

# Chapter 15

## Crown Agencies Audited by Others

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# Crown Agencies Audited by Others

## Background

**15.1** We do not audit the financial statements of the Crown Corporations, Boards, Commissions and other Agencies listed below.

**15.2** Agencies included in the Public Accounts:

- Board of Commissioners of Public Utilities
- Forest Protection Limited
- New Brunswick Geographic Information Corporation
- New Brunswick Liquor Corporation
- New Brunswick Museum
- New Brunswick Power Corporation
- Strait Crossing Finance Inc.
- Workplace Health, Safety and Compensation Commission of New Brunswick

**15.3** Other Agencies:

- Atlantic Lottery Corporation Inc.
- Provincial hospital corporations.

**15.4** The Auditor General Act requires the auditors of these agencies to submit the agencies' audited financial statements to our Office annually. The auditors must also provide copies of any reports and recommendations arising out of their audits.

## Scope

**15.5** We review the financial statements and other documents as they are received. We also visit the auditors periodically to review their working papers. We do this to determine whether we can continue to rely on their work in carrying out our audit of the financial statements of the Province. During the year we reviewed the 1997 working papers of the auditors of New Brunswick Power Corporation and the Workplace Health, Safety and Compensation Commission of New Brunswick.

## New Brunswick Power Corporation

**15.6** We were satisfied with the work done by the auditors of the Corporation for the year ended 31 March 1997. This work is directed towards reaching an opinion on the financial statements of the Corporation. As a result it may not identify all those matters which a broader scope or special examination might raise.

**15.7** At the completion of the audit, the auditors issued a management letter to the Corporation. The auditors noted that the Corporation had resolved a large number of the issues raised in the 1996 management letter. One major issue still outstanding is the preparation by the Corporation of a Business Continuity Plan to ensure the continuity of operations should information systems become unavailable as a result of a disaster. New matters raised with the Corporation in 1997 dealt with information systems' security procedures, accounting processes, year 2000 compliance and environmental management.

**15.8** The Corporation's management responded with an action plan to address all the issues raised by the auditors.

### **Workplace Health, Safety and Compensation Commission of New Brunswick**

**15.9** We were satisfied with the work done by the auditors of the Commission for the year ended 31 December 1996. This work is directed towards reaching an opinion on the financial statements of the Commission. As a result it may not identify all those matters which a broader scope or special examination might raise.

**15.10** The auditors issued a management letter to the Commission at the conclusion of their audit. The letter raised a number of issues regarding computer controls. It also contained recommendations to improve investment management activities.

**15.11** The Commission noted the actions which had been taken or will be taken to address the issues raised by the auditors.

### **New Brunswick Geographic Information Corporation**

**15.12** The auditors issued a management letter to the Corporation at the conclusion of their audit. The letter raised issues relating to internal controls at the Corporation. It also recommended the Corporation consider accruing a liability to the developer of one of its systems. The Corporation has an agreement with the developer to make minimum payments of \$2,300,000 over a five-year period ending in the year 2000. Payments to 31 March 1997 were \$223,257, leaving a remaining commitment of \$2,076,743. This is noted in the financial statements of the Corporation, but not included in its liabilities.

### **Hospital corporations**

**15.13** We have received copies of management letters issued to hospital corporations by four of the eight auditors. These letters arose out of their audits of the financial statements for the year ended 31 March 1997. The letters dealt with weaknesses in internal controls and included recommendations to improve accounting procedures. In two of the four management letters, the auditors expressed their concern at the lack of a formal disaster recovery plan for computer systems.