—
Teacher-training loans	9,306	9,306	—
Farmers' land-clearing, domestic water, and irrigation drainage assistance	13,027,333	11,633,525	1,393,808
Land sales (principal)	604,062	533,771	70,291
Sundry	177	254	(77)
	122,012,390	71,371,084	50,641,306
Loans and Other Advances			
NOTE—These assets are carried at book value, as the amount of ultimate realization cannot be determined at this date.			
School districts, library districts, improvement districts, and local areas (recoverable through rural property tax collections, mainly in next following year)—			
Various school districts	29,817,000	25,056,000	4,761,000
Various regional library districts	1,136,291	1,125,924	10,367
Various improvement districts	1,796,947	1,619,384	177,563
Miscellaneous	62,915	118,342	(55,427)
British Columbia Assessment Authority—advances	2,500,000	—	2,500,000
Water districts, co-operative associations and other—			
Various water and irrigation districts	328,507	342,337	(13,830)
Various co-operative associations, etc.	29,038	29,038	—

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND ASSETS—Continued

	1979	1978	Net increase or (decrease) during 1978/79
Loans and Other Advances—Continued	$	$	$
Various enterprises *re* economic development—			
Ministry of Economic Development Act	3,820,800	3,320,800	500,000
Farm Products Industry Improvement Act	3,806,358	2,265,846	1,540,512
Pacific North Coast Native Co-operative Loan Act	5,397,092	5,422,292	(25,200)
Provincial Transit Fund	—	10,000,000	(10,000,000)
University Endowment Lands Administration Account	4,184,887	4,184,887	—
Sundry	54,199	54,965	(766)
	52,934,034	53,539,815	(605,781)
Investment in, and Advances to, Crown Corporations			
[1] [2]British Columbia Buildings Corporation—advances	123,570,934	133,570,934	(10,000,000)
British Columbia Cellulose Company—entire issued capital stock of two common shares	2	2	—
[2]British Columbia Development Corporation—entire issued capital stock of 350,000 common shares	35,000,000	25,000,000	10,000,000
British Columbia Ferry Corporation—entire issued capital stock of 58,497 shares of $100 each	5,849,700	5,849,700	—
British Columbia Harbours Board—advances	18,838,693	21,338,693	(2,500,000)
[2] [3]British Columbia Railway Company—entire issued capital stock of 1,855,729 shares of $100 each	185,572,900	185,572,900	—
British Columbia Steamship Company (1975) Ltd.—entire issued capital stock of five common shares	5	5	—
British Columbia Systems Corporation—advances	5,000,000	—	5,000,000
I.O.K. Poultry Ltd.—100 per cent interest, 600 common shares at cost	600	600	—
Ocean Falls Corporation—			
Amount paid to the corporation pursuant to the *Ocean Falls Corporation Appropriation Act*, 1973, for the purpose of acquiring the mill and other properties at Ocean Falls	789,952	789,952	—
Advances	10,000,000	6,000,000	4,000,000
Surrey Farm Products Investments Limited (formerly Panco Poultry Ltd.)—			
Entire issued capital stock of 101,750 common and 11,027 preferred shares	4,800,000	4,800,000	—
Pacific Coach Lines Ltd.—			
Entire issued capital stock of two common shares	2	—	2
Advances	1,088,204	—	1,088,204
T.S. Holdings Ltd.—			
Entire issued capital stock of one common share	1	1	—
Advances	2,850,538	3,918,282	(1,067,744)
	393,361,531	386,841,069	6,520,462

[1] Pursuant to the *British Columbia Buildings Corporation Act* (Order in Council 763/78), the British Columbia Buildings Corporation issued a noninterest bearing promissory note to the Province dated March 30, 1978, in the amount of $143,570,934 payable in 29 semiannual instalments of $5,000,000 in payment for the completed buildings transferred to the Corporation by the Province. Subsequent to March 31, 1979, the Corporation authorized the issuance of an additional noninterest bearing promissory note for $40,143,682 in settlement of additional properties transferred to the Corporation including buildings under construction at March 31, 1978, and now completed.

[2] In addition to the above investments and advances, short-term notes are held in Temporary Investments (page B2) as follows:

British Columbia Buildings Corporation—$20,000,000 repayable March 31, 1980.
British Columbia Development Corporation—$23,000,000 repayable March 31, 1980.
British Columbia Railway Company—$20,000,000 repayable March 31, 1980.

[3] *See* Note 4, page A 9—British Columbia Railway Company.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND ASSETS—Continued

	1979 $	1978 $	Net increase or (decrease) during 1978/79 $
Investments, Other			
[1]British Columbia Resources Investment Corporation—			
Shares	5	5	—
Note	151,532,930	151,532,930	—
Chef Ready Foods Ltd.—33.33 per cent interest, 10,000 common shares at cost	85,000	85,000	—
Kootenay Dehydrators Ltd.—			
35.9 per cent interest, 2,000 Class A common shares at cost	2,000	2,000	—
Entire issued capital stock of 98,000 Class B common shares at cost	98,000	98,000	—
South Peace Dehy-Products Ltd.—27.7 per cent interest, 277 nonvoting common and 277 voting preferred shares at cost	554	554	—
	151,718,489	151,718,489	—
Fixed Assets			
Gross	2,466,671,095	2,198,517,376	268,153,719
[2]*Less* depreciation	131,064,884	120,587,139	10,477,745
	2,335,606,211	2,077,930,237	257,675,974

Detail as of March 31, 1979—	Gross $	Depreciation $	Net $
[3]Highways	1,997,460,313	—	1,997,460,313
Bridges	409,120,432	118,041,863	291,078,569
Wharves	203,250	203,240	10
Ferries and ferry landings	36,211,616	7,927,304	28,284,312
[4]Buildings	22,901,794	4,892,477	18,009,317
Songhees Reserve, Victoria	773,690	—	773,690
	2,466,671,095	131,064,884	2,335,606,211

[1] Pursuant to the *British Columbia Resources Investment Corporation Act* (Order in Council 530/78) the following assets and rights were transferred to the British Columbia Resources Investment Corporation in exchange for a promissory note based on the valuations shown:

Canadian Cellulose Company Limited—9,848,453 common shares without par value; 39,750 nonvoting shares without par value	$64,273,320
Plateau Mills Ltd.—9,000 common shares, par value of $10	9,000,000
Kootenay Forest Products Ltd.—11,993,399 common shares, par value of $1	1
Westcoast Transmission Company Limited—1,157,125 common shares without par value	37,363,566
Province of British Columbia—Assigned petroleum or natural gas rights	40,896,043
Valuation of promissory note	$151,532,930

See note 7—Subsequent events, page A 9.

[2] Fixed assets, other than highways and the Songhees Reserve (land) account, are depreciated on the straight-line method over a 40-year period through memorandum charges to Capital Surplus Account.

[3] Placed on the books March 31, 1926, by order of the Treasury Board, based on mileage classification and average value determined by the then Department of Public Works, plus additions to date.

[4] These totals include the cost for buildings for the Legislative Buildings, Government House, and Glendale Laundry. All other buildings were transferred to British Columbia Buildings Corporation on March 30, 1978. (*See* Note 3 page A 9—Crown Service Corporations.)

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND LIABILITIES

	1979	1978	Net increase or (decrease) during 1978/79
	$	$	$
Outstanding Cheques	138,459,407	91,932,085	46,527,322
Accounts Payable	164,300,462	147,030,787	17,269,675
Other Current Liabilities			
Accrued interest payable on public debt	9,869,654	4,253,159	5,616,495
Education tuition fees	8,000,000	8,000,000	—
Guarantee and performance deposits—contractors, licensees, etc.	2,177,984	2,145,028	32,956
Holdbacks on construction contracts	4,396,199	10,022,267	(5,626,068)
Hospital construction funds held pending claims by hospitals	151,318	179,911	(28,593)
Municipal vehicle licence account	348,337	584,040	(235,703)
Petroleum production credits redeemable upon performance of exploration development work	571,470	7,178,997	(6,607,527)
Suspense—			
Permit and licence applications	6,857,021	8,697,588	(1,840,567)
Taxes, fees, etc.	2,183,849	1,578,938	604,911
Miscellaneous ministerial accounts	5,061,322	4,248,496	812,826
	39,617,154	46,888,424	(7,271,270)
Unmatured Debt (*British Columbia Deficit Repayment Act 1975–76* (1976, chap. 6))[1]			
Bonds—			
Series B: Due May 1, 1988, 9⅛ per cent	261,447,790	—	261,447,790
Debentures—			
Series AC: Due Nov. 1, 1978, 9¼ per cent	—	50,000,000	(50,000,000)
Series AD: Due Feb. 18, 1979, 8 per cent	—	100,000,000	(100,000,000)
Series AE: Due Mar. 15, 1979, 8 per cent	—	11,447,790	(11,447,790)
Subtotal, deficit repayment debentures	—	161,447,790	(161,447,790)
Treasury Bills—			
Series DS: Due Mar. 31, 1979, 8 per cent	—	50,000,000	(50,000,000)
Series DT: Due Mar. 31, 1979, 8 per cent	—	50,000,000	(50,000,000)
Subtotal, deficit repayment Treasury Bills	—	100,000,000	(100,000,000)
	261,447,790	261,447,790	—

[1] On May 1, 1978, the above debentures and treasury bills were substituted for bonds in the same amount repayable in 10 annual instalments commencing May 1, 1979. As at March 31, 1979 and 1978 the total unmatured debt was held in the investment accounts of the Public Service Superannuation and other Trust funds. (For details as to terms of issue, etc., *see* page B 18.)

