

VALUE FOR MONEY AUDITING

A REVOLUTION IN THE MAKING?

Speech delivered by

SONJA SINCLAIR

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MR. CHAIRMAN, GUESTS, LADIES AND GENTLEMEN

I MUST ADMIT THAT STANDING HERE TODAY AS YOUR GUEST
SPEAKER IS A MAJOR EVENT IN MY LIFE. I HOPE YOU WILL
FORGIVE ME IF I INDULGE IN A FEW MOMENTS OF NOSTALGIA.
THE FIRST TIME I CAME TO THE CANADIAN CLUB WAS NINE
YEARS AGO, SHORTLY AFTER STEPHEN LEWIS WAS ELECTED HEAD
OF THE ONTARIO NEW DEMOCRATIC PARTY. THE CANADIAN CLUB
DID NOT HAVE FEMALE MEMBERS IN THOSE DAYS, BUT IT DID
ALLOW WOMEN TO COME AS GUESTS. LEWIS WAS YOUR GUEST
SPEAKER THAT DAY, AND I DECIDED I WANTED TO SEE THIS BOY
WONDER WHO HAD EMERGED ON THE POLITICAL HORIZON.

THE MEETING WAS PACKED - I GUESS A LOT OF PEOPLE MUST
HAVE FELT THE SAME WAY I DID. I SAT OVER NEAR THE SIDE
OF THE ROOM AND I DID MY BEST TO LOOK INCONSPICUOUS WHILE
THE PRESIDENT ASKED THE ASSEMBLED GENTLEMEN TO TOAST THE
QUEEN

AND WHILE HE INFORMED THE GENTLEMEN WHO WERE THEIR HEAD TABLE GUESTS (IN THOSE DAYS, GUESTS WERE STILL BEING INTRODUCED), AND WHILE SOMEBODY ELSE TOLD THE GENTLEMEN ALL ABOUT THE GUEST SPEAKER. AND THEN STEPHEN LEWIS GOT UP TO SPEAK AND LOOKING DEAD AHEAD AND WITHOUT A FLICKER OF A SMILE HE SAID: "LADY - AND GENTLEMEN". ALL OF A SUDDEN I REALIZED THAT I WAS THE ONLY WOMAN IN THAT ROOM.

AS I LOOK AROUND ME TODAY, I CAN'T HELP BUT OBSERVE THAT THE CANADIAN CLUB HAS COME A LONG WAY IN THE PAST NINE YEARS.

YOU MAY WELL WONDER WHY I DIDN'T PICK A MORE EXCITING, A SEXIER SUBJECT FOR THIS MOMENTOUS OCCASION. LET'S FACE IT, AUDITING DOES NOT STRIKE MOST PEOPLE AS A PARTICULARLY EXCITING PROFESSION AND ACCOUNTANTS, THE PEOPLE WHO DO THE

AUDITING, DON'T ENJOY A REPUTATION FOR BEING PARTICULARLY EXICTING PEOPLE.

THOSE OF YOU WHO ARE MONTY PYTHON FANS MAY RECALL A SKIT HE PUT ON A FEW YEARS AGO, WHERE A YOUNG MAN WENT SO SEE A GUIDANCE COUNSELLOR. HE WANTED TO KNOW WHAT WERE HIS TALENTS, WHAT CAREER PATH HE SHOULD PURSUE. WELL THE GUIDANCE COUNSELLOR GAVE HIM I.Q. TESTS, AND APTITUDE TESTS, AND INK BLOT TESTS, AND HE ANALYSED THEM ALL AND HE FINALLY CAME UP WITH THE ANSWER: "YOUNG MAN," HE SAID, "YOU SHOULD BECOME AN ACCOUNTANT."

AT THIS POINT THE YOUNG MAN BECAME TERRIBLY AGIATED. "BUT I AM AN ACCOUNTANT," HE TOLD THE COUNSELLOR, "AND I FIND IT DULL, DULL, DULL:" - "I AM AMFULLY SORRY," SAID THE COUNSELLOR, "BUT YOU HAPPEN TO BE A VERY DULL PERSON."

WELL, THAT IS A STEREOTYPE AND LIKE MOST STEREOTYPES, IT PERPETUATES ITSELF ALMOST IN DEFIANCE OF THE EVIDENCE. TO SOME EXTENT IT CLINGS EVEN TO THE IMAGE OF THE AUDITOR GENERAL, THE MAN WHO TELLS US ABOUT THE WAY THE GOVERNMENT SPENDS OUR MONEY. I WISH I HAD TEN DOLLARS FOR EVERY PERSON WHO HAS SAID TO ME DURING THE PAST FEW MONTHS: "WHAT ON EARTH MADE YOU WRITE A BOOK ABOUT THAT KIND OF SUBJECT?"

