



Business Plan 2020-2021

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

Introduction

The Auditor General of New Brunswick (our Office) is an independent office that serves the New Brunswick Legislative Assembly.

The Auditor General assists the Legislative Assembly in holding the government accountable by reporting on its performance and stewardship of public funds and resources. This is accomplished by providing opinions on financial statements and reporting on performance audits. The findings of our Office are issued in the Auditor General's annual report to the Legislative Assembly and through appearances before the Standing Committees on Public Accounts and Crown Corporations.

The *Auditor General Act* requires the Office to submit annually to the Clerk of the Legislative Assembly a business plan and a performance report for the Office.

This document presents the Office's 2020-2021 business plan. The Office's performance report is also available on our website www.agnb-vgnb.ca

The 2020-2021 year is anticipated to be a very busy year for our Office and one of significant change. This is due to it being the Auditor General's last year of her 10-year mandate, in accordance with Auditor General Act.

The Office originally intended to table a Performance Audit volume in June 2020, with a final report containing the results of Financial and Performance Audits in November 2020. At the end of the 2019-2020 fiscal year (March 31, 2020), however, the COVID-19 global pandemic began to impact our workplan. Like many offices, our auditors and support staff worked from home. Although audits did continue, the pace of progress was not as expected because a number of government offices were challenged to respond to our inquiries.

As directed by the government, a gradual return to offices started in mid-May. Our Office adapted to the "new normal", including all the new safety requirements, and were cleared for start up. Staff returned to the office

in three waves, with the final wave returning on June 1, 2020.

At time of writing this 2020-2021 Business Plan, our staff are all working to deliver on a modified plan to table a Performance Audit Volume in Summer 2020, and table the November 2020 volumes as originally planned.

In addition, one of our most significant priorities for 2020-2021 is to continue to expand the Office's performance audit resources, given our \$1 million budget increase in the prior year. Finding these resources is challenging, however, given the impact of the COVID-19 global pandemic.

What we do

Our Office generally performs two kinds of audits: financial and performance (value for money) audits.

- Our financial audit work includes auditing the Province of New Brunswick's financial statements, the financial statements of various Crown agencies and federal cost shared claims.
- Our performance (value for money) audit work targets government programs, services, processes or functions and may cover items such as: governance, economy, efficiency, effectiveness, performance reporting, internal controls, compliance, and management of public funds and resources.

Also, under the *Auditor General Act* Section 12(1), on request of the Legislative Assembly or certain others, we may audit and report on any matter related to the financial affairs of the Province.

Recent examples of this type of request are our 2017 Report Volume III regarding Service New Brunswick residential property assessment and our 2018 Report Volumes I & II chapters on WorkSafeNB.

Guiding principles

In performing our work, we are guided by our vision, our mission and our values.

Our Vision

An independent audit office serving New Brunswick by promoting accountable and sustainable government.

Our Mission

To provide objective, reliable, and timely information to the Legislative Assembly on government's performance in its delivery of programs and services to the people of New Brunswick.

Our Values

Our values guide us in achieving our mission and vision. They guide our day-to-day actions and serve as constant reminders of our commitments. They are statements of the high standards we hold in conducting our work and guiding our behavior, and of the results we strive to achieve.

- **Team**

We believe our strength comes from the knowledge, experience, and professionalism of our team.

- **Impact**

We select our audits for their relevance, significance, and risk with the goal of making a positive difference for the Province of New Brunswick.

- **Integrity**

We work together and with others in an open, honest, and trustworthy manner while respecting the confidentiality of the information we obtain. We strive to meet the highest standards of professional and ethical conduct.

Strategic Plan

In 2019, we reviewed and updated our Office's 2014-2020 strategic plan. The strategic plan now reflects the Office's focus on performance audit expansion with our \$1 million budget increase and includes the following objectives:

1. select a quality mix of performance and financial audits that deliver greatest value to the Legislative Assembly and the people of New Brunswick;
2. provide a rewarding work environment for our team;
3. enhance our support to the Public Accounts and Crown Corporation Committees;
4. maintain public awareness of AGNB's role, reports and authority under the AG Act; and
5. maintain our Risk Management and Professional Standards Accountability.

The Office will be drafting a new strategic plan in 2021 as the current strategic plan expires at the end of 2020.

2020-2021 Priorities

Our Office's 2020-2021 priorities reflect our vision, mission and values as well as our strategic objectives. Our 2020-2021 priorities are:

Overall

AGNB's overall priority is to issue at least three volumes of our 2020 Report covering both financial and performance audits by November 30, 2020 when the current Auditor General's term expires.

Performance audit

Performance audit priorities relate to work required to complete and report on performance audits by November 30, 2020. Chapters that we anticipate publishing in 2020 include:

- School Infrastructure Planning;
- Ambulance New Brunswick;
- Section 12 Request regarding follow up work on our 2008 recommendations on Timber Royalties;
- Electronic Medical Record Program;
- NB Power Debt – Phase I;
- Nursing Homes Update;
- Joint Follow-up of the 2016 Recommendations to the Atlantic Lottery Corporation; and
- Follow Up.

As well, we will be publishing a special review of Government Oversight of Public Entities.

Financial audit

The audit of the Province of New Brunswick's financial statements is the largest and most significant financial audit completed by our Office. Its completion is dependent on many factors, some of which are outside of our control. Past years have seen fall completion dates for this work given significant accounting and audit issues encountered. This year we have targeted September 2020 for completion.