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND EXCESS OF ASSETS OVER LIABILITIES

			$
Revenue Surplus (Deficit) Account (arising from revenue sources)			
Surplus, April 1, 1976, to date—			
Balance at March 31, 1978			216,618,708
Add (deduct) net transactions for year (page A 5).			
Budgetary surplus		242,745,575	
Nonbudgetary expenditure (net)		(29,000,000)	
Revenue surplus appropriation expenditure		(73,754,426)	
			139,991,149
Balance at March 31, 1979			356,609,857
Deficit at March 31, 1976, funded pursuant to the *British Columbia Deficit Repayment Act, 1975–76*—no transactions during year			(261,447,790)
Balance of Revenue Surplus Account at March 31, 1979 (*see* note 7 to Financial Statements *re* appropriation of surplus)			95,162,067
Capital Surplus Account (arising from capitalization of assets)			
Balance at March 31, 1978			2,741,400,694
Add net credits during year.			
Expenditure on fixed assets, *less* depreciation booked (page B 5)	Gross Expenditure $	Depreciation $	
Highways	237,863,878	—	
Bridges	25,260,385	9,216,816	
Ferries and ferry-landings	2,314,376	816,738	
Buildings and furnishings	2,715,080	444,191	
	268,153,719	10,477,745	257,675,974
Net increase in taxes and other accounts receivable (record purposes only, page B 3)			50,641,306
Net increase (decrease) in recorded loans and other advances (page B 3)			
School districts, improvement districts, etc.—increase in advances recoverable through rural property tax collections		4,893,503	
British Columbia Assessment Authority—advance issued		2,500,000	
Water and irrigation districts—			
Advance issued	22,730		
Repayments	(32,758)		
Write-offs	(3,802)		
		(13,830)	
Ministry of Economic Development Act—additional loan issued to Burns Lake Native Development Corporation		500,000	
Farm Products Industry Improvement Act—			
Advance issued	100,000		
Repayments	(40,343)		
Restatement of loan previously recorded at nominal value of $1	1,499,999		
Reduction in funds held by trustee for claims settlement	(19,144)		
		1,540,512	
Pacific North Coast Native Co-operative Loan Act—Proceeds from sale of assets		(25,200)	
Provincial Transit Fund (advance deleted, not recoverable)		(10,000,000)	
Sundry loan repayments		(766)	
			(605,781)

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GENERAL FUND EXCESS OF ASSETS OVER LIABILITIES—Continued

	$	$	$
Net increase in recorded investments in and advances to Crown Corporations (page B 4)—			
British Columbia Buildings Corporation annual instalment payment on advance received		(10,000,000)	
British Columbia Development Corporation—purchase of additional 100,000 common shares		10,000,000	
British Columbia Harbours Board—advances repaid		(2,500,000)	
British Columbia Systems Corporation—advance issued		5,000,000	
Ocean Falls Corporation—advances issued		4,000,000	
Pacific Coach Lines Ltd.—			
Record 2 shares issued, at nominal value	2		
Advances transferred from T.S. Holdings Ltd.	1,088,204		
		1,088,206	
T.S. Holdings Ltd.—			
Noncash advances, net, *re* fixed assets	20,460		
Advances transferred to Pacific Coach Lines Ltd.	(1,088,204)	(1,067,744)	
			6,520,462
Balance at March 31, 1979			3,055,632,655
Combined balance of surplus at March 31, 1979 (Excess of assets over liabilities)			3,150,794,722

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

SPECIAL PURPOSE FUNDS—ASSETS

	1979	1978	Net increase or (decrease) during 1978/79
Cash and Investments	$	$	$
Cash (in banks)	(2,849)	18,732	(21,581)
Funds held in the General Fund cash and short-term investment accounts (page B 2)	49,028,775	57,918,353	(8,889,578)
Investments (at cost)—listed below	245,583,416	179,695,300	65,888,116
Total cash and investments	294,609,342	237,632,385	56,976,957
Securities Held (listed at par value)			
Short-term deposits with chartered banks, trust companies, etc.—			
Bank of British Columbia	131,650	365,000	
Bank of Montreal	42,674,882	754,000	
Bank of Nova Scotia	39,293,510	7,643,679	
British Columbia Central Credit Union	—	272,500	
Canadian Imperial Bank of Commerce	40,809,615	6,758,870	
Provincial Bank of Canada	—	173,000	
Royal Bank of Canada	130,000	33,378,583	
Toronto Dominion Bank	20,300,000	5,072,000	
	143,339,657	54,417,632	
Other—			
[1] British Columbia Hydro and Power Authority parity bonds	9,852,700	17,511,800	
[1] British Columbia Railway Company parity bonds	10,235,000	10,235,000	
[1] British Columbia Regional Hospital Districts Financing Authority bonds	22,000,000	22,000,000	
[1] British Columbia School Districts Capital Financing Authority bonds	60,443,000	60,592,000	
[2] Export Development Corporation notes	—	15,000,000	
	245,870,357	179,756,432	
Less excess of par value over cost	286,941	61,132	
Total Securities, at cost, above	245,583,416	179,695,300	

[1] Province of British Columbia guarantee.
[2] Government of Canada guarantee.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

SPECIAL PURPOSE FUNDS—ASSETS—Continued

Other Assets	1979 $	1978 $	Net increase or (decrease) during 1978/79 $
NOTE—These assets are carried at book value as the amount of ultimate realization cannot be determined at this date.			
Housing Fund (pursuant to the *Ministry of Municipal Affairs and Housing Act*)—			
Accounts and advances receivable	14,704,567	18,411,597	(3,707,030)
Mortgages receivable—secured	10,103,619	4,891,401	5,212,218
Real estate	88,986,343	87,852,500	1,133,843
Investment in, and advances to			
Housing Corporation of British Columbia—			
Entire issued share capital of 1,355,084 common shares at cost	5,799,760	5,799,760	—
Advances	1,300,000	3,889,535	(2,589,535)
Provincial Rental Housing Corporation—			
Entire issued share capital of three common shares at cost	633,511	633,511	—
Advances	24,808,621	34,473,986	(9,665,365)
British Columbia Housing Management Commission Advances	7,000,010	1,096,952	5,903,058
	153,336,431	157,049,242	(3,712,811)
Lottery Fund—working capital—			
Advance to the Western Canada Lottery Foundation	100,000	100,000	—
[1] Provincial Home Acquisition Fund—mortgage loans pursuant to the *Provincial Home Acquisition Act* and the *Leasehold and Conversion Mortgage Loan Act*	220,717,364	242,047,536	(21,330,172)
	374,153,795	399,196,778	(25,042,983)

[1] Summary of loan transactions during year (Provincial Home Acquisition Fund)—

	$	$
Loans issued		19,781,848
Deposits refunded (net)		9,883
		19,791,731
Less—		
Repayment of principal	38,671,893	
Statutory remissions	289,152	
Loans written off (uncollectable)	2,160,858	
		41,121,903
Net decrease in book value of loans during year, as above		(21,330,172)

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

SPECIAL PURPOSE FUNDS—SUMMARY OF TRANSACTIONS AND BALANCES

	Balance, March 31, 1978	Revenue and Credits				Expenditure				Balance, March 31, 1979
		Transfers[4]	Interest on[1] Investments and Loans	Other Receipts	Total	Administration Costs	Grants	Other Expenditure	Total	
Fixed-capital (Perpetual) Funds										
Capital Accounts—	$	$	$	$	$	$	$	$	$	$
British Columbia Cultural Fund	20,000,000									20,000,000
Drug, Alcohol, and Cigarette Education, Prevention, and Rehabilitation Fund	25,000,000	*See* "Current Accounts" Below				*See* "Current Accounts" Below				25,000,000
First Citizens' Fund	25,000,000									25,000,000
Physical Fitness and Amateur Sports Fund	20,000,000									20,000,000
	90,000,000	—	—	—	—	—	—	—	—	90,000,000
Current Accounts (Available for Expenditure)—										
British Columbia Cultural Fund	66,465	1,875,450	1,572,034	—	3,447,484	—	3,436,905	—	3,436,905	77,044
Drug, Alcohol, and Cigarette Education, Prevention, and Rehabilitation Fund	3,790,921	—	2,180,287	—	2,180,287	227,062	451,341	206,503	884,906	5,086,302
First Citizens' Fund	2,641,367	—	1,980,672	—	1,980,672	—	1,768,077	—	1,768,077	2,853,962
Physical Fitness and Amateur Sports Fund	1,518,052	1,500,000	1,629,395	—	3,129,395	—	3,363,809	—	3,363,809	1,283,638
	8,016,805	3,375,450	7,362,388	—	10,737,838	227,062	9,020,132	206,503	9,453,697	9,300,946
Other Funds										
Accelerated Reforestation Fund	1,477	—	—	—	—	—	—	—	—	1,477
Crop Insurance Stabilization Fund	15,826,984	(1,126,912)	1,534,658	—	407,746	—	—	—	—	16,234,730
Farm Income Assurance Fund	3,000,000	1,787,418	—	9,118,050	10,905,468	—	—	13,905,468	13,905,468	—
Farm Products Industry Improvement Fund	2,363,529	—	168,079	403,654	571,733	—	772,946	172,660	945,606	1,989,656
[2]Housing Fund—										
Cash and investments	60,465,896	—	—	—	—	—	—	—	—	75,771,077
Other assets	157,049,242	—	8,771,992	2,862,159	11,634,151	—	—	41,781	41,781	153,336,431
	217,515,138	—	8,771,992	2,862,159	11,634,151	—	—	41,781	41,781	229,107,508
Lottery Fund	16,015,423	(3,375,450)	—	14,761,409	11,385,959	1,044,580	12,979,676	—	14,024,256	13,377,126
[3]Provincial Home Acquisition Fund—										
Cash and investments	35,085,613	—	—	—	—	—	—	—	—	76,488,550
Other assets	242,047,536	—	25,647,896	—	25,647,896	—	5,575,131	—	5,575,131	220,717,364
	277,133,149	—	25,647,896	—	25,647,896	—	5,575,131	—	5,575,131	297,205,914
Provincial Transit Fund	1,018,235	—	—	—	—	44,867	638,301	335,067	1,018,235	—
Revenue Sharing Fund	—	138,300,000	—	—	138,300,000	—	133,172,423	—	133,172,423	5,127,577
Special Provincial Employment Programmes Act Fund	1,406,273	—	—	—	—	—	—	1,406,273	1,406,273	—
	534,280,208	135,585,056	36,122,625	27,145,272	198,852,953	1,089,447	153,138,477	15,861,249	170,089,173	563,043,988
Miscellaneous Statutory Accounts										
Consumer Advancement Fund	1,301	—	—	17	17	—	—	—	—	1,318
Crop Insurance Accounts	1,120,894	1,126,912	—	3,088,133	4,215,045	—	—	2,319,560	2,319,560	3,016,379
Dairy Producers' Protection Fund	193,904	—	—	21,990	21,990	—	—	—	—	215,894
Domestic Animal Protection Fund	118,226	—	—	48,659	48,659	13,176	13,005	2,250	28,431	138,454
Pound District Act Account	109	—	—	—	—	—	—	109	109	—
University Endowment Lands Administration Account	3,097,716	—	—	1,074,951	1,074,951	1,126,509	—	—	1,126,509	3,046,158
	4,532,150	1,126,912	—	4,233,750	5,360,662	1,139,685	13,005	2,321,919	3,474,609	6,418,203
Combined totals	636,829,163	140,087,418	43,485,013	31,379,022	214,951,453	2,456,194	162,171,614	18,389,671	183,017,479	668,763,137

[1] Interest entitlement is determined by the governing statutes.