AND THAT IN A WAY IS ASTONISHING BECAUSE THESE SAME PEOPLE DO GET QUITE WORKED UP WHENEVER THE AUDITOR GENERAL'S REPORT IS TABLED IN PARLIAMENT AND THEY HEAR ABOUT ALL THE MIS-MANAGEMENT, ALL THE WASTE AND EXTRAVAGANCE THAT IS BEING PERPETRATED IN HIGH PLACES. THAT REPORT IS SOMETHING OF A NATIONAL HAPPENING. AS ONE AUDITOR GENERAL ONCE TOLD A PARLIAMENTARY COMMITTEE, IF HIS REPORT WERE EVER TO GIVE THE GOVERNMENT A CLEAN BILL OF HEALTH, THE TAXPAYERS WOULD

PRBABLY FIRE HIM BECAUSE WE WOULD ALL FIGURE THAT HE WASN'T DOING HIS JOB. . . . THAT AUDITOR GENERAL, BY THE WAY, WAS WATSON SELLAR AND HE SAID IT 25 YEARS AGO.

MORE RECENTLY IN 1974, WHEN OUR PRESENT AUDITOR GENERAL JIM MACDONELL ISSUED A REPORT THAT ONLY CONTAINED TWO OR THREE TIDBITS OF BUREAUCRATIC MISMANAGEMENT, MOST COMMENTATORS COMPLAINED BITTERLY THAT HE OBVIOUSLY DIDN'T HAVE WHAT IT TAKES TO BE AUDITOR GENERAL. THE WINDSOR STAR, OF ALL PAPERS, WENT SO FAR AS TO DENOUNCE THE REPORT AS THE BRAINCHILD OF A "COLOURLESS NONENTITY." I SUSPECT THAT MR. MACDONELL HAS BEEN CALLED MANY THINGS IN THE COURSE OF HIS LONG AND DISTINGUISHED CAREER, BUT I THINK THOSE OF YOU WHO KNOW HIM WILL AGREE WITH ME THAT THIS MUST HAVE BEEN THE FIRST AND THE LAST TIME THAT ANYBODY CALLED HIM EITHER COLOURLESS OR A NONENTITY.

WELL AS I SAY, THE ANNUAL REPORT IS USUALLY FAR FROM COLOURLESS, AND IT DOES CAUSE A GOOD DEAL OF COMMOTION. BUT ONCE IT IS OVER AND DONE WITH, THE INDIGNATION SUBSIDES AND AS FAR AS THE PUBLIC IS CONCERNED, EVERYTHING AND EVERYBODY SEEMS TO GO BACK TO THE SAME OLD WAYS. THE AUDITORS GO BACK TO ADDING UP LONG COLUMNS OF FIGURES, AND THE GOVERNMENT GOES BACK TO MISMANAGING OUR MONEY. AS ANY NUMBER OF PEOPLE HAVE SAID TO ME OVER THE PAST FEW MONTHS, SURE THE AUDITOR GENERAL SOUNDS OFF ONCE A YEAR; BUT APART FROM THAT, NOTHING EVER HAPPENS.

WELL ACTUALLY, A GOOD DEAL HAS BEEN HAPPENING OVER THE PAST FEW YEARS, AND A GOOD DEAL MORE MAY HAPPEN IN THE NOT TOO DISTANT FUTURE. ONE DEVELOPMENT IN PARTICULAR MAY WELL AFFECT GOVERNMENT ACCOUNTABILITY AT THE FEDERAL, THE PROVINCIAL AND - QUITE POSSIBLY - THE MUNICIPAL LEVEL. IT MAY ALSO AFFECT THE DUTIES AND RESPONSIBILITIES OF THOSE OF US WHO SIT ON THE BOARDS OF HOSPITALS, OF CULTURAL ORGANIZATIONS OR OF ANY OTHER ORGANIZATION THAT DEPENDS FOR ITS SURVIVAL ON PUBLIC FUNDS.

