

---

## SUMMARY

Dec. 2010

### REPORT ON INCENTIVE PAYMENTS – PHASE II

The Office of the Comptroller General-Internal Audit & Advisory Services completed the report on Incentive Payments – Phase II on behalf of the Ministry of Finance.

In November 2005, at the release of British Columbia's Second Quarterly Report, the Minister of Finance introduced the concept of a Negotiating Framework. The Minister indicated there was up to \$6 billion allocated to fund compensation increases for over 300,000 public sector employees in British Columbia.

In July 2007, the Office of the Comptroller General-Internal Audit & Advisory Services issued a Phase I report on an audit of \$712 million in incentive payments issued to over 229,000 public sector employees up to June 30, 2006.

An additional \$252 million in incentive payments was distributed between July 1, 2006 and April 30, 2007, to groups whose contracts expired after March 31, 2006, or who had payments outstanding from Phase I. The Secretary to Treasury Board asked the Office of the Comptroller General-Internal Audit & Advisory Services to also perform an audit of these additional payments to provide assurance that they were only made to eligible employees for the approved amounts.

The objectives of the second audit were to determine whether:

- There were appropriate tracking and accountability mechanisms between the Ministry of Finance (as the provider of funds) and the individual employer entities (being the recipients of such funds) to ensure accuracy of amounts paid to employer organizations.
- Incentive payments issued by the government were paid only to eligible employees for the correct amounts on a timely basis.

This project identified \$6.4 million in payments to employers that exceeded the amounts they disbursed to their eligible employees, while other employers' funding fell short by \$0.9 million of the amounts they disbursed to their eligible employees, for net potential recoveries of \$5.5 million.

Our latest information from the ministry for Phase I and Phase II combined indicates that they have recovered \$30.2 million of the \$34.2 million overpaid.

There were no formal recommendations from this review.

Media            Public Affairs Bureau  
Contact:        Ministry of Finance  
                    Kristie Kristofferson  
                    250-387-9092