[2] Housing Fund—real estate acquisition and development costs are not charged to fund expenditures but are carried as other assets (page B 10). The costs will be reflected in the fund transactions in future years upon disposal of the properties.

[3] *Provincial Home Acquisition Fund expenditures comprise statutory abatements and remissions re mortgage loans as well as home acquisition grants.* The home-owner (mortgage) loans issued are not charged to fund expenditures but are carried as receivables (pages B 10).

[4] General Fund transfers: Agriculture vote 11, $1,787,418, and Municipal Affairs vote 187, $138,300,000.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

SUPERANNUATION FUNDS—ASSETS

	1979	1978	Net increase or (decrease) during 1978/79
Cash and Investments	$	$	$
Funds held in the General Fund cash and short-term investment accounts (page B 2)	18,708,159	3,550,621	15,157,538
Investments (at lower of cost or par)—listed below (*see* note below)	670,842,507	570,327,624	100,514,883
Total cash and investments	689,550,666	573,878,245	115,672,421
Securities Held			
Public Service Superannuation Fund—			
Debt securities (listed at par value)—			
Short-term deposits with chartered banks	38,419,394	8,000,000	
Province of British Columbia	127,407,790	127,463,090	
Province of Ontario	1,030,000	1,242,000	
Province of Quebec	1,501,000	727,000	
Province of Saskatchewan	8,342,000	3,451,000	
Government of Canada	28,719,000	15,454,000	
Canadian National Railway	—	6,000	
Manitoba Hydro-electric Commission (Province of Manitoba guarantee)	312,000	312,000	
Manitoba Telephone Systems (Province of Manitoba guarantee)	70,000	70,000	
Montreal Auto Route (Province of Quebec guarantee)	250,000	250,000	
New Brunswick Electric Power Commission (Province of New Brunswick guarantee)	1,595,000	1,595,000	
Newfoundland and Labrador Hydro-electric Corporation (Province of Newfoundland guarantee)	700,000	700,000	
Newfoundland Municipalities Capital Financing (Province of Newfoundland guarantee)	5,000,000	—	
Nova Scotia Power Corporation (Province of Nova Scotia guarantee)	2,325,000	2,325,000	
Ontario Hydro-electric Power Commission (Province of Ontario guarantee)	40,376,000	30,197,000	
Quebec Hydro-electric Commission (Province of Quebec guarantee)	4,983,000	5,257,000	
[1]British Columbia Hydro and Power Authority	303,531,000	275,232,545	
[1]British Columbia Railway Company	43,989,000	44,353,000	
[1]British Columbia Regional Hospital Districts Financing Authority	10,000,000	10,000,000	
[1]British Columbia School Districts Capital Financing Authority	18,701,500	18,378,000	
[1]British Columbia Steamship Company (1975) Ltd.	3,400,000	3,400,000	
[1]British Columbia municipalities	4,925,728	5,928,666	
[1]British Columbia improvement districts	12,143,500	12,234,600	
[1]British Columbia school districts	1,491,400	2,625,700	
[2]Export Development Corporation	7,437,575	—	
	666,649,887	569,201,601	
Less excess of par value over cost	12,185,034	11,814,136	
	654,464,853	557,387,465	

[1] Province of British Columbia guarantee.
[2] Government of Canada guarantee.

NOTE—Investments are recorded at cost with the exception of long-term debt securities held by the superannuation funds which are recorded at the lower of cost or par since premiums paid on these securities are written off at the time of purchase.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

SUPERANNUATION FUNDS—ASSETS—Continued

	1979 $	1978 $
Securities Held—Continued		
Public Service Superannuation Fund—*Continued*		
Stocks (listed at cost)—		
Bank of British Columbia, 51,055 shares	1,147,589	1,147,589
British Columbia Telephone Company, 1,215,-844 common shares	13,575,779	10,517,167
Canadian Pacific Limited, 1,200 common shares	19,800	19,800
Imperial Oil Limited, 300 common shares	12,712	12,712
International Nickel Company of Canada Ltd., 450 common shares	14,344	14,344
Total securities (at lower of cost or par)	669,235,077	569,099,077
Members of the Legislative Assembly Superannuation Account—		
Debt securities (listed at par value)—		
Short-term deposits with chartered banks	400,000	3,600
[1]British Columbia Hydro and Power Authority	1,009,000	1,047,000
[1]British Columbia Railway Company	20,000	20,000
[1]British Columbia School Districts Capital Financing Authority	90,000	90,000
[1]British Columbia improvement districts	10,000	14,000
[1]British Columbia school districts	16,800	24,400
Government of Canada	28,000	15,000
Ontario Hydro-electric Power Commission	40,000	40,000
Province of Saskatchewan	15,000	—
	1,628,800	1,254,000
Less excess of par value over cost	21,370	25,453
Total securities (at lower of cost or par)	1,607,430	1,228,547
Total investments (at lower of cost or par), above	670,842,507	570,327,624

[1] Province of British Columbia guarantee.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

SUPERANNUATION FUNDS—SUMMARY OF TRANSACTIONS FOR THE YEARS ENDED MARCH 31, 1979 AND 1978

PUBLIC SERVICE SUPERANNUATION FUND

	1979 $	1978 $
Revenues and Credits		
Contributions—		
Employees	42,426,674	38,749,640
Province of British Columbia	54,543,461	44,467,071
Other employers	9,972,738	7,503,560
Transfers from other plans and funds (net)	1,777,210	1,428,096
[1]Transfers from Member's Account (below)	323,362	—
Interest on investments	45,690,379	33,993,531
	154,733,824	126,141,898
Expenditures and Charges		
Superannuation allowances	27,953,683	22,463,649
Refunds—		
Employees	6,031,800	5,110,493
Province of British Columbia	5,107,284	4,303,524
	39,092,767	31,877,666
Net increase in funds during year	115,641,057	94,264,232
Balance at credit of funds at beginning of year	572,276,598	478,012,366
Balance at credit of funds at end of year	687,917,655	572,276,598

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT

Revenues and Credits		
Contributions—		
Members	87,698	85,703
Province of British Columbia	163,958	131,017
Interest on investments	109,379	76,442
	361,035	293,162
Expenditures and Charges		
[1]Transfer to Public Service Fund (above)	323,362	—
Refund—Members	6,309	3,421
	329,671	3,421
Net increase (decrease) in funds during year	31,364	289,741
Balance at credit of funds at beginning of year	1,601,647	1,311,906
Balance at credit of funds at end of year	1,633,011	1,601,647

[1] Superannation allowances to former Members of the Legislative Assembly are paid from the Public Service Superannuation Fund for purposes of administration. The capitalized values of the allowances are provided by transfer from the Members of the Legislative Assembly Account.

NOTE—For purposes of the Statement of Revenues and Expenditures (page A 5) the two funds are combined; refunds are offset against receipts and transfers between the two funds are eliminated.

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

TRUST FUNDS—ASSETS

	1979	1978	Net increase or (decrease) during 1978/79
Cash and Investments	$	$	$
Cash in banks	6,609,554	(2,129,123)	8,738,677
Funds held in the General Fund cash and short-term investment accounts (page B 2)	44,617,921	45,245,909	(627,988)
Short-term deposits with chartered banks and trust companies	61,538,372	153,801,024	(92,262,652)
Investments—direct or guaranteed securities of the Government of Canada and the Provinces	728,509,833	542,533,975	185,975,858
Total cash and investments	841,275,680	739,451,785	101,823,895

TRUST FUNDS—BALANCES

Trust Deposits			
Bond redemption account (unclaimed bonds)	7,525	7,500	25
Bond interest coupon account (unclaimed bond coupons)	3,284	3,284	—
Cemetery Tax Account	85,737	85,312	425
Companies in liquidation	455,787	382,632	73,155
Courts	28,206,990	65,944,112	(37,737,122)
Intestate estates	17,599,848	13,784,862	3,814,986
Long term disability fund—Public Service	3,724,381	—	3,724,381
Long term disability fund—Crown Corporations	678,413	—	678,413
Official Committee	22,890,119	22,627,835	262,284
Official Guardian	6,722,683	5,650,246	1,072,437
Patients' accounts, Provincial institutions	375,202	346,377	28,825
Miscellaneous	47,449	177,905	(130,456)
	80,797,418	109,010,065	(28,212,647)
Sinking Funds			
British Columbia Buildings Corporation	1,281,568	314,852	966,716
British Columbia Educational Institutions Capital Financing Authority	121,089	—	121,089
British Columbia Ferry Authority	27,778,759	31,268,867	(3,490,108)
British Columbia Hydro and Power Authority	348,834,604	288,858,958	59,975,646
British Columbia Railway Company	100,076,128	84,557,874	15,518,254
British Columbia Regional Hospital Districts Financing Authority	52,987,325	39,921,456	13,065,869
British Columbia School Districts Capital Financing Authority	192,957,349	154,212,609	38,744,740
Burnaby, District of	780,510	709,379	71,131
Greater Vancouver Sewerage and Drainage District	19,979,917	18,112,156	1,867,761
Queensborough Bridge account	1,247,984	1,524,243	(276,259)
Sundry improvement districts	5,991,644	5,164,789	826,855
	752,036,877	624,645,183	127,391,694
Other			
Elderly Citizens Housing Fund	1,473,967	—	1,473,967
Ferries Insurance Fund	4,751,785	4,381,113	370,672
Land Registry Assurance Fund	840,938	806,522	34,416
Travel Agents Assurance Fund	262,914	203,300	59,614
Workers' Compensation Board, Accident Fund bank account	1,111,781	405,602	706,179
	8,441,385	5,796,537	2,644,848
Total miscellaneous trust accounts	841,275,680	739,451,785	101,823,895

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GUARANTEED DEBT

Debt of Municipalities, Other Local Governments, and Crown Agencies, Etc., Guaranteed by the Province (net) as to Principal and Interest

