MEDIA EVENT: SCRUM WITH AUDITOR GENERAL BONNIE LYSYK OUTSIDE OF STANDING COMMITTEE ON PUBLIC ACCOUNTS

October 5, 2016

Location:		
Outside Room 151, Standing Committee on Public Accounts		
Speaker:		
Auditor General Bonnie Lysyk		
Media Attendance:		
Print – 3	TV – 0	Radio – 0
Media Outlets:		
Jones – CP; Benzie – Star; Nanji– QP Briefing		
Media Questions:		

Questions for Auditor General Bonnie Lysyk:	
Q: Benzie: What is happening with your written opinion on the consolidated financial statement? Have you decided when you are going to submit that and what that is going to say yet?	Yeah we are working it through and they'll have an opinion. And I think their plan is down the road to release it with their statements because they need it to table in the Legislative Assembly. So I am under the impression it is going to happen soon.
Q: Benzie: So in the next week of so?	You know what? That is probably a question for the Ministry of Finance.
Q: Jones: Can you tell us anything about your committee appearance?	It's ironic but the committee had picked chapter 2 as the subject they were going to look at weeks ago. And so the timing is interesting but it really is a discussion on last year's Public Accounts Chapter 2.
Q: Benzie: So do you have concerns about the 2014-15 Public Accounts because of the change in accounting for 2015-16? Do you want to look back at those again?	You know what? When we do our audit and information comes to our attention, we factor that into the current audit and into the current opinion. So that will be something that when the statements are table, it will be more clear.
Q: Benzie: So should last year, 2014-15 deficit figure be revised because of the change in accounting over the pension assets?	I am kind of the person who wants to wait until the process goes through as it should. I mean things should be tabled in the Legislative Assembly with the opinion and I think then it will be appropriate to discuss it. Until then I want to respect the Legislative Assembly's process.
Q: Benzie: In your view, is the deficit $5B. Do you agree with that figure?	I can talk to that because they have already displayed the statements. They got it right on the bottom line. So the bottom line that is in those statements I think is right. And the bottom line for the accumulated deficit is definitely right as well.

Q: Benzie: So when they were saying it is $3.5 and the accumulated deficit was $294, that is wrong. You don't agree with that version.	The version that was made public I think has the right bottom line for in-year as well as accumulated deficit.
Q: Benzie: Now the government says they are going to have an expert panel or independent accountants look at the accounting practice because it was one way for 14 years and you guys have changed this year. Do you anticipate that will change? if they rule that the government is right and the old practice is correct, will you revise your thinking or not?	You know I as well have external advice as well that I seek prior to addressing significant issues. So I am really confident that we have done our homework and that we have it right. But you know these are the government's statements. I think they are totally within their right to explore other avenues so if that is the process they want to do, that is fine.
Q: Benzie: But will you abide by the findings?	I work for the Legislative Assembly so if there is new information, obviously I will take it into account and see if that changes our opinion. If there isn't new information, I feel pretty solid that we've got it right.
Q: Jones: So even if this expert review sides with the governments prefers accounting practices, you might still look to issue an opinion next year based on the accounting practices you prefer.	Yeah, I mean we work for the Legislative Assembly, we get our own information. I have no vested interest in the outcome of this other than making sure it is right in accordance with public sector accounting standards. So we will do our homework. If there is new information coming out of a committee that changes any of the information around the situation then definitely taking it into account. But I guess at this point I am pretty confident we got it right.
Q. Jones: So you are not bound by their conclusions then? Q. Benzie: But did you make a mistake last year or 14/15 signing off on the assets last year? This is the thing that is confusing to a lot of us. Was that a mistake?	As part of an audit, right, you look at the accounts and what you are going to look at and when new information comes to light, you have to factor in that new information. You know, in the case of the pension asset, we saw an increasing trend in the pension asset. We saw that there wasn't a way to adjust that asset down. And so after we did our homework on it and understood it better and saw the upward impact it would eventually have as well on the statements, we looked into it further. And I think that will be…that's reflected in the statements right now.
Q. Benzie: But it's not a liability and it's not worth zero, so this is what is confusing to those of us who are not accountants.	So what it does is it's an offset to pension liability. So when you reverse it, it actually increases pension liabilities.
Q. Benzie: So your sense is that they…were they using this number…I mean, could they almost pluck things out of the air to say that his number is worth X to defray, you know, down the road their debt figures?	I think the asset number was derived from calculations. And then we sat back – and I'm speaking to this because it's out there in the statements right now – we sat back and looked at it and said: can the government access it? Do they have control over it, unilateral control? Is it something that if the government's creditors wanted to access it, they could access it? And when we received, you know, we obtained a no to all of that, then what is it?

	It is as a notional number that doesn't have the backing of cash, of assets. So, you know, that's where you get into reducing it. And the reduction means you increase the pension liability.
Q. Benzie: But the problem is that for the previous 14 years it was done one way, so therefore doesn't it call into question all the previous auditors and the previous governments' accounts?	So when you do an adjustment to the accumulated deficit, there is a recognition that that item as a whole should go and be adjusted retro. So that's why it's going through the accumulated deficit, is because it is indicating that that amount did affect…was built up over a number of years.
Q. Benzie: So the figures for the last 14 years are probably off then?	You know what; I'd say the significance of those figures has grown. So in auditing there is something called materiality and when an asset or an expense isn't material to a reader's view of the bottom line of the financial statements or on the assets and liabilities, you know, there might not be an adjustment necessary. But because there is a build up here, at some point you have to say; well, now we are sitting with this asset of a certain value. It is big enough to look into it a little bit more deeply and suggest an adjustment.
Q: Nanji: It may have artificially lowered the deficit in previous years, but now the number just got significant.	That's correct. More information. And we started in June. Actually, I'll correct the record here that we notified Finance in June that there were issues and they had been looking at it over the course of the summer. And, yeah, as a result of looking at it more I think there was more understanding about it and a realization that, yeah, there should be an adjustment.
Q: Nanji: I'm wondering if this dispute has put a strain on…or I guess disagreement has put a strain on…difference in opinion puts a strain on your relationship with the government?	You know what, I mean, we are the auditor for the government, we are the auditor for the whole Assembly. So, you know, we do our job. I'm not calling it that. I'm not thinking of it that way. I'm just thinking that, you know what, we need to have our opinion out there, have the statements out there correctly, and that's our job. You know, how it gets portrayed, I can't really focus on that, right. I've just got to make sure that the numbers are correct.
N.B.: Comments captured are not verbatim quotes	

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