

Foresight: The CPA Podcast

Season 2 Episode 5: Putting CPA audit skills at the service of sustainable development

Jean-Sébastien Marier: Welcome to the first French episode of the second season of Foresight, a CPA Canada podcast that explores the future of the accounting profession. I'm your host, Jean-Sébastien Marier.

In the previous season, we looked at the technological transformations facing CPAs, such as big data and artificial intelligence. This season, I'm speaking with CPAs who are using their accounting training in slightly less traditional roles. This is the case with Janique Lambert. After many years of performing financial audits, she decided to put her skills toward the environment and sustainable development. Since September 2021, she has served as Sustainable Development Commissioner at the Office of the Auditor General of Quebec. Ms. Lambert, hello.

Janique Lambert: Hello, Jean-Sébastien. It's great to be with you this morning on the podcast.

Jean-Sébastien Marier: Thank you for coming. To start, could you summarize the role of Sustainable Development Commissioner at the Office of the Auditor General of Quebec, for people who may not be familiar with your role?

Janique Lambert: The position of Sustainable Development Commissioner was created following the adoption of the Sustainable Development Act in April 2006. In practice, it took shape within the Office of the Auditor General in early 2007. The commissioner's mandate is enshrined in the Auditor General Act. What it says is that, at least once a year, the commissioner must report their findings and recommendations on the application of the Sustainable Development Act and also, since November 2020, on the Electrification and Climate Change Fund. In addition, the commissioner may also report on any matter arising from its audit or investigation work in sustainable development. It can also comment on the principles, procedures and other means of sustainable development employed by the government.

Jean-Sébastien Marier: Could you give us an example of one of the most recent projects you've done in this context?

Janique Lambert: Apart from the specific mandates of the Sustainable Development Act, we've touched on several subjects. We've done several reports on water management, including drinking water, wastewater and all water governance. We've looked at agricultural production. We've looked



at the planning of mines in Quebec. Also, more recently, we did a mandate on waste snow and a mandate on food labelling, which is about preventative health through food. Basically, you can see that it's a wide range of areas that we cover because the Sustainable Development Act applies to all government departments and many agencies. It touches on anything that relates to development, any government decisions that can have an impact on the environment, on social issues and on the economy.

Jean-Sébastien Marier: In other words, when we think about the role of CPAs, we often think of financial auditing. In your case, we could say that you do audits, in a sense, but related to the performance of the government, in terms of the environment and sustainable development. Would that be a good way to sum it up?

Janique Lambert: Yes, at the Auditor General there are three types of audits that we do: there is the financial audit, as you mentioned, the performance audit and the compliance audit. In terms of the application of the Act, it is mainly performance auditing. Performance auditing is ultimately management auditing. It aims to ensure that the programs, projects, systems... all the activities of the government and its agencies are managed and carried out in keeping with the principles of economy, efficiency, effectiveness and sustainable development.

Jean-Sébastien Marier: Let's go back a little bit to talk about your journey, what led you to become Sustainable Development Commissioner. You had, you could say, a "traditional" career path at the very beginning. Tell us about what led you to these different roles over the years.

Janique Lambert: We're going back several years now. I wrote my exam—at the time it was called the UFE—that was in 1987. That's a long time ago now. Certainly at the time, for a CA, there wasn't that much versatility. In other words, when you decided to become a CA, you either went into business or you pursued a career as an auditor—that's the path I chose. I started out and spent three years with a large firm, Ernst & Young. After that, I moved more towards legislative auditing and joined the Auditor General. In my first few years there, I continued on the more traditional path, doing financial auditing. This gave me a good understanding of the government and eventually a few years auditing the government's financial statements. So I was able to understand all the activities, from beginning to end: revenues, expenditures at the agency level, Crown corporations, all of that, and how it plays out at the government level.

After that, I decided to focus more on performance auditing, and that's when I joined the team specializing in the environment. That led me to the Office of the Sustainable Development Commissioner. I was part of the management team that set up that new department at the Auditor General. I spent seven or eight years as a manager there. Then I became senior manager, and since September 6, 2021, I've been Sustainable Development Commissioner.



Jean-Sébastien Marier: You work with a multidisciplinary team that includes legal experts, engineers ... How does your accounting training serve you? What added value does your training and background in accounting bring to a team that audits sustainable development?

Janique Lambert: What's really important is to create a clash of ideas because, as I said earlier, we cover a lot of ground, so we need people with a variety of professional backgrounds. However, I think it's also important to have people who specialize in auditing, and that's what a CPA is, in a way... Their main specialty is auditing, so that makes them versatile. CPAs are professionals with a great deal of versatility, but at the same time the rigour necessary for auditing. It requires a certain vision, an ability to analyze, and then to be able to take all the work and synthesize it to create a report that will be as useful as possible. At the Commission, about 50% of professionals hold a CPA position and, for the other 50%, we make sure to cover all other areas of sustainable development in a comprehensive way, from resources to the economy to all aspects of environmental protection. People with a master's degree in environment, people who specialize in energy... We need all this professional capacity to create the best reports. That doesn't make it any easier, though.

It's always easier to have discussions between professionals from the same background, but on the other hand, if you want to create a good report, you need to have this culture shock.

Jean-Sébastien Marier: You alluded to this, but what are some of the common characteristics, the similarities between the more traditional financial audit and what you do in your team, at the Office of the Auditor General?