	$	Gross Outstanding[1] $	*Less* Sinking Funds[2] $	Net Outstanding $
Municipalities and other local governments:				
(1) Guarantees authorized pursuant to the *Public Schools Act* (principally funded)	950,284,900			
Less held by British Columbia School Districts Capital Financing Authority	939,760,000	10,524,900[3]	—	10,524,900
(2) Guarantees authorized pursuant to sec. 46, *Regional Hospital Districts Act*	388,464,000			
Less held by British Columbia Regional Hospital Districts Financing Authority	388,464,000	—	—	—
(3) Guarantees authorized pursuant to sec. 3, *Municipalities Assistance Act* (principally serials)		32,841,871	829,389	32,012,482
(4) Guarantees authorized pursuant to sec. 12, *Improvement Districts Assistance Loan Act:* Debentures (principally serials)		26,591,400	6,519,265	20,072,135
(5) Greater Vancouver Sewerage and Drainage District debentures (some serials)		19,944,000	17,862,947	2,081,053
Subtotals, municipalities and local governments		89,902,171	25,211,601	64,690,570

SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES—Continued

GUARANTEED DEBT—Continued

	Gross Outstanding[1]	*Less* Sinking Funds[2]	Net Outstanding
Crown agencies—	$	$	$
(6) Guarantees authorized pursuant to sec. 8, *British Columbia Educational Institutions Capital Financing Authority Act*—debentures—funded	25,291,000	123,004	25,167,996
(7) Guarantees authorized pursuant to sec. 46, *British Columbia Hydro and Power Authority Act, 1964*—			
Bonds and debentures—funded	5,143,539,189	355,957,250	4,787,581,939
Parity bonds—unfunded	50,000,000	—	50,000,000
(8) Guarantees authorized pursuant to sec. 17, *British Columbia Railway Company Construction Loan Act*[4]—			
Bonds and debentures—funded	736,454,000	106,416,139	630,037,861
Notes—unfunded	20,000,000	—	20,000,000
(9) Guarantees authorized pursuant to sec. 28, *British Columbia Ferry Authority Act,* bonds and debentures—funded	17,113,000	17,113,000	—
(10) Guarantees authorized pursuant to sec. 9, *British Columbia School Districts Capital Financing Authority Act,* debentures—principally funded	939,760,000	198,410,809	741,349,191
(11) Guarantees authorized pursuant to sec. 9, *British Columbia Regional Hospital Districts Financing Authority Act,* debentures—funded	388,464,000	54,479,464	333,984,536
(12) Guarantees authorized pursuant to sec. 8, *British Columbia Cellulose Company Act,* 1973 (U.S. funds)	30,500,000	—	30,500,000
(13) Guarantees authorized pursuant to sec. 4A, *Ministry of the Environment Act* re B.C. Steamship Company (1975) Ltd.	3,400,000	—	3,400,000
(14) Guarantees authorized pursuant to sec. 12, *British Columbia Buildings Corporation Act,* 1976—			
Debentures—funded	68,086,000	1,308,868	66,777,132
Notes—unfunded	20,000,000	—	20,000,000
(15) Guarantees authorized pursuant to sec. 14, *Development Corporation of British Columbia Act*—notes	25,600,000	—	25,600,000
Subtotal, Crown agencies	7,468,207,189	733,808,534	6,734,398,655
Resource enterprises—			
(16) Guarantees authorized pursuant to sec. 3, *Farm Products Industry Improvement Act,* 1973, 2nd Sess.	8,252,592	—	8,252,592
(17) Guarantees authorized pursuant to sec. 3, *Agricultural Credit Act,* 1973, 2nd Sess.	3,604,669	—	3,604,669
(18) Guarantees authorized pursuant to sec. 4 (3), *Ministry of Economic Development Act*	198,400	—	198,400
Subtotal, resource enterprises	12,055,661	—	12,055,661
Grand total, all guaranteed debt	7,570,165,021	759,020,135	6,811,144,886

[1] Except in the case of the British Columbia Hydro and Power Authority (7) where debt payable in United States dollars is translated to Canadian dollars at the rates of exchange prevailing at the date the debt was incurred, debt payable in United States dollars is recorded at par. Translation of the debt payable in United States dollars at the rate of exchange as at March 31, 1979, would increase the total gross debt outstanding by approximately $237 million.

[2] Sinking funds comprise cash and investments recorded at par value plus accrued interest except for Item (7) recorded at book value plus cash and accrued interest and Item (9) shown at an adjusted value equivalent to the debt outstanding (book value plus cash plus accrued interest equals $28,325,306). Translation of securities payable in United States dollars, including accrued interest, at the rate of exchange as at March 31, 1979, would increase the total value of sinking funds by approximately $12 million.

[3] Repayable serially.

[4] *See* Note 4 page A 9—British Columbia Railway Company.

NOTE—*See* Note 5 page A 9—Guaranteed Debt.

STATEMENT OF DIRECT DEBT OUTSTANDING AND UNPAID AS AT MARCH 31, 1979

Maturity	Date of Issue	Rate (%)	Nature	Series	Amount Outstanding	Interest Payable	Place and Manner of Payment	Term (years)	Denomination	Authority
May 1, 1988	May 1, 1978	9⅛	Bonds	BD	261,447,790	1 May & Nov.	L.M.—C.B.C.—V., Vr., E., C., R., W., T., M., H.	10[1]	1,000[2]	*British Columbia Deficit Repayment Act, 1975–76,* (S.B.C. 1976, chap. 6)

[1] The bonds are repayable in nine annual instalments of $26,100,000 each on May 1, 1979, through 1987, plus a final $26,547,790 on May 1, 1988. The Province has the right at its option to redeem the Bonds on June 1, 1978, or any date thereafter, as a whole or in part.

[2] Debentures may be obtained in fully registered form in denominations of $1,000 and authorized in multiples thereof. As at March 31, 1979 and 1978 the total unmatured debt was held in the investment accounts of the Public Service Superannuation and other trust funds.

L.M.—In lawful money of Canada, C.B.C.—At the Canadian Imperial Bank of Commerce, V.—Victoria, VR.—Vancouver, E.—Edmonton, C.—Calgary, R.—Regina, W.—Winnipeg, T.—Toronto, M.—Montreal, H.—Halifax, S.B.C.—Statutes of British Columbia.

G. S. BRYSON
Deputy Minister of Finance

SCHEDULES OF GENERAL FUND REVENUE AND EXPENDITURE

CONTENTS

PAGE

Revenue for the fiscal year ended March 31, 1979—Details by source ..... C 2

Expenditure for the fiscal year ended March 31, 1979—

Budgetary expenditures and appropriations by ministries—

Legislation ..... C 4

Auditor General ..... C 4

Executive Council ..... C 4

Ministry of Agriculture ..... C 4

Ministry of Attorney-General ..... C 4

Ministry of Consumer and Corporate Affairs ..... C 5

Ministry of Economic Development ..... C 5

Ministry of Education ..... C 5

Ministry of Energy, Transport and Communications ..... C 6

Ministry of Environment ..... C 6

Ministry of Finance ..... C 6

Ministry of Forests ..... C 7

Ministry of Health ..... C 8

Ministry of Highways and Public Works ..... C 8

Ministry of Human Resources ..... C 8

Ministry of Labour ..... C 8

Ministry of Mines and Petroleum Resources ..... C 9

Ministry of Municipal Affairs and Housing ..... C 9

Ministry of Provincial Secretary and Travel Industry ..... C 10

Ministry of Recreation and Conservation ..... C 11

Ministry of Deregulation ..... C 11

Ministry of Lands, Parks and Housing ..... C 11

Ministry of Tourism and Small Business Development ..... C 12

Nonbudgetary expenditure ..... C 12

Expenditure (Revenue Surplus Appropriation) ..... C 12

DETAILS OF REVENUE FOR THE FISCAL YEAR ENDED MARCH 31, 1979

ESTIMATED $	SOURCE	$	Received $	$
	TAXATION REVENUE			
1,182,000,000	Personal income[1]		1,220,087,814	
315,000,000	Corporation income		301,470,437	
595,000,000	Social services		652,407,667	
175,000,000	Gasoline		175,458,113	
23,000,000	Motive-fuel use		22,402,440	
2,500,000	Fuel-oil		2,306,297	
60,000,000	Cigarette and tobacco		63,578,662	
36,000,000	Corporation capital		45,335,130	
20,000,000	Property		19,166,723	
12,000,000	Insurance premiums		13,522,399	
9,000,000	Hotel and motel room		9,772,099	
8,500,000	Pari mutuel betting		8,748,736	
2,500,000	Succession and gift		1,932,604	
2,440,500,000	Total taxation revenue			2,536,189,121
	NATURAL RESOURCE REVENUE			
	Minerals—			
	Petroleum and natural gas—			
195,000,000	British Columbia Petroleum Corporation	164,250,000		
125,000,000	Permits and fees	155,457,896		
42,200,000	Petroleum and natural gas royalties	41,568,986		
10,000,000	Mining tax	16,127,312		
8,000,000	Mineral resource tax	8,765,044		
7,000,000	Mineral land tax	8,190,587		
3,600,000	Coal, minerals, and metals royalties	6,063,740		
2,500,000	Miscellaneous mining receipts	2,690,807		
393,300,000			403,114,372	
	Lands and Forests—			
48,000,000	Logging tax	51,859,999		
80,000,000	Timber sales	228,623,991		
8,000,000	Timber royalties	7,819,598		
5,500,000	Land leases, rentals, and fees	7,565,961		
1,500,000	Miscellaneous lands and forests receipts	1,184,086		
143,000,000			297,053,635	
	Water Resources—			
15,500,000	Water rentals and recording fees		15,238,851	
6,000,000	*Wildlife Act*—fees and licences		5,810,802	
557,800,000	Total natural resource revenue			721,217,660
	OTHER REVENUE			
	Sales and service fees—			
2,000,000	Land sales	3,333,791		
4,200,000	Motor-vehicle lien and search fees	4,072,056		
9,790,000	Medicare services recoveries	6,873,575		
2,800,000	Ferry revenue	2,655,059		
2,600,000	Ambulance service	3,220,970		
8,300,000	Forest scaling fees	7,563,342		
1,775,000	Land-clearing receipts	1,869,565		
19,400,000	Land Registry fees	19,996,742		
5,924,000	Reservoir waterway improvements	6,903,838		
1,500,000	Sheriffs' fees	1,174,026		
1,000,000	Publications Service Branch	714,735		
2,858,000	Hearing-aid equipment	583,114		
1,200,000	Receipts from *Beautiful British Columbia Magazine*	1,472,835		
1,675,000	Miscellaneous parks receipts	1,631,173		
2,478,000	Miscellaneous sales and services	4,379,806		
67,500,000			66,444,627	

[1] Personal income tax includes Federal contribution of $117,400,000 under the temporary Federal-Provincial sales tax reduction program.