THE DEVELOPMENT I AM TALKING ABOUT IS THE ADVENT OF VALUE-FOR-MONEY AUDITING - A CONCEPT WHICH BECAME PART OF THE AUDITOR GENERAL'S MANDATE TWO YEARS AGO. THAT WAS WHEN WE GOT OUR FIRST AUDITOR GENERAL ACT - AND IF YOU'VE NEVER HEARD ABOUT IT, DON'T FEEL BADLY. HARDLY ANYBODY HAS. EVEN THOUGH I HAPPEN TO THINK THAT IT IS ONE OF THE MOST IMPORTANT PIECES OF LEGISLATION ENACTED WITHIN MANY YEARS, OUR NEWS MEDIA MANAGED TO IGNORE IT SO COMPLETELY YOU'D HAVE THOUGHT THERE WAS SOME SORT OF CENSORSHIP INVOLVED.

WHAT IS SO SPECIAL ABOUT THIS ACT? WELL VERY BRIEFLY, IT EMPOWERS THE AUDITOR GENERAL TO REPORT TO PARLIAMENT WHETHER THE TAXPAYERS' MONEY HAS BEEN SPENT ECONOMICALLY AND EFFICIENTLY; THAT IS, WHETHER THE GOVERNMENT PAID NO MORE THAN NECESSARY FOR THE THINGS AND SERVICES IT ACQUIRED - CONSISTENT OF COURSE WITH THE DESIRED QUALITY; AND WHETHER IT USED ITS RESOURCES AS EFFICIENTLY, AS PRODUCTIVELY AS POSSIBLE.

OVER AND ABOVE THAT, THE ACT ALSO EMPOWERS THE AUDITOR GENERAL TO REPORT WHETHER THE GOVERNMENT IS MEASURING THE EFFECTIVENESS OF ITS EXPENDITURES; IN OTHER WORDS, DOES ANYBODY KNOW WHETHER THE EXPENDITURES ARE ACCOMPLISHING WHAT THEY WERE DESIGNED TO ACCOMPLISH; OR, AS OUR AUDITOR GENERAL OCCASIONALLY PUTS IN WHEN HE LAPSES INTO THE VERNACULAR,

"ARE WE GETTING THE BIGGEST BANG FOR OUR BUCK?"

NOW AT FIRST SIGHT, NONE OF THIS MAY SEEM TERRIBLY NEW OR EXCITING. THERE IS A WIDESPREAD ASSUMPTION THAT THIS IS THE SORT OF THING WHICH THE AUDITOR GENERAL ALWAYS DID, THE SORT OF THING HE WAS ALWAYS SUPPOSED TO DO. BUT THE FACT IS THAT HE WAS NOT SUPPOSED TO DO IT; OR IF HE WAS, THE LAW CERTAINLY FAILED TO SPELL IT OUT. BASICALLY, THE FINANCIAL ADMINISTRATION ACT (UNDER WHICH HE FUNCTIONED UNTIL TWO YEARS AGO) INSTRUCTED THE AUDITOR GENERAL TO REPORT ON TWO THINGS: ONE, WHETHER THE GOVERNMENT'S EXPENDITURES HAD BEEN PROPERLY ACCOUNTED FOR; AND TWO, WHETHER MONEY HAD BEEN SPENT IN ACCORDANCE WITH THE WISHES OF PARLIAMENT.

PARLIAMENT, INCIDENTALLY, DOES NOT ALWAYS MAKE ITS WISHES ALL THAT CLEAR AND SO, WITH A LITTLE BIT OF IMAGINATION, THE GOVERNMENT COULD USUALLY CLAIM THAT IT WAS DOING WHAT PARLIAMENT WANTED IT TO DO.

BUT ALL THAT HAS CHANGED WITH THE NEW LEGISLATION. THE AUDITOR GENERAL FOUGHT LONG AND HARD FOR THAT LEGISLATION, PARTICULARLY THE PART THAT DEALS WITH EFFECTIVENESS. AFTER ALL, TO MEASURE THE EFFECTIVENESS OF A PROGRAM, THE GOVERNMENT WILL HAVE TO SPELL OUT WHAT EXACTLY THAT PROGRAM WAS SUPPOSED TO ACCOMPLISH, AND THAT, IN ITSELF, MAY TURN OUT TO BE A PRETTY PAINFUL EXERCISE.

LET'S TAKE, FOR EXAMPLE, THE FAMILY ALLOWANCE PROGRAM WHICH IS VERY MUCH IN THE NEWS AT THE MOMENT. WE ARE TOLD THAT IT IS TO BE OVERHAULED, BUT NOBODY TO THE BEST OF MY KNOWLEDGE HAS TOLD US WHAT IT IS SUPPOSED TO ACHIEVE.