In connection with the financial statement audit of the Province, several provincial information systems are examined and tested. A rotation schedule assists in determining which information systems are examined. Some information systems are examined every year due to their significance. This year we are examining eight information systems to perform transaction testing or other procedures and plan to have this work substantially completed prior to signing the Province's financial statement audit opinion.

The Office also audits Service New Brunswick, which is integral to our audit of the Province's financial statements and represents another large and complex audit for our Office (given the comprehensive and diverse nature of SNB operations).

Overall, the financial audit team will audit 14 Crown agency financial statements, one cost shared claim (Legal Aid Claim), and perform one notice to reader engagement (NB Combat Sport Commission).

Below is a list of our planned Crown agency financial statement audits for 2020-2021:

- Cannabis Management Corporation
- Centre communautaire Sainte-Anne
- Kings Landing Corporation
- New Brunswick Agricultural Insurance Commission
- New Brunswick Energy Solutions Corporation
- New Brunswick Legal Aid Services Commission
- New Brunswick Lotteries and Gaming Corporation
- New Brunswick Municipal Finance Corporation
- New Brunswick Highway Corporation
- Opportunities New Brunswick
- Premier's Council on Disabilities
- Provincial Holdings Limited
- Public Trustee – Trusts administered
- Regional Development Corporation
- Service New Brunswick

The financial audit team is also responsible for preparing recommendations to the entities it audits when significant deficiencies are observed. The key findings from our financial audit recommendations as well as comments on the Province's financial position and sustainability will be included in the financial audit volume of our Report expected to be published in November 2020. We also anticipate publishing information on the impact to the Province's financial results due to the COVID-19 global pandemic.

Quality assurance

Quality is essential to the work of our Office. We believe the public, the government and our stakeholders demand the highest quality in our work. In response, we have processes in place to assess and monitor our quality assurance practices. For 2020-2021 our key priorities in this area include: maintaining, monitoring and reporting on our Office quality control systems, as well as participating in peer professional reviews and implementing any related recommendations.

Human resources and administration

Our human resources and administration practices support the vision, mission and strategic objectives for the Office. Human resource and administration priorities for 2020-21 include:

- expanding the office work force for performance audit and onboarding new hires;
- provide all staff with adequate professional development opportunities to support and complement their work assignments and meet professional development requirements;
- continue to support our CPA students in their training and CPA education program as they gain professional experience in our Office;
- table our performance report and business plan as required under our Act;
- continue to work with the Clerk of the Legislative Assembly and other legislative officers regarding any proposed changes to operations relevant to AGNB;
- perform an employee perception survey;
- maintain and update our financial audit methodology;
- continue to implement a new performance audit methodology;
- reassess AG report format to ensure important information is clear and accessible;
- update our 3-year work plan for performance audit;

- receive an unqualified audit opinion on our Office's financial statement audit and publish the audited financial statements in our performance report; and
- continue to implement our strategic plan.

Performance measures

The Office has used performance measures for many years to assess its performance. We have assessed our Office performance in our 2018-2019 performance report which is available on our [website](#). The performance report also includes our March 31, 2019 financial statements, for which we received an unqualified audit opinion dated June 19, 2019.

The March 31, 2020 financial statements will also be available on the website once the financial statement audit is completed.

Our current performance measures and related targets are listed below:

| Performance measure | Link to Strategic Objective (SO)/ Mission | Office target 2020-2021 |
|--|---|--|
| 1. MLA perception, as determined by survey | Mission SO #1 SO # 3 | 80% or higher |
| 2. Auditee perception, as determined by survey | SO #3 | 80% or higher |
| 3. Percentage of performance audit recommendations implemented | Mission | Overall 100% of our recommendations implemented for our follow up period |
| 4. Employee perception, as determined by survey | SO #2 | 80% or higher |
| 5. Completion of audits on time | Mission SO #3 | All target dates met |
| 6. Use of our time, focusing on the percentage of time spent on audit work | SO #1 SO #6 | Allocation of working hours as follows: <ul style="list-style-type: none"> • Financial and performance audits - 65% • Professional development and training - 5% • Audit office admin & support activities - 30% |
| 7. Staff cost of our audits | SO #1 SO #6 | \$1,950,000* represents the approximate annual staff cost of significant audit projects split as follows: <ul style="list-style-type: none"> • 45% Performance audit • 20% Province of New Brunswick audit • 24% Crown agencies audit • 1% Cost shared claims audit • 10% AG report preparation <p><i>*note: we also expect to hire experts and other resources which are not included in this amount</i></p> |
| 8. Number of public reports | SO #3 SO #4 | 3 Volumes of the 2020 Auditor General Report published on 2 separate dates |

Budget 2020-2021

The Office's approved budget for 2020-2021 is \$3,322,000 which has been allocated as follows:

| | |
|-------------------------------|---------------------|
| Personnel services | \$ 2,988,000 |
| Other services | 479,300 |
| Materials and supplies | 8,200 |
| Property and equipment | 13,500 |
| Less: recoveries | (167,000) |
| Total budget 2020-2021 | \$ 3,322,000 |

The majority of the Office's funding is through an annual appropriation of the Legislative Assembly. Of this amount, most all of the Office's budget represents salaries and benefits. All but three staff members are involved in providing audit services.

In accordance with our Act, the Office has cost recoveries in relation to certain financial audits and, on occasion, performance audits. This represents about 5% of the Office's overall current budget.

Additional information

Additional information about AGNB is available on our website at www.agnb-vgnb.ca or by contacting us at:

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