DETAILS OF REVENUE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

Estimated $	Source	$	Received $	$
	OTHER REVENUE—Continued			
	Licences and permits—			
54,000,000	Motor-vehicle licences and permits	61,321,112		
3,800,000	Companies Branch	4,488,112		
2,400,000	Electrical energy inspection fees	2,066,106		
1,500,000	*Fire Marshal Act*—fees, etc.	1,556,847		
2,500,000	Law stamps	2,197,919		
7,000,000	Liquor Licensing Branch—permits and fees	8,600,510		
1,300,000	Probate fees	1,470,112		
1,250,000	Camp-site permits and fees	1,467,786		
6,350,000	Miscellaneous licences and permits	5,624,932		
80,100,000			88,793,436	
10,000,000	Fines and penalties		11,238,761	
32,000,000	Interest from investments		54,080,569	
	Miscellaneous—			
	Institutional maintenance receipts—			
10,500,000	Maintenance of children	8,334,982		
2,535,000	Other maintenance receipts	4,452,152		
	Miscellaneous Revenue—			
1,500,000	Pearson Hospital receipts	—		
4,000,000	Insurance claims receipts	4,472,338		
4,450,000	Superannuation Branch cost recoveries	6,127,254		
1,000,000	Federal sales tax recoveries	20,797		
1,400,000	Glendale laundry receipts	1,168,495		
11,750,000	Recovery from B.C. Hydro for highway relocation costs	2,312,850		
10,565,000	Other miscellaneous revenue	14,221,626		
47,700,000			41,110,494	
237,300,000	Total other revenue			261,667,887
	CONTRIBUTIONS FROM GOVERNMENT ENTERPRISES			
190,000,000	Liquor Distribution Branch—net profit		207,008,920	
	British Columbia Buildings Corporation			
19,500,000	Dividends		10,000,000	
10,000,000	Repayment of Capital Advances		10,000,000	
—	British Columbia Systems Corporation		2,228,587	
219,500,000	Total, contributions from Government enterprises			229,237,507
	CONTRIBUTIONS FROM OTHER GOVERNMENTS			
	Canada—			
470,800,000	Established programs financing	482,929,000		
132,500,000	Canada assistance plan	204,111,652		
67,500,000	Social services block funding			
	Other shared-cost programs—			
30,100,000	Adult occupational training	34,818,778		
7,250,000	Water planning and management	5,578,973		
7,500,000	Apprenticeship training	1,000,000		
14,000,000	Economic development	5,609,552		
16,500,000	Transportation and highways	13,937,215		
50,800,000	Other federal payments	42,328,101		
796,950,000			790,313,271	
2,000,000	Percentage of power corporation tax		235,400	
2,300,000	Statutory subsidies		2,116,848	
801,250,000	Subtotal, Canada		792,665,519	
24,000,000	Municipal share of joint-service programs		25,305,864	
—	Other provinces		142,673	
825,250,000	Total, contributions from other governments			818,114,056
4,280,350,000	Total budgetary revenue			4,566,426,231
	NONBUDGETARY			
	Recovery of advances to B.C. Harbours Board			2,500,000
	Total revenue			4,568,926,231

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979

SUMMARY SHOWING EXPENDITURE COMPARED WITH MAIN ESTIMATES AND OTHER AUTHORIZATIONS

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Legislation	$	$	$	$	$
1	Legislation	5,661,886	3,997,588	1,664,298		
	Statutory—*Constitution Act* (R.S.B.C. 1960, chap. 71, sec. 71)				1,664,298	—
2	Crown Corporation Reporting Committee	401,399	400,000	1,399		
	Statutory—*Crown Corporation Reporting Act* (1977, chap. 49, sec. 10)				1,399	—
		6,063,285	**4,397,588**	**1,665,697**	**1,665,697**	—
	Auditor General					
3	Auditor General	1,195,948	2,034,507	(838,559)		(838,559)
4	Building occupancy charges	69,380	195,396	(126,016)		(126,016)
		1,265,328	**2,229,903**	**(964,575)**		**(964,575)**
	Executive Council					
5	Executive Council	**752,687**	**753,760**	**(1,073)**		**(1,073)**
	Ministry of Agriculture					
6	Minister's office	111,252	100,533	10,719		10,719
7	Deputy Minister's office	1,103,864	1,146,532	(42,668)		(42,668)
8	General administration	1,286,085	1,241,849	44,236		44,236
9	Production services	3,761,474	3,950,723	(189,249)		(189,249)
10	Marketing services	752,893	503,383	249,510		
	Supplement—Special Warrant No. 11				185,632	63,878
11	General and financial services	21,450,147	57,893,907	(36,443,760)		(36,443,760)
12	Specialist and regulatory services	3,775,673	4,351,768	(576,095)		(576,095)
13	Milk Board	203,406	203,671	(265)		(265)
14	Building occupancy charges	2,293,295	2,437,855	(144,560)		(144,560)
15	Computer and consulting charges	264,086	221,000	43,086		
	Supplement—Special Warrant No. 34				50,000	(6,914)
	Statutory—Livestock improvement, *Horned Cattle Purchases Act* (R.S.B.C. 1960, chap. 176, sec. 8)	97,088		97,088	97,088	—
		35,099,263	**72,051,221**	**(36,951,958)**	**332,720**	**(37,284,678)**
	Ministry of Attorney-General					
16	Minister's office	119,315	139,990	(20,675)		(20,675)
17	Administration and support	2,723,551	2,804,356	(80,805)		(80,805)
18	Court services	30,225,569	28,952,359	1,273,210		
	Supplement—Special Warrant No. 62				1,000,000	273,210
19	Crown Counsel	8,921,819	8,284,545	637,274		
	Supplement—Special Warrant No. 62				600,000	37,274
20	Police services	34,921,939	35,192,543	(270,604)		
	Supplement—Special Warrant No. 62				500,000	(770,604)
21	Corrections	52,721,023	53,941,435	(1,220,412)		(1,220,412)
22	Legal Services Commission	9,912,773	9,600,000	312,773		
	Supplement—Special Warrant No. 62				310,000	2,773
23	Justice Development Commission	1,605,686	1,835,180	(229,494)		(229,494)
24	Legal services to Government	4,142,279	2,673,452	1,468,827		
	Supplement—Special Warrant No. 26				1,300,000	168,827
25	Judiciary	6,277,630	6,548,370	(270,740)		(270,740)
26	Coroners	1,415,155	1,198,602	216,553		
	Supplement—Special Warrant No. 62				200,000	16,553
27	British Columbia Parole Board	73,143	79,113	(5,970)		(5,970)
28	Law Reform Commission	215,386	295,361	(79,975)		(79,975)
29	*Criminal Injuries Compensation Act*	1,764,511	1,500,000	264,511		
	Statutory—*Criminal Injuries Compensation Act* (1972, chap. 17, sec. 2 (5))				264,511	—
30	Public Trustee	1,474,671	1,557,506	(82,835)		(82,835)
31	Fire Marshal	790,314	1,439,731	(649,417)		(649,417)
32	Racing Commission	498,848	452,890	45,958		
	Supplement—Special Warrant No. 62				60,000	(14,042)
33	Land Registry	5,447,651	5,958,191	(510,540)		(510,540)
34	Order in Council Patients' Review Board	58,460	92,221	(33,761)		(33,761)
35	Building occupancy charges	21,346,138	21,488,642	(142,504)		(142,504)
36	Computer and consulting charges	1,940,584	2,641,600	(701,016)		(701,016)
	Statutory—					
	Task force on policing costs, *Police Act* (1974, chap. 64, sec. 7 (4))	91,565		91,565	91,565	—

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Ministry of Attorney-General—Continued	$	$	$	$	$
	Statutory—*Continued*					
	Separation allowance for Provincial Judge, *Provincial Court Act* (1975, chap. 57, sec. 34 (4))	19,250		19,250	19,250	—
	Special Warrants—					
	No. 19—Out-of-court settlement, land purchase	5,000		5,000	5,000	—
	No. 31—Claim for interest on estate of Joseph Leblanc	3,637		3,637	3,637	—
	No. 44—Provincial Court Registry shortage, Campbell River	5,313		5,313	5,313	—
		186,721,210	**186,676,087**	**45,123**	**4,359,276**	**(4,314,153)**
	Ministry of Consumer and Corporate Affairs					
37	Minister's office	149,204	150,911	(1,707)		(1,707)
38	Executive and administration	491,981	516,939	(24,958)		(24,958)
39	Consumer affairs	2,469,689	2,906,603	(436,914)		(436,914)
40	Corporate affairs	3,660,458	3,868,245	(207,787)		(207,787)
41	Rentalsman	1,224,539	1,293,893	(69,354)		(69,354)
42	Rent Review Commission	455,129	542,806	(87,677)		(87,677)
43	Liquor Control and Licensing Branch	1,062,941	1,170,364	(107,423)		(107,423)
44	Corporate and Financial Services Commission	25,620	74,400	(48,780)		(48,780)
45	Auditors' Certification Board	1,378	3,000	(1,622)		(1,622)
46	Building occupancy charges	1,490,202	1,496,912	(6,710)		(6,710)
47	Computer and consulting charges	577,454	1,586,923	(1,009,469)		(1,009,469)
		11,608,595	**13,610,996**	**(2,002,401)**		**(2,002,401)**
	Ministry of Economic Development					
48	Minister's office	120,202	154,432	(34,230)		(34,230)
49	Administration	7,078,151	6,933,841	144,310		
	Supplement—Special Warrant No. 7				700,000	(555,690)
50	Grants	5,535,650	6,340,000	(804,350)		(804,350)
51	Federal-Provincial Shared-cost Program	4,361,200	14,000,000	(9,638,800)		(9,638,800)
52	Building occupancy charges	657,585	800,874	(143,289)		(143,289)
53	Computer and consulting charges	181,474	936,891	(755,417)		(755,417)
	Special Warrants—					
	No. 53—Grant to City of Castlegar	1,500,000		1,500,000	1,500,000	—
	No. 63—Burns Lake Native Development Corporation	804,500		804,500	804,500	—
	No. 68—Duke Point Shipping Terminal	12,000,000		12,000,000	12,000,000	—
		32,238,762	**29,166,038**	**3,072,724**	**15,004,500**	**(11,931,776)**
	Ministry of Education					
54	Minister's office	127,761	119,793	7,968		
	Supplement—Special Warrant No. 69				5,000	2,968
55	Ministry services	4,421,870	5,097,460	(675,590)		(675,590)
56	Basic Education K–XII Program	590,560,843	591,589,968	(1,029,125)		(1,029,125)
57	Independent schools	8,562,874	9,156,008	(593,134)		(593,134)
58	Post-secondary education—universities	208,913,867	208,602,857	311,010		
	Supplement—Special Warrants Nos. 2 and 64				687,500	(376,490)
59	Post-secondary education—colleges and provincial institutes	142,774,742	146,630,743	(3,856,001)		(3,856,001)
60	Student Aid Programs	10,689,926	11,273,537	(583,611)		(583,611)
61	Teachers' Pension Fund	49,376,504	40,600,000	8,776,504		
	Statutory—*Teachers' Pensions Act* (1961, chap. 62, sec. 8 (7))				8,776,504	—
62	Metric conversion	250,860	331,430	(80,570)		(80,570)
63	Advances *re* rural school taxes—net	6,309,587	10	6,309,577		
	Statutory—*Public Schools Act* (R.S.B.C. 1960, chap. 319, sec. 197 (10))				6,309,577	—
64	Research Secretariat	53,585	87,735	(34,150)		(34,150)
65	Building occupancy charges	18,057,264	18,057,264	—		—
66	Computer and consulting charges	1,016,206	1,300,000	(283,794)		(283,794)
	Statutory—Initial operating costs and research grant, *Science Council of British Columbia Act* (1978, chap. 37, sec. 18)	352,300		352,300	352,300	—