Janique Lambert: Both have audit programs. When you do an audit, first of all, you need to have the ability to do a quick analysis of the situation. This is equally true for financial audits—you need the capacity to fully understand the environment, to fully understand the scope of the subject, of the problem, if there's one. Then, you need a good audit program to achieve a result, to make a financial audit report. But for a performance audit, this means creating a report that will have a good reading of the situation and will ultimately lead to recommendations. The big difference between the two, however, is that in a performance audit, you never have a report from the previous year, so you're always starting with a blank page. Of course, we have our auditor instincts: we know how to proceed, we have a good understanding of the steps to take, but still, the subject is always the starting point... You have to be comfortable with a blank slate when you do a performance audit. And in my case, that's what drove me.

I've been doing performance audits for several years and what motivates me every morning is that there is no routine. It's the novelty, you're always learning. Every time, with each report, it's like doing a thesis, a master's report. We're always learning new subjects, that's what's exciting, and



there is also the added value of helping improve the management of public funds. It's really interesting.

Jean-Sébastien Marier: So, a position and a team that are far from routine. The position of Sustainable Development Commissioner in Quebec is innovative, but can you give us an idea of where Quebec and Canada stand in terms of innovation on a global scale? There must be other sustainable development or environment commissioners.

Janique Lambert: It's a position that is relatively unique. There aren't that many, that's for sure. And if we go back to 2006, they were even more rare. In Canada, the Quebec position is the closest to the federal Commissioner of the Environment and Sustainable Development. That was the first instance of this type of position and both commissioner positions are under a General Auditor. The Commissioner of the Environment and Sustainable Development reports to the Office of the Auditor General of Canada, and the Quebec commissioner reports to the Office of the Auditor General of Quebec. The difference is that the commissioner in Quebec is specifically for sustainable development. It really relates to sustainable development in its entirety, while the federal commissioner has more environmental mandates. As far as sustainable development is concerned, what I've noticed is that it's more related to the sustainable development strategy. It's a bit technical, but it's very similar. Within Canada, Ontario also has a commissioner, but it's a commissioner of the environment only.

Jean-Sébastien Marier: When we talk about the environment—and you're right to point this out—it is one component of what we call sustainable development. There are also economic and social aspects that you take into account since your position really deals with sustainable development, and not only the environmental component, if I understand correctly?

Janique Lambert: Yes, that's right. Of course, we're always guided by the interests of MPs and by major social issues. Definitely in recent years the environment has taken a prominent place, and for good reason. We can see it with climate change and related issues, which has meant that reports from the past few years have prioritized the environment, and this will continue for years to come, perhaps more specifically in terms of climate change.

Jean-Sébastien Marier: Which brings me to my next question. The position you hold exists within the government, but what is the role of a sustainable development commissioner—or an auditor responsible for sustainable development—in the private sector or in other areas of society. What is your vision for the future in this area?

Janique Lambert: I would say that the role of the Sustainable Development Commissioner is certainly to evaluate the capacity of the government to manage in a more sustainable way. To

manage with a long-term vision. You talk about the private sector, but the government has a big impact through the contracts it awards, its purchases and so on, which means that it is well positioned to influence the private sector in terms of sustainable development. I think that if public administration improves—we are always aiming for it to do much better in terms of management and sustainability—it will inevitably influence the entire private market. In any case, we can see that things are evolving. Things are changing a lot. Since my appointment, in terms of concrete changes, there has been COP 26... We can see that there is a lot of momentum, a lot of energy going toward the whole question of accountability around sustainability.

You mentioned the private sector. In the private sector, there is also pressure from the consumer, from the investor, for the private sector to be more clearly accountable for the way it manages, in terms of both social impact and environmental impact. Even though I was stressing the influence of government, we can see that there is also a need for the consumer, the investor, to put pressure on the private sector to review its practices and reporting procedures. That's where we bring in accountability, the standardization of ESG. Our profession is really involved in the future of creating these frameworks and standardization.

Jean-Sébastien Marier: Do you think that this could lead some companies to create auditor positions for environmental and sustainable development issues, as is already done for financial audits?

Janique Lambert: We can see that private firms are fully committed. We've seen big firms that have already—not reacted, but for a few years now they have been seeing the interest in and the need for more environmental and climate change certification. Now, we're going further, we're looking at social impacts. In terms of the standardization of ESG, we see that large firms are fully committed. Obviously, when a firm is committed, it means there's a demand for it. So, at the level of large organizations... From an international point of view, this is not something that started this year. Accountability in terms of sustainable development has been going on for a number of years. However, what we need now is a framework so that this information can be comparable from one organization to another and provide useful information.

In the private sector, yes, there are firms that have reacted well to ESG standardization. However, industry has to answer—as I was saying—to the different consumers and investors.

Jean-Sébastien Marier: All of this while keeping in mind that no one really works in a vacuum, so, as you were saying, even if a given company may not have its own commissioner, it has to interact with the government, follow the rules, so there are environmental and sustainable development audits that will be done and somewhere along the way, in some capacity, they are forcing all the players to work together on these issues.



Janique Lambert: Yes, the commissioner position is a legislative auditing position for sustainable development. Certainly, the aim is to ensure major improvement in the administration of public funds, in connection with sustainable development. Also, there has been a push within the profession to have certification for sustainable development and the environment. It's true that this exists within government, and it's certainly also true that it already exists in the private sector. It's only going to grow and improve in the future.

Jean-Sébastien Marier: Ms. Lambert, thank you very much for taking the time to speak with us this morning.

Janique Lambert: It's been a great pleasure, Jean-Sébastien.

Jean-Sébastien Marier: Janique Lambert is a CPA and Quebec's Sustainable Development Commissioner. Foresight is a podcast produced by CPA Canada. For more information on the Foresight project, visit foresight.cpacanada.ca. This is Jean-Sébastien Marier. Thank you for listening and see you soon for our next episode.