IS IT SUPPOSED TO HELP THE CHILDREN? PUT SOME SPENDING MONEY IN THE POCKETS OF THEIR MOTHERS? ENCOURAGE WHAT OUR FELLOW CITIZENS IN QUEBEC CALL "POLITIQUE DE FAMILLE"? REDISTRIBUTE INCOME? IN ORDER TO MEASURE THE EFFECTIVENESS OF FAMILY ALLOWANCES, THE GOVERNMENT WILL HAVE TO DECIDE, SOONER OR LATER, JUST WHAT EXACTLY THEY ARE SUPPOSED TO DO.

ONCE THE OBJECTIVE OR OBJECTIVES HAVE BEEN SPELLED OUT, THE GOVERNMENT WILL HAVE TO SET UP A SYSTEM FOR DETERMINING WHETHER THESE OBJECTIVES ARE IN FACT BEING MET. A JOB CREATION PROGRAM, FOR INSTANCE: WE ALL KNOW WHAT IT IS SUPPOSED TO DO: IT'S SUPPOSED TO RELIEVE UNEMPLOYMENT. BUT HOW MANY JOBS HAS IT ACTUALLY CREATED, AND AT WHAT COST? ARE THOSE REALLY NEW JOBS, OR IS IT A CASE OF A PLANT CLOSING DOWN IN ONE PART OF THE COUNTRY AND RE-OPENING IN ANOTHER? AND ARE THE JOBS PERMANENT? OR WILL THEY DISAPPEAR ONCE THE INCENTIVES ARE GONE?

THESE ARE THE KIND OF QUESTIONS THAT WILL HAVE TO BE ANSWERED, OR ELSE THE AUDITOR GENERAL WILL INFORM PARLIAMENT THAT THEY ARE NOT BEING ANSWERED.

WELL, IT'S EASY TO SEE WHY THE POLITICIANS WERE NONE TOO THRILLED ABOUT VALUE-FOR-MONEY BECOMING PART OF THE AUDITOR GENERAL'S MANDATE, AND THE CIVIL SERVANTS WERE, IF ANYTHING, EVEN LESS THRILLED THAN THE POLITICIANS. ECONOMY AND EFFICIENCY THEY COULD BUY - WITHOUT EXCESSIVE ENTHUSIASM, BUT THEY DID ACCEPT IT. BUT WHEN IT CAME TO EFFECTIVENESS THEY ARGUED - WITH CONSIDERABLE LOGIC - THAT THERE ARE MANY THINGS A GOVERNMENT DOES WHICH DO NOT LEND THEMSELVES TO MEASUREMENT. HOW DO YOU MEASURE THE EFFECTIVENESS OF AN EMBASSY, OR OF A MUSEUM, OR A RESEARCH INSTITUTE?

"NO," SAID THE AUDITOR GENERAL, "YOU CANNOT MEASURE THE EFFECTIVENESS OF AN EMBASSY; BUT YOU CAN MEASURE THE EFFECTIVENESS OF SOME OF ITS COMPONENTS - FOR INSTANCE, THE PASSPORT OFFICE."

IN THE CASE OF A BILINGUALISM PROGRAM, TO TAKE A NICE CONTROVERSIAL EXAMPLE, YOU MAY NOT BE ABLE TO TELL WHAT IT IS ACCOMPLISHING IN TERMS OF MUTUAL UNDERSTANDING OR NATIONAL UNITY; YOU MAY THINK YOU KNOW, BUT YOU CAN'T PROVE IT. BUT YOU CAN TELL HOW MANY PEOPLE HAVE GONE THROUGH THAT PROGRAM AND WHAT LEVEL OF LINGUISTIC EXPERTISE THEY HAVE ACHIEVED; YOU CAN ALSO ADD UP THE COST AND DETERMINE WHETHER THERE MIGHT HAVE BEEN OTHER, LESS EXPENSIVE WAYS OF ACHIEVING THE SAME RESULTS.

PLEASE NOTE THAT ALL THE LAW EMPOWERS THE AUDITOR TO DO IS TO REPORT WHETHER THOSE THINGS WHICH CAN BE MEASURED ARE BEING MEASURED, WHETHER OBJECTIVE MEASUREMENT SYSTEMS ARE BEING USED AND WHETHER THE RESULTS ARE AVAILABLE TO PARLIAMENT. IT IS NOT UP TO THE AUDITOR TO SAY: "YOU'RE SPENDING TOO MUCH ON THIS PARTICULAR PROGRAM, YOU SHOULDN'T DO THIS AT ALL." I MENTION THIS BECAUSE I DISCOVERED THAT THIS POINT IS WIDELY MISUNDERSTOOD. PEOPLE KEEP SAYING TO ME, "IF THE AUDITOR GENERAL KNOWS ALL THIS MONEY IS BEING SPENT OR MISSPENT, WHY DOESN'T HE DO SOMETHING ABOUT IT?" THE AUDITOR GENERAL IS AN OFFICER OF PARLIAMENT, HE IS NOT A CIVIL SERVANT, AND HE HAS NO EXECUTIVE POWERS WHATSOEVER. HE REPORTS TO PARLIAMENT AFTER THE EVENT AND WHILE HE CAN RECOMMEND THAT CERTAIN STEPS BE TAKEN - AND OUR AUDITORS GENERAL BY AND LARGE HAVE NOT BEEN SHY ABOUT RECOMMENDING - IT IS UP TO PARLIAMENT TO DECIDE WHETHER HIS RECOMMENDATIONS ARE TO BE IMPLEMENTED.