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Ministry of Education—Continued	$	$	$	$	$
	Special Warrant No. 16—Canada-British Columbia Co-operative Projects Agreement	25,000		25,000	40,070	(15,070)
		1,041,493,189	**1,032,846,805**	**8,646,384**	**16,170,951**	**(7,524,567)**
	Ministry of Energy, Transport and Communications					
67	Minister's office	89,703	152,472	(62,769)		(62,769)
68	General administration	666,842	698,130	(31,288)		(31,288)
69	Engineering Branch	643,544	674,198	(30,654)		(30,654)
70	Weigh Scale Branch	3,060,853	3,200,246	(139,393)		(139,393)
71	Motor-vehicle Branch	13,268,486	15,160,033	(1,891,547)		(1,891,547)
72	Motor Carrier Branch	932,830	947,209	(14,379)		(14,379)
73	Telecommunications Services Branch	12,799,327	12,202,674	596,653		
	Supplement—Special Warrant No. 56				1,100,000	(503,347)
74	Communications System Development and Regulation Branch	371,732	868,182	(496,450)		(496,450)
75	Motor Carrier Commission	216,357	367,191	(150,834)		(150,834)
76	Transport Research and Planning Branch	1,033,790	1,402,187	(368,397)		
	Supplement—Special Warrant No. 17				200,000	(568,397)
77	British Columbia Energy Commission	1,810,520	2,091,671	(281,151)		(281,151)
78	British Columbia Ferries—subsidy	51,384,050	50,558,500	825,550		
	Supplement—Special Warrant No. 61				825,550	—
79	Local Airport Assistance Program	22,974	107,723	(84,749)		(84,749)
80	Air Services	2,026,216	2,079,282	(53,066)		
	Supplement—Special Warrant No. 60				65,000	(118,066)
81	Building occupancy charges	2,773,514	3,498,546	(725,032)		(725,032)
82	Computer and consulting charges	604,699	2,276,055	(1,671,356)		(1,671,356)
		91,705,437	**96,284,299**	**(4,578,862)**	**2,190,550**	**(6,769,412)**
	Ministry of Environment					
83	Minister's office	141,523	131,756	9,767		
	Supplement—Special Warrant No. 65				10,000	(233)
84	General administration	1,766,923	1,798,066	(31,143)		
	Supplement—Special Warrants Nos. 71 and 72				115,000	(146,143)
85	Land and Water Management	11,655,461	11,477,133	178,328		
	Supplement—Special Warrant No. 76				1,000,000	(821,672)
86	Environmental and engineering service	27,420,353	26,288,717	1,131,636		
	Supplement—Special Warrant No. 35				2,000,000	(868,364)
87	Environmental protection	6,994,302	7,774,376	(780,074)		(780,074)
88	Environment and Land Use Committee Secretariat	761,112	1,016,324	(255,212)		(255,212)
89	Provincial Agricultural Land Commission	704,416	691,389	13,027		
	Supplement—Special Warrant No. 65				25,000	(11,973)
90	Building occupancy charges	2,676,466	2,732,825	(56,359)		(56,359)
91	Computer and consulting charges	1,622,963	1,356,400	266,563		
	Supplement—Special Warrant No. 36				376,000	(109,437)
	Statutory—					
	Agricultural Land Reserves, *Agricultural Land Commission Act* (1973, chap. 46, sec. 21)	19,517		19,517	19,517	—
	Cyanide spill clean-up costs, Kamloops —*Pollution Control Act* (1967, chap. 34, sec. 26 (3))	38,555		38,555	38,555	—
	Special Warrant No. 70—Fish and Wildlife Branch—replace stolen receipts	5,433		5,433	5,433	—
		53,807,024	**53,266,986**	**540,038**	**3,589,505**	**(3,049,467)**
	Ministry of Finance					
92	Minister's office	108,847	105,330	3,517		3,517
93	Administrative and support services	1,091,001	1,072,434	18,567		18,567
94	Office of the Comptroller-General	3,364,076	4,002,470	(638,394)		(638,394)
95	Computer and consulting charges	6,583,137	6,801,506	(218,369)		
	Supplement—Special Warrant No. 37				90,000	(308,369)
96	Purchasing Commission	1,941,197	2,045,495	(104,298)		
	Supplement—Special Warrant No. 12				300,000	(404,298)
97	Taxation administration	4,609,227	4,797,307	(188,080)		
	Supplement—Special Warrant No. 33				60,000	(248,080)

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Ministry of Finance—Continued	$	$	$	$	$
98	Assessment Act Appeal Boards	836,458	400,000	436,458		
	Supplement—Special Warrants Nos. 22 and 66				450,000	(13,542)
99	Government agencies	5,477,725	5,684,386	(206,661)		
	Supplement—Special Warrant No. 57				40,000	(246,661)
100	Interest on public debt	23,657,670	21,853,323	1,804,347		
	Statutory—*British Columbia Deficit Repayment Act, 1975–1976* (1976, chap. 6, sec. 7)				1,804,347	—
101	Grants, contributions, and subsidies	13,389,049	16,481,000	(3,091,951)		
	Supplement—Special Warrant No. 38				90,000	(3,181,951)
102	Interest on deposits	5,281,878	3,400,000	1,881,878		
	Statutory—					
	Cemetery Companies Act, sec. 10 (4)				2,686	
	Official Guardian Act, sec. 19 (1)				146,816	
	Patients' Estate Act, sec. 27 (3)				1,154,284	
	Supreme Court Act, sec. 33				578,092	—
103	Incidentals	2,492,197	1,860,500	631,697		
	Supplement—Special Warrants Nos. 22 and 58				690,000	(58,303)
104	Advances under various statutes	305,762	250,000	55,762		
	Statutory—*Revenue Act* (R.S.B.C. 1960, chap. 341, sec. 55 (3))				55,762	—
105	Salary contingencies (all ministries)	8,780,159	21,064,320	(12,284,161)		(12,284,161)
106	Treasury Board	9,252,841	9,148,468	104,373		
	Supplement—Special Warrant No. 55				1,400,000	(1,295,627)
107	Building occupancy charges	2,972,007	3,737,896	(765,889)		(765,889)
	Statutory—Judgments against the Crown, *Crown Proceedings Act* (1974, chap. 24, sec. 13 (4))	152,209		152,209	152,209	—
	Special Warrant No. 54—Free share distribution and offer expenditures *re* B.C. Resources Investment Corporation	3,000,000		3,000,000	3,000,000	—
		93,295,440	**102,704,435**	**(9,408,995)**	**10,014,196**	**(19,423,191)**
	Ministry of Forests					
108	Minister's office	124,684	110,042	14,642		
	Supplement—Special Warrants Nos. 25 and 73				15,000	(358)
109	Ministry Administration Program	21,192,116	21,337,907	(145,791)		
	Supplement—Special Warrant No. 74				568,000	(713,791)
110	Engineering Support Services Program	9,799,701	9,105,583	694,118		694,118
111	Public Information Services Program	653,340	649,614	3,726		3,726
112	Resource Management Program	8,202,671	8,473,647	(270,976)		
	Supplement—Special Warrant No. 3				550,000	(820,976)
113	Special Studies Program	1,442,587	1,776,086	(333,499)		(333,499)
114	Reforestation Program	18,984,917	19,837,242	(852,325)		(852,325)
115	Research Program	2,051,088	2,181,163	(130,075)		(130,075)
116	Fire Suppression Program	18,768,603	7,000,000	11,768,603		
	Statutory—*Forest Act* (1978, chap. 23, sec. 124 (4))				11,768,603	—
117	Forest Protection Program	8,848,814	10,102,369	(1,253,555)		
	Supplement—Special Warrant No. 8				12,500	(1,266,055)
118	Inventory Program	4,213,393	6,305,210	(2,091,817)		(2,091,817)
119	Scaling Program	10,623,874	11,249,847	(625,973)		(625,973)
120	Range Management Program	1,947,995	2,289,571	(341,576)		(341,576)
121	Forest Development Roads Maintenance Program	8,965,130	6,594,677	2,370,453		
	Supplement—Special Warrants Nos. 4 and 5				3,196,305	(825,852)
122	Reservoir Waterway Improvements Program	6,063,746	5,973,966	89,780		
	Supplement—Special Warrant No. 21				1,050,000	(960,220)
123	Building occupancy charges	3,577,021	3,878,928	(301,907)		(301,907)
124	Computer and consulting charges	1,917,644	1,682,000	235,644		
	Supplement—Special Warrant No. 39				600,000	(364,356)
	Statutory—Implementation of new legislation—*Forest Act* (1978, chap. 23, sec. 165)	3,343,620		3,343,620	3,343,620	—
		130,720,944	**118,547,852**	**12,173,092**	**21,104,028**	**(8,930,936)**

