

BACKGROUND

Parks on the role of the Auditor General in reviewing public-private partnerships in B.C.

The Canadian Union of Public Employees' and the Hospital Employees' Union retained the firm Blair Mackay Mynett Valuations Inc. and forensic accountant Ron Parks to review the role of the Office of the Auditor General of B.C. in reporting on public-private partnerships.

CUPE and HEU asked Parks to provide his views on the following questions:

- Was the Auditor General's role appropriate and satisfactory from a public perspective?
- Does the Auditor General's review process provide assurance to the public that P3s will result in real cost savings?
- To what degree can ministries and government rely on this process?

Parks was also asked to provide recommendations on a process that would better meet public expectations.

Parks' findings in brief

- The Auditor General's process for reviewing third-party P3 reports provide "no positive assurance...as to whether value for money is demonstrable", "does not provide assurances that there are going to be real cost savings for the public", and "is appropriate only from the standpoint of dealing with forward-looking information, which cannot be audited."
- The BC government, provincial ministries and legislators "should exercise restraint in adopting conclusions that the Auditor General has not reached or set out in his reports."
- "The preferred process is for the Auditor General to prepare a direct report." Due to underfunding, the Auditor General opted for a review of project reports authored by third parties with a vested interest in their success – Partnerships BC and Canada Line Rapid Transit Inc.

Parks' recommendations in brief

- "Funding for the Office of the Auditor General should be increased significantly" to enable the Auditor General to prepare independent reports on P3 projects.
- "The Auditor General's work on P3 projects should be funded out of his general budget" rather than on a fee-for-service basis.
- "The Auditor General should adopt a greater degree of skepticism in regard to P3 projects, and take more of an investigative approach that is apparent to the public."
- "The Auditor General should address the criteria for successful P3 projects and determine whether the projects he is examining meet those criteria."
- "The Auditor General's involvement in P3 projects should be in real time", in order to influence decisions that will impact the value for money question.
- "The Auditor General should prepare his own independent report on P3 projects...in order to clearly establish what information and conclusions can be relied upon by the public and legislators." And Parks comments further: "In this manner he can distinguish his information and conclusions from those who have a vested interest in demonstrating the value for money of the P3 model."
- The AG should conclude if a project demonstrates value for money whenever possible.

The full report is available at www.heu.org, www.cupe.bc.ca and www.cupe.ca.

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