AS ONE CABINET MINISTER TOLD ME, IF THE GOVERNMENT IN ITS WISDOM - OR LACK OF IT - DECIDED THAT THE BEST WAY TO FIGHT POVERTY WAS TO SCATTER HUNDRED-DOLLAR BILLS FROM THE TOP OF THE C.N. TOWER, AND IF PARLIAMENT SOMEHOW COULD BE PERSUADED TO GIVE ITS APPROVAL TO SUCH A SCATTER-BRAINED SCHEME, ALL THE AUDITOR GENERAL COULD DO WOULD BE TO REPORT WHETHER THE BILLS WERE BEING SCATTERED ECONOMICALLY AND EFFICIENTLY, AND WHETHER A SYSTEM HAD BEEN SET UP TO MONITOR THE EFFECTIVENESS OF THE OPERATION. HE COULD NOT SAY THAT THAT'S A DAMN STUPID THING TO DO - AT LEAST, NOT IN PUBLIC.

IF THAT SOUNDS AS THOUGH THE AUDITOR GENERAL DOESN'T HAVE MUCH POWER, LET ME ASSURE YOU THAT THE OPPOSITE IS TRUE. HE IS TODAY ONE OF THE MOST POWERFUL PEOPLE IN OTTAWA.

ONCE HE HAS BEEN APPOINTED HE CANNOT BE FIRED - AT LEAST NOT BY THE GOVERNMENT.

HE CAN DEMAND ACCESS TO ALMOST ANY INFORMATION, HE CAN DECIDE WHAT PROGRAM OR ACTIVITY HE WILL EXAMINE IN MORE DEPTH THAN OTHERS; AND HE CAN PUT HIS PERSONAL OPINIONS BEFORE PARLIAMENT AND BEFORE THE NATION. NOT THE OPINIONS OF HIS PARTY, OR OF THE CAUCUS, OR OF SOME PRESSURE GROUP, BUT HIS PERSONAL OPINIONS; VERY FEW PEOPLE IN CANADA ARE ENTITLED TO DO THAT.

IF HE WERE NOT SO POWERFUL, HE WOULD NEVER HAVE WON THE VALUE-FOR-MONEY DEBATE; AND HAVING WON IT MADE HIM, OF COURSE, MUCH MORE POWERFUL THAN EVER BEFORE.

WHAT'S MORE, THE VALUE-FOR-MONEY GOSPEL IS SPREADING WAY BEYOND THE CONFINES OF OTTAWA. IN THE TWO YEARS SINCE THE AUDITOR GENERAL ACT BECAME LAW, THREE PROVINCIAL GOVERNMENTS HAVE PASSED LEGISLATION WHICH MAKES VALUE-FOR-MONEY PART OF THE PROVINCIAL AUDITOR'S MANDATE. ONTARIO IS ONE OF THOSE PROVINCES - THE OTHER TWO ARE ALBERTA AND BRITISH COLUMBIA. THAT MEANS THAT AS OF LAST YEAR, SOME ONTARIO MINISTRIES, OR AT LEAST SOME PARTS OF THOSE MINISTRIES, HAVE BEEN AUDITED FOR ECONOMY, EFFICIENCY AND EFFECTIVENESS; AND EVENTUALLY, OUR PROVINCIAL AUDITOR TELLS ME, THIS KIND OF VALUE-FOR-MONEY AUDIT WILL BECOME PART AND PARCEL OF ALL HIS OPERATIONS. THE PROVINCIAL AUDITOR'S JURISDICTION, BY THE WAY, INCLUDES NOT ONLY GOVERNMENT MINISTRIES BUT ALSO SOME 60 CROWN CORPORATIONS - THINGS LIKE THE ONTARIO HOUSING CORPORATION, THE LIQUOR CONTROL BOARD AND ONTARIO NORTHLAND RAILWAY.