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Ministry of Health	$	$	$	$	$
125	Minister's office	150,228	139,851	10,377		
	Supplement—Special Warrant No. 75				6,500	3,877
126	Administration and support services	2,529,985	2,629,019	(99,034)		(99,034)
	Community Health Programs:					
127	Branch support services	3,294,576	3,339,570	(44,994)		(44,994)
128	Public Health Programs	33,321,186	34,622,592	(1,301,406)		(1,301,406)
129	Mental Health Programs	15,395,346	17,863,005	(2,467,659)		(2,467,659)
130	Special health services	9,841,903	9,856,065	(14,162)		(14,162)
131	Other health care expenditures	4,916,107	6,281,860	(1,365,753)		(1,365,753)
132	Hospital Programs	631,382,771	609,588,881	21,793,890		
	Supplement—Special Warrants Nos. 1 and 40				21,700,000	93,890
133	Government institutions	56,452,427	61,134,726	(4,682,299)		(4,682,299)
134	Forensic psychiatric services	3,658,897	4,136,440	(477,543)		(477,543)
135	Alcohol and Drug Commission	8,940,033	10,619,966	(1,679,933)		(1,679,933)
136	Medical Services Commission	221,542,573	211,613,000	9,929,573		
	Statutory—*Medical Services Act* (1967, chap. 24, sec. 11)				9,929,573	—
137	Emergency health services	25,115,808	24,775,037	340,771		340,771
138	Long-term Care Program	96,994,928	120,457,272	(23,462,344)		(23,462,344)
139	Building occupancy charges	21,789,863	31,593,289	(9,803,426)		(9,803,426)
140	Computer and consulting charges	6,242,113	7,700,983	(1,458,870)		(1,458,870)
		1,141,568,744	**1,156,351,556**	**(14,782,812)**	**31,636,073**	**(46,418,885)**
	Ministry of Highways and Public Works					
141	Minister's office	151,850	180,378	(28,528)		(28,528)
142	General administration—Highways	5,080,586	5,115,924	(35,338)		(35,338)
143	Highway maintenance	149,782,673	153,925,075	(4,142,402)		
	Supplement—Special Warrant No. 51				2,500,000	(6,642,402)
144	Highway construction—capital	238,342,500	157,258,637	81,083,863		
	Supplement—Special Warrants Nos. 23, 24, 30, and 52				85,000,000	(3,916,137)
145	Hydro development—Highways	2,224,589	11,750,000	(9,525,411)		(9,525,411)
146	Safety Engineering Division	5,057,681	5,837,073	(779,392)		(779,392)
147	Glendale Laundry	1,227,655	1,718,735	(491,080)		(491,080)
148	Government-owned residences maintenance	992	186,000	(185,008)		(185,008)
149	Employees' salaries and benefits	5,841,631	4,120,000	1,721,631		
	Supplement—Special Warrant No. 29				2,440,000	(718,369)
150	Building occupancy charges	14,396,021	15,523,267	(1,127,246)		(1,127,246)
151	Computer and consulting charges	958,232	1,751,500	(793,268)		(793,268)
		423,064,410	**357,366,589**	**65,697,821**	**89,940,000**	**(24,242,179)**
	Ministry of Human Resources					
152	Minister's office	159,019	145,890	13,129		13,129
153	Administration and community service	55,665,371	64,048,833	(8,383,462)		(8,383,462)
154	Services to families and children	59,819,062	71,680,528	(11,861,466)		(11,861,466)
155	Community projects	23,301,383	26,815,473	(3,514,090)		(3,514,090)
156	Health services	48,915,787	45,332,296	3,583,491		
	Supplement—Special Warrant No. 80				2,100,000	1,483,491
157	GAIN Programs	310,942,695	277,873,264	33,069,431		
	Supplement—Special Warrant No. 49				36,000,000	(2,930,569)
158	Special programs for the retarded	40,637,205	43,429,775	(2,792,570)		(2,792,570)
159	Building occupancy charges	17,188,886	19,373,175	(2,184,289)		(2,184,289)
160	Computer and consulting charges	1,883,037	3,816,414	(1,933,377)		(1,933,377)
		558,512,445	**552,515,648**	**5,996,797**	**38,100,000**	**(32,103,203)**
	Ministry of Labour					
161	Minister's office	158,108	140,241	17,867		
	Supplement—Special Warrant No. 46				20,500	(2,633)
162	Ministerial administration and support services	3,234,770	2,795,211	439,559		
	Supplement—Special Warrant No. 50				100,000	339,559
163	Job Training and Employment Opportunities Program	26,516,032	29,308,710	(2,792,678)		(2,792,678)
164	Occupational environment and compensation advisory services	1,439,571	1,503,301	(63,730)		(63,730)
165	Collective Bargaining and Labour Standards Program	2,601,307	2,622,380	(21,073)		(21,073)

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Ministry of Labour—Continued	$	$	$	$	$
166	Human Rights Programs	493,634	507,351	(13,717)		(13,717)
167	Labour Relations Board	1,193,205	1,197,304	(4,099)		(4,099)
168	Essential Services Advisory Agency	51,379	300,000	(248,621)		(248,621)
169	Building occupancy charges	1,172,962	1,384,760	(211,798)		(211,798)
170	Computer and consulting charges	685,624	638,202	47,422		
	Supplement—Special Warrant No. 41				195,598	(148,176)
	Statutory—Special mediator's expenses, *West Kootenay Schools Collective Bargaining Assistance Act* (1978, chap. 42, sec. 8 (2))	6,440		6,440	6,440	—
		37,553,032	**40,397,460**	**(2,844,428)**	**322,538**	**(3,166,966)**
	Ministry of Mines and Petroleum Resources					
171	Minister's office	101,896	87,861	14,035		14,035
172	Deputy Minister's office	1,139,353	1,145,667	(6,314)		(6,314)
173	Mineral Resources Branch	4,233,713	4,392,165	(158,452)		(158,452)
174	Petroleum Resources Branch	1,343,324	1,400,434	(57,110)		
	Supplement—Special Warrant No. 20				21,225	(78,335)
175	Grants and Subsidies Program	578,900	585,250	(6,350)		(6,350)
176	Mineral Road Program	775,401	900,000	(124,599)		(124,599)
177	Prospectors' Assistance Program	214,401	215,000	(599)		(599)
178	Mineral Research Program	40,547	77,000	(36,453)		(36,453)
179	Mineral Data Program	145,402	155,000	(9,598)		(9,598)
180	Mineral Employment Program	29,970	60,000	(30,030)		(30,030)
181	Energy Resource Evaluation Program	342,739	351,300	(8,561)		(8,561)
182	Building occupancy charges	716,509	772,436	(55,927)		(55,927)
183	Computer and consulting charges	172,915	315,100	(142,185)		(142,185)
	Statutory—Correction of safety hazards, *Mines Regulation Act* (1967, chap. 25, sec. 12 (2))	5,440		5,440	5,440	—
	Special Warrant No. 10—Out-of-court settlement, Morris	25,000		25,000	25,000	—
		9,865,510	**10,457,213**	**(591,703)**	**51,665**	**(643,368)**
	Ministry of Municipal Affairs and Housing					
184	Minister's office	153,448	153,456	(8)		(8)
185	Office of the Deputy Minister—Municipal Affairs	9,132,167	8,518,528	613,639		
	Supplement—Special Warrants Nos. 47 and 48				1,399,575	(785,936)
186	Grants, contributions, and subsidies—Municipal Affairs	51,054,526	40,700,000	10,354,526		
	Supplement—Special Warrants Nos. 9 and 59				9,392,624	
	Statutory—					
	Municipalities Aid Act (R.S.B.C. 1960, chap. 259, sec. 4)				997,773	
	Provincial Home-owner Grant Act (R.S.B.C. 1960, chap. 308, sec. 15)				465,253	(501,124)
187	Revenue Sharing Fund	138,300,000	138,300,000	—		—
188	Office of Deputy Minister—Housing	32,191,497	38,122,106	(5,930,609)		(5,930,609)
189	Central Ministry Services	397,509	449,243	(51,734)		(51,734)
190	Shelter Aid for Elderly Renters and Renters' Tax Credit	24,147,668	28,996,905	(4,849,237)		(4,849,237)
191	Mobile Home Registry	638,918	443,764	195,154		
	Supplement—Special Warrant No. 27				253,236	(58,082)
192	Building occupancy charges	512,611	889,521	(376,910)		(376,910)
193	Computer and consulting charges	606,480	525,890	80,590		
	Supplement—Special Warrant No. 42				267,610	(187,020)
	Statutory—					
	Start-up costs, *Urban Transit Authority Act* (1978, chap. 39, sec. 20)	1,010,293		1,010,293	1,010,293	—
	Family First Home Program start-up costs, *Home Purchase Assistance Act* (1976, chap. 20, sec. 13.3)	156,010		156,010	156,010	—
	Late home-owner grants, *Provincial Home-owner Grant Act* (R.S.B.C. 1960, chap. 308, sec. 16.1 (1))	527,233		527,233	527,233	—
		258,828,360	**257,099,413**	**1,728,947**	**14,469,607**	**(12,740,660)**

