

Chapter 4

Crown Agencies Audited by Others

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Crown Agencies Audited by Others

Background

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

4.2 Agencies included in the Public Accounts:

- Board of Commissioners of Public Utilities
- Forest Protection Limited
- Kingsbrae Horticultural Garden Inc.
- New Brunswick Investment Management Corporation
- New Brunswick Liquor Corporation
- New Brunswick Museum
- New Brunswick Power Corporation
- Provincial hospital corporations
- Service New Brunswick
- Strait Crossing Finance Inc.
- Workplace Health, Safety and Compensation Commission of New Brunswick

4.3 Other Agencies:

- Atlantic Lottery Corporation Inc.

4.4 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

4.5 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 1999 working papers of the auditors of New Brunswick Power Corporation, the Workplace Health, Safety and Compensation Commission of New Brunswick and Forest Protection Limited.

New Brunswick Power Corporation

4.6 We were satisfied with the work done by the auditors of the Corporation for the year ended 31 March 1999.

4.7 The auditors issued a management letter to the Corporation at the conclusion of their audit. The auditors noted that a large number of issues raised in the previous year had been resolved to their satisfaction. However, they again stressed the importance of password security for information systems, and continued to encourage the completion of a disaster recovery plan for critical operations.

4.8 A number of new matters were raised by the auditors in their 1999 management letter. These related to documenting and reporting risk management activities, signing authorities and policies relating to the capitalization of expenditures.

4.9 The auditors also recommended that management review the existing liabilities for the costs of disposing of irradiated nuclear fuel and decommissioning Point Lepreau Generating Station. These costs were being accumulated over the remaining useful life of Point Lepreau Generating Station, on the assumption that it would continue operating until the year 2014. This assumption has now been changed to the year 2008. Management indicated that the irradiated fuel management and decommissioning cost studies (last updated in 1995-96) will be updated in 1999.

Workplace Health, Safety and Compensation Commission of New Brunswick

4.10 We were satisfied with the work done by the auditors of the Commission for the year ended 31 December 1998.

4.11 The auditors issued a management letter to the Commission at the conclusion of their audit. The auditors were pleased to note progress relating to a number of recommendations made in their previous years' letters. However, they did note that a computer security committee, formed to address recommendations relating to computer controls, had not yet become operational. They recommended, and management agreed, that this committee commence operations promptly.

4.12 Other issues raised by the auditors related to assessment reports, checking of assessment rates, the duties of assessment officers, the absence of segregation of duties in the financial services section and the absence of senior management approval of journal entries. Management agreed with the recommendations and noted the actions that have been taken or will be taken to address the issues raised.

Forest Protection Limited

4.13 We were satisfied with the work done by the auditors of the corporation for the year ended 31 March 1999.

Hospital Corporations

4.14 Seven of the eight auditors of hospital corporations issued management letters following the completion of their audits of the financial statements for the year ended 31 March 1999. These letters

dealt with weaknesses in internal controls in areas such as payroll and purchasing. They also included recommendations to improve accounting procedures, for example the tracking of equipment purchases and related depreciation.