I SAY THIS WILL HAPPEN EVENTUALLY BECAUSE VALUE-FOR-MONEY AUDITING IS A MIGHTY NEW, MIGHTY COMPLEX ART AND RIGHT NOW THERE ARE VERY FEW PEOPLE, IN CANADA OR ANYWHERE ELSE, WHO KNOW HOW TO DO IT.

IN ORDER TO MEASURE EFFICIENCY AND EFFECTIVENESS, YOU NEED MORE THAN ACCOUNTANTS; YOU ALSO NEED ENGINEERS AND ORGANIZATION SPECIALISTS AND POSSIBLY ECONOMISTS AND PEOPLE WITH A BACKGROUND IN HUMANITIES; AND YOU HAVE TO KNOW HOW TO COMBINE THE SKILLS OF ALL THESE PEOPLE AND HOW TO USE THEM.

AT FIRST, THERE WASN'T EVEN ANY METHODOLOGY TO DO THIS KIND OF AUDIT, AT LEAST NOT FOR GOVERNMENTAL PROGRAMS. IT'S DIFFERENT IN BUSINESS, WERE YOU HAVE THE BOTTOM LINE TO TELL YOU WHETHER YOU'RE BEING EFFICIENT OR EFFECTIVE. INCIDENTALLY, ONTARIO HYDRO EMBARKED ON VALUE-FOR-MONEY AUDITS A YEAR AGO, AND THEIR INTERNAL AUDIT TEAM IS HEADED BY A SENIOR ENGINEER - WHICH MAKES A LOT OF SENSE IN THE CASE OF HYDRO BUT THE PROBLEMS ARE MUCH MORE COMPLEX WHEN IT COMES TO SOCIAL OR ECONOMIC PROGRAMS.

WELL, THE AUDITOR GENERAL FORESAW THE DIFFICULTY AND SO HE LAUNCHED SOMETHING CALLED 'SPICE' - WHICH STANDS FOR STUDY OF PROCEDURES IN COST EFFECTIVENESS - BY THE WAY, OTTAWA PEOPLE LOVE THESE ACRONYMS: THEY ARE ALMOST A THIRD OFFICIAL LANGUAGE, AND THEY EXPECT EVERYBODY ELSE TO KNOW WHAT THEY'RE TALKING ABOUT. I REMEMBER A FEW YEARS AGO, WHEN INFORMATION CANADA WAS STILL IN EXISTENCE, THEY HIRED SOME STUDENTS FOR THE SUMMER AND THEY SENT THEM IN TEAMS OF TWO TO FIND OUT HOW WELL THE GOVERNMENT WAS COMMUNICATING WITH SOME OF THE DISADVANTAGED PARTS OF THE COUNTRY.

TWO OF THE STUDENTS WENT TO BATHURST COUNTY IN NEW BRUNSWICK AND THEY WERE SPECIFICALLY CHARGED TO FIND OUT HOW MUCH PEOPLE THERE KNEW ABOUT FRED AND ARDA: FRED BEING THE FUND FOR RURAL ECONOMIC DEVELOPMENT, AND ARDA THE AGRICULTURAL AND RURAL DEVELOPMENT ACT. WELL, IT TURNED OUT THAT JUST ABOUT EVERYBODY THEY SPOKE TO KNEW ABOUT FRED: HE HAD TO BE NONE OTHER THAN THEIR OWN FREDDY ARSENAULT, A LOCAL BOY WHO HAD MADE GOOD AND WHO HAD BECOME THE EXECUTIVE ASSISTANT TO THE PRIME MINISTER OF THE PROVINCE.

AS FOR ARDA, THEY WEREN'T REALLY SURE, BUT THEY ASSUMED THAT SHE HAD TO BE FREDDY'S MISTRESS.

BUT LET'S GET BACK TO SPICE AND VALUE-FOR-MONEY AUDITING. UP UNTIL THIS FALL THERE WERE NO TEXTBOOKS, NO SCHOOL OR INSTITUTE WHERE PEOPLE COULD GO TO LEARN HOW THIS KIND OF PUBLIC SECTOR AUDIT SHOULD BE DONE. SO LAST SEPTEMBER, THE AUDITOR GENERAL LAUNCHED A TRAINING COURSE FOR THAT PRECISE PURPOSE, AND HE INVITED CANADA'S LEADING ACCOUNTING FIRMS TO SEND SOME OF THEIR MOST GIFTED PEOPLE TO TAKE THAT COURSE. HE THOUGHT HE MIGHT GET 20; AT LAST WORD, 45 HAD SIGNED UP.