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Ministry of Provincial Secretary and Travel Industry	$	$	$	$	$
	PROVINCIAL SECRETARY AND TRAVEL INDUSTRY					
194	Minister's office	201,543	212,278	(10,735)		(10,735)
195	General administration	431,882	446,525	(14,643)		(14,643)
196	Central Microfilm Bureau	1,081,439	1,126,743	(45,304)		(45,304)
197	Postal Branch	5,838,545	5,858,024	(19,479)		(19,479)
198	Legislative Library	699,315	757,136	(57,821)		(57,821)
199	Provincial Archives	976,540	1,087,626	(111,086)		(111,086)
200	Queen's Printer	(68,253)	10	(68,263)		(68,263)
201	Government House	184,202	164,489	19,713		
	Supplement—Special Warrant No. 78				25,000	(5,287)
202	Agent-General's Office and British Columbia House	774,182	519,548	254,634		
	Supplement—Special Warrants Nos. 28 and 79				195,000	59,634
203	*Indian Advisory Act*	41,369	65,807	(24,438)		(24,438)
204	*Public Inquiries Act*	733,865	500,000	233,865		
	Statutory—*Public Inquiries Act* (R.S.B.C. 1960, chap. 315, sec. 13)				233,865	—
205	Grants, special services, and events	2,738,774	3,100,000	(361,226)		(361,226)
206	*Provincial Elections Act*	2,409,846	931,102	1,478,744		
	Statutory—*Provincial Elections Act* (R.S.B.C. 1960, chap. 306, sec. 192 (1))				1,478,744	—
207	Provincial Emergency Program	1,533,578	1,534,542	(964)		(964)
208	Captain Cook Bi-Centennial	860,000	1,000,000	(140,000)		(140,000)
209	British Columbia Lottery Branch	—	10	(10)		(10)
210	Unemployment insurance and workers' compensation	12,579,036	13,200,000	(620,964)		(620,964)
211	Provincial Museum and Resource Museum	3,906,411	3,980,358	(73,947)		(73,947)
212	Government publications	108,571	201,759	(93,188)		(93,188)
213	Public information	195,952	205,054	(9,102)		(9,102)
214	Legislative tour guides	143,610	144,086	(476)		(476)
215	*Queen Elizabeth II British Columbia Centennial Scholarship Act*	15,500	19,000	(3,500)		(3,500)
216	*Flood Relief Act*	5,425,176	50,000	5,375,176		
	Statutory—Terrace flood costs, *Flood Relief Act* (1948, 2nd Sess. chap. 1, sec. 3)				5,375,176	—
217	General administration—Travel Industry	19,935	60,992	(41,057)		(41,057)
218	Travel Division	7,843,569	7,746,708	96,861		
	Supplement—Special Warrant No. 45				100,000	(3,139)
219	*Beautiful British Columbia Magazine*	1,345,012	1,345,931	(919)		(919)
220	California and London offices	225,598	230,073	(4,475)		(4,475)
221	Film and Photographic Branch	776,617	781,008	(4,391)		(4,391)
222	Building occupancy charges	5,127,396	7,514,080	(2,386,684)		(2,386,684)
223	Computer and consulting charges	1,016,410	1,400,000	(383,590)		(383,590)
	Statutory—Medical expenses, London, England, and California, *Public Services Act* (1976, chap. 45, sec. 74 (2))	1,571		1,571	1,571	—
	Special Warrant No. 15—Dan Matijevich Endowment—British Columbia Forest Hall of Fame	141,698		141,698	141,698	—
	Subtotal, Provincial Secretary and Travel Industry	**57,308,889**	**54,182,889**	**3,126,000**	**7,551,054**	**(4,425,054)**
	PUBLIC SERVICE COMMISSION					
224	Administration	2,786,251	2,895,352	(109,101)		(109,101)
225	Public Service Adjudication Board	230,445	285,393	(54,948)		(54,948)
	Subtotal, Public Service Commission	**3,016,696**	**3,180,745**	**(164,049)**		**(164,049)**
	SUPERANNUATION BRANCH					
226	Administration	1,367,422	1,387,888	(20,466)		(20,466)
227	Public Service superannuation and retirement benefits	60,679,952	51,280,000	9,399,952		
	Statutory—*Public Service Superannuation Act* (R.S.B.C. 1960, chap. 57, sec. 30 (1))				9,399,952	—
228	*Members of the Legislative Assembly Superannuation Act*	163,958	140,000	23,958		

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Ministry of Provincial Secretary and Travel Industry—Continued	$	$	$	$	$
	SUPERANNUATION BRANCH—*Continued*					
	Statutory—*Members of the Legislative Assembly Superannuation Act* (R.S.B.C. 1960, chap. 240, sec. 18)				23,958	
229	Employee Benefits	25,598,498	22,154,026	3,444,472		
	Statutory—					
	Extended Health and Group Insurance, *Public Service Benefit Plans Act* (1976, chap. 46, sec. 5)				1,814,747	
	Retirement allowance, *Public Service Act* (1976, chap. 45, sec. 49)				374,494	1,255,231
	Statutory—Special pensions adviser, *Public Service Act* (1976, chap. 45, sec. 2)	30,968		30,968	30,968	—
	Special Warrant No. 13—Investigation into pension benefits standards legislation	13,206		13,206	36,600	(23,394)
	Subtotal, Superannuation Branch	**87,854,004**	**74,961,914**	**12,892,090**	**11,680,719**	**1,211,371**
	Total, Ministry of Provincial Secretary and Travel Industry	**148,179,589**	**132,325,548**	**15,854,041**	**19,231,773**	**(3,377,732)**
	Ministry of Recreation and Conservation					
230	Minister's office	82,801	116,724	(33,923)		(33,923)
231	General administration	1,224,138	1,294,013	(69,875)		(69,875)
232	Information and education	494,191	495,024	(833)		(833)
233	Marine Resources Branch	511,288	551,430	(40,142)		(40,142)
234	Salmonid Enhancement Program	1,183,193	2,064,800	(881,607)		(881,607)
235	Fish and Wildlife Branch	10,308,330	10,323,445	(15,115)		(15,115)
236	Federal and other agency programs	368,200	1,559,956	(1,191,756)		(1,191,756)
237	Creston Valley Wildlife Management	130,049	129,750	299		299
238	Parks management	16,445,919	16,346,619	99,300		99,300
239	Parks capital	4,501,091	4,500,000	1,091		
	Statutory—K. R. Yetter Bequest, *Park Act* (1965, chap. 31, sec. 32)				5,000	(3,909)
240	Land acquisition—National and Provincial parks	1,950,396	1,858,000	92,396		
	Supplement—Special Warrant No. 77				104,000	(11,604)
241	Youth crew	988,280	1,000,000	(11,720)		(11,720)
242	Heritage Conservation Branch	1,182,602	1,477,331	(294,729)		(294,729)
243	Recreation and Fitness Branch	1,855,704	2,333,953	(478,249)		(478,249)
244	Recreation facilities grants	7,000,000	7,000,000	—		—
245	Grants-in-aid of regional park development	1,080,000	1,080,000	—		—
246	Cultural Services Branch	403,668	421,299	(17,631)		(17,631)
247	Library Services Branch	4,283,423	4,436,193	(152,770)		
	Supplement—Special Warrant No. 14				18,000	(170,770)
248	Provincial Capital Commission	1,580,745	579,796	1,000,949		
	Supplement—Special Warrant No. 6				1,040,000	(39,051)
249	Building occupancy charges	2,892,870	3,390,270	(497,400)		(497,400)
250	Computer and consulting charges	133,939	342,000	(208,061)		(208,061)
	Statutory—Crystal Gardens restoration, *Provincial Capital Commission Act* (1956, chap. 55, sec. 11)	2,475,000		2,475,000	2,475,000	—
		61,075,827	**61,300,603**	**(224,776)**	**3,642,000**	**(3,866,776)**
	Ministry of Deregulation					
	Statutory—Minister's salary, *Constitution Act* (R.S.B.C. 1960, chap. 71, sec. 9 (6))	7,809		7,809	7,809	—
	Special Warrant No. 32—Professional and special services and other expenditures	151,476		151,476	100,000	51,476
		159,285		**159,285**	**107,809**	**51,476**
	Ministry of Lands, Parks and Housing					
	Statutory—Minister's salary, *Constitution Act* (R.S.B.C. 1960, chap. 71, sec. 9 (6))	7,809		7,809	7,809	—
	Statutory—Minister's office expenditures, *Constitution Act* (R.S.B.C. 1960, chap. 71, sec. 12B)	20,063		20,063	20,063	—
		27,872		**27,872**	**27,872**	**—**

EXPENDITURE FOR THE FISCAL YEAR ENDED MARCH 31, 1979—Continued

No. of vote	SERVICE	Total expenditure	Main estimates voted	Expenditure over (*under*) main estimates	Other authorizations[1]	Net over (*under*) expenditure
	Ministry of Tourism and Small Business Development	$	$	$	$	$
	Statutory—Minister's salary, *Constitution Act* (R.S.B.C. 1960, chap. 71, sec. 9 (6))	7,809		7,809	7,809	—
	Special Warrant No. 43—Professional and special services and expenditures	66,609		66,609	103,000	(36,391)
		74,418		**74,418**	**110,809**	**(36,391)**
	Total budgetary expenditure	**4,323,680,656**	**4,280,350,000**	**43,330,656**	**272,071,569[2]**	**(228,740,913)**
	Nonbudgetary Expenditure Charged to Current Revenue					
	Crown Corporations					
	Advances—					
	British Columbia Assessment Authority (*Assessment Authority of British Columbia Act*, 1974, chap. 7, sec. 17 (4))	2,500,000				
	British Columbia Systems Corporation (*Systems Act*, 1977, chap. 45, sec. 8 (1))	5,000,000				
	Ocean Falls Corporation Act (1973, chap. 64, sec. 9)	4,000,000				
	Grant—British Columbia Railway Company *re* Fort Nelson Extension—					
	Special Warrant No. 18	16,000,000				
	Special Warrant No. 67	4,000,000				
	Total nonbudgetary expenditure	**31,500,000**				
	Expenditures out of Revenue Surplus of 1976–77 Appropriation Act					
	Agriculture:					
	Accelerated Agricultural Program (Sec. 1 (*i*))	1,751,051	2,000,000	(248,949)		
	Energy, Transport and Communications:					
	Local Airport Assistance Programs (Sec. 1 (*c*))	4,999,995	5,000,000	(5)		
	Environment:					
	Accelerated Water Treatment Program (Sec. 1 (*k*))	1,998,421	2,000,000	(1,579)		
	Forests:					
	Accelerated Reforestation Program (Sec. 1 (*d*))	8,601,447	10,000,000	(1,398,553)		
	Highways and Public Works:					
	Highways Program (Sec. 1 (*b*))	27,096,139	27,629,730	(533,591)		
	Labour:					
	Accelerated Summer Works Program (Sec. 1 (*e*))	4,999,901	5,000,000	(99)		
	Mines and Petroleum Resources:					
	Accelerated Mineral Development Program (Sec. 1 (*f*))	4,999,736	5,000,000	(264)		
	Municipal Affairs and Housing:					
	Accelerated Elderly Citizens' Housing Construction Program (Sec. 1 (*b*))	2,000,000	2,000,000	—		
	Recreation and Conservation:					
	Accelerated Recreation Facilities Program (Sec. 1 (*g*))	5,500,000	5,500,000	—		
	Accelerated Fisheries Program (Sec. 1 (*j*))	1,807,736	2,000,000	(192,264)		
	British Columbia Development Corporation:					
	Purchase of Shares (Sec. 1 (*a*))	10,000,000	10,000,000	—		
		73,754,426	**76,129,730**	**(2,375,304)**		
	Combined General Fund Expenditures	**4,428,935,082**				

[1] "Other authorizations" comprise statutory and special warrant authorizations as indicated.

[2] The total of other authorizations of $272,051,506 represents statutory authorizations of $70,975,900 and special warrant (*Financial Control Act*) authorizations of $201,075,606.

NOTE—In accordance with the *Supply Act No. 2, 1978* (1978, chap 38), the actual expenditures are reported in relation to the services and amounts appropriated. Reorganization changes made in December 1978, pursuant to the *Constitution Act*, are therefore not reflected in these statements except for expenditures authorized under the *Constitution Act* and by special warrants for the ministries of "Deregulation", "Lands, Parks and Housing", and "Tourism and Small Businss Development".