THOSE 45 PEOPLE, ABOUT HALF OF THEM PARTNERS IN THEIR FIRMS, GOT AN INTENSIVE ORIENTATION COURSE AND FOR THE NEXT TWO YEARS, THEY WILL BE DOING VALUE-FOR-MONEY AUDITS IN GOVERNMENT DEPARTMENTS AND CROWN CORPORATIONS.

THIS MEANS, OF COURSE, THAT TWO YEARS FROM NOW, THERE WILL BE A NUCLEUS OF HIGHLY TRAINED, HIGHLY COMPETENT PEOPLE WHO WILL FAN OUT ALL OVER THE COUNTRY, PEOPLE WHO WILL HAVE HAD THEORETICAL TRAINING AS WELL AS PRACTICAL EXPERIENCE IN THIS KIND OF AUDITING, AND WHOSE EXPERTISE WILL PRESUMABLY BE AVAILABLE TO PROVINCIAL GOVERNMENTS AND CROWN CORPORATIONS.

WHAT ABOUT MUNICIPALITIES? AFTER ALL, THE MONEY THEY SPEND COMES OUT OF THE TAXPAYERS' POCKET TOO; THE CITY OF EDMONTON HAS ALREADY LAUNCHED VALUE-FOR-MONEY AUDITS WITHIN ITS JURISDICTION. IN ONTARIO, WE HAVE NOT REACHED THAT STAGE YET, BUT I AM TOLD THAT THE MINISTRY OF INTER-GOVERNMENTAL AFFAIRS, WHICH IS RESPONSIBLE FOR LICENSING MUNICIPAL AUDITORS, IS TAKING A VERY SERIOUS LOOK AT VALUE-FOR-MONEY AUDITING, AND THERE IS A DEFINITE POSSIBILITY THAT THAT KIND OF AUDIT MAY BECOME MANDATORY FOR MUNICIPALITIES THROUGHOUT THE PROVINCE.

BY THE WAY, THE AUDITOR OF THE CITY OF LONDON (ENGLAND) WAS IN CANADA LAST WEEK. HE VISITED OTTAWA AND TORONTO, AND THE REASON FOR HIS VISIT, AS YOU MAY HAVE GUESSED, WAS TO FIND OUT WHAT THE AUDITOR GENERAL AND THE PROVINCIAL AUDITOR ARE DOING ABOUT VALUE-FOR-MONEY AUDITING. BECAUSE BELIEVE IT OR NOT, THIS IS ONE FIELD IN WHICH CANADA APPEARS TO BE AHEAD OF JUST ABOUT ANYBODY ELSE. TWO OTHER COUNTRIES - THE UNITED STATES AND SWEDEN - ARE DOING VALUE-FOR-MONEY AUDITS; BUT THEY HAVE NOT DEVELOPED THE CONCEPT THE WAY IT HAS BEEN DEVELOPED HERE, NOR DO THEY HAVE THE SAME COOPERATION BETWEEN FEDERAL AND PROVINCIAL AND PRIVATE SECTOR AUDITORS.

TWO YEARS AGO, THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS ESTABLISHED A SPECIAL COMMITTEE TO EXAMINE THE ROLE OF THE AUDITOR; AND THAT COMMITTEE'S REPORT RECOMMENDED THAT VALUE-FOR-MONEY AUDITING SHOULD BE DONE NOT ONLY AT ALL LEVELS OF GOVERNMENT, BUT ALSO IN HOSPITALS AND UNIVERSITIES AND ALL OTHER NON-PROFIT ORGANIZATIONS.

PERHAPS YOU ARE BEGINNING TO SEE WHY THE SUB-TITLE OF MY TALK TODAY IS "A REVOLUTION IN THE MAKING." I SUSPECT QUITE A FEW OF US IN THIS ROOM SIT ON THE BOARDS OF HOSPITALS OR UNIVERSITIES OR SOME OF THOSE OTHER ORGANIZATIONS WHICH DEPEND FOR THEIR EXISTENCE ON PUBLIC MONEY. DO WE KNOW WHETHER THESE ORGANIZATIONS ARE SPENDING MONEY ECONOMICALLY, EFFICIENTLY OR EFFECTIVELY? IF WE DON'T KNOW, ARE WE DISCHARGING OUR RESPONSIBILITIES TO THE TAXPAYERS? SHOULD WE INSIST ON VALUE-FOR-MONEY AUDITS, AND SHOULD WE INSIST THAT THE AUDITORS TELL THE BOARD, OR AT LEAST THE AUDIT COMMITTEE, WHAT THEY FOUND? AFTER ALL, OUR EDUCATIONAL AND CULTURAL AND PUBLIC HEALTH INSTITUTIONS ARE SPENDING TAX DOLLARS, AND SPENDING THEM IN A BIG WAY.

ONE WORD OF CAUTION: AS I HAVE SAID BEFORE, THERE ARE MANY THINGS BEING DONE BY GOVERNMENTS AS WELL AS BY UNIVERSITIES, HOSPITALS, SCHOOL BOARDS AND CULTURAL OR CHARITABLE ORGANIZATIONS - MANY THINGS WHICH CANNOT, WHICH SHOULD NOT BE MEASURED. NOBODY IS SUGGESTING - AT LEAST, I HOPE NOBODY IS SUGGESTING - THAT WE SHOULD MEASURE THE VALUE OF HUMAN LIVES SAVED BY A PIECE OF HOSPITAL EQUIPMENT, OR THE VALUE OF THE EDUCATION DISPENSED BY SCHOOLS OR UNIVERSITIES.

VALUE-FOR-MONEY AUDITING DOES NOT MEAN WEIGHING MEDIEVAL HISTORY AGAINST ARCHEOLOGY AND DECIDING WHICH OF THE TWO IS MORE COST EFFECTIVE; IT DOESN'T MEAN, AS SOME SCEPTICS SEEM TO THINK, LETTING LOOSE A BUNCH OF ACCOUNTANTS INSIDE OUR HOSPITALS, TO START COSTING MEDICAL PROCEDURES AND DECIDE WHICH ONES SHOULD OR SHOULD NOT BE DONE.

BUT IT MIGHT WELL MEAN CHECKING WHETHER EQUIPMENT IS BEING ACQUIRED AT THE LOWEST AVAILABLE PRICE OR WHETHER IDENTICAL COURSES ARE BEING TAUGHT TO SMALL GROUPS OF STUDENTS AT ADJACENT UNIVERSITIES. I WAS IN SASKATCHEWAN A MONTH OR SO AGO, AND I WAS TOLD THAT SASKATOON AND REGINA NOW HAVE INDEPENDENT UNIVERSITIES, BOTH OF THEM SPAWNING ENORMOUSLY EXPENSIVE PROFESSIONAL FACULTIES BECAUSE NEITHER ONE CAN BEAR TO THINK THAT THE OTHER IS IN ANY WAY BETTER OR MORE COMPLETE. I SUSPECT THAT IF THOSE UNIVERSITIES HAD TO HAVE VALUE-FOR-MONEY AUDITS, THAT KIND OF WASTE OF THE TAX-PAYERS' MONEY MIGHT WELL BE AVOIDED.

DRAWING THE LINE BETWEEN WHAT SHOULD AND SHOULD NOT BE MEASURED WILL NOT BE EASY. WE MUST NOT GO OVERBOARD. WE MUST REMEMBER THAT THERE IS A FUNDAMENTAL DIFFERENCE BETWEEN

AN ORGANIZATION WHICH EXISTS FOR THE PURPOSE OF SAVING LIVES OR ALLEVIATING PAIN, AND CORPORATIONS WHICH ARE IN BUSINESS TO MAKE MONEY. WE MUST ALSO REMEMBER THAT VALUE-FOR-MONEY AUDITS ARE COMPLICATED AND THEREFORE EXPENSIVE; WE'VE GOT TO BE REASONABLY SURE THAT IT IS WORTH DOING, THAT IT IS LIKELY TO SAVE MORE MONEY THAN IT WILL COST.

BUT WE MUST ALSO REMEMBER THAT PEOPLE ARE FED UP WITH BEING ASKED TO PAY MORE AND MORE TAXES, AND THAT A WAY WILL HAVE TO BE FOUND TO BUILD MORE ECONOMY, MORE EFFICIENCY AND MORE EFFECTIVENESS INTO PUBLIC SPENDING.

I DON'T SUGGEST THAT VALUE-FOR-MONEY AUDITING IS SOME SORT OF PANACEA, AN INSTANT SOLUTION TO ALL OUR PROBLEMS. BUT I DO BELIEVE, AND I HOPE I HAVE CONVINCED YOU, THAT IT IS AT LEAST A STEP IN THE RIGHT DIRECTION. OH AND INCIDENTALLY, I ALSO HOPE THAT I HAVE CONVINCED YOU THAT AUDITING NEED NOT BE QUITE AS DULL, DULL DULL AS YOU MAY HAVE THOUGHT IT WAS.