

Chapter 14

Office of the Auditor General

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Office of the Auditor General

Background

14.1 In recent years, our Reports have contained a checklist relating to our assessment of our compliance with the Annual Report Policy of government. A comparative version for 2001 is presented below.

14.2 It is our intention to continually improve the information available in our annual Report on the performance of our Office.

*Exhibit 14.1
Self assessment checklist*

	2001	2000
Was a report prepared?	Yes	Yes
Is there a discussion of program relevance?	Yes	Yes
Are goals and objectives stated?	Yes	Yes
Does the report discuss achievement of plans?	Yes	Yes
Are performance indicators presented?	Yes	Yes
Are details available on level of client acceptance ?	Yes	Yes
Is actual and budget financial information presented?	Yes	Yes
Does the report explain variances from budget?	Yes	Yes

Office role and relevance

Our role

14.3 Our role within the provincial public service is unique. We are independent of the government of the day and provide information directly to the Legislative Assembly. The Legislative Assembly uses our information to help fulfil its role of holding the government accountable for how public monies are managed and how services are delivered. We also assist government by providing recommendations to senior officials of the departments and agencies we audit.

Our vision

14.4 **We are committed to making a difference for the people of New Brunswick by promoting, in all our work for the Legislative Assembly, productive, open and answerable government.**

Our mission

14.5 **We promote accountability by providing objective information to the people of New Brunswick through the Legislative Assembly.**

Our values

14.6 Our values impact our performance. We are committed to:

- ***Independence and objectivity*** - Being independent and objective, in fact and appearance.
- ***Accountability*** - Being accountable ourselves, and promoting accountability through example and reporting. In doing so, we strive to be a key influence for effective government.

- **Adding value** - Focusing our resources on areas of government where value can be added.
- **Learning** - Enhancing quality by placing emphasis on staff learning and development.
- **Improvement** - Improving our work through innovative thinking and the use of technology.
- **Fairness and respect** - Developing and maintaining professional relationships by treating our own staff and those we contact with fairness and respect.

Office relevance

14.7 Our 2000 Report generated significant interest. Five hundred and fifty copies were printed and distributed. Access to our Report is also available through the Internet, and we are tracking the number of times our Report is visited. During the four-month period following the release of the Report there were over 6,000 visits to the complete Report. In addition to this there were specific visits to individual chapters. Discussions of our findings in the Legislative Assembly and the Public Accounts and Crown Corporations Committees are evidence of the continuing relevance of our work.

14.8 Each year we include in our Report matters that we believe are significant to the Legislative Assembly and the public. These include our findings, conclusions and recommendations arising out of our audit work during the year.

14.9 Our service also includes separate audit conclusions on the reliability of financial statements. These conclusions (auditor's reports) are provided to the Legislative Assembly with the financial statements for the Province as well as the Agencies and Trusts that we audit.

14.10 We see our work remaining relevant and contributing to:

- public confidence in our system of government;
- the Legislative Assembly's ability to carry out its responsibility of holding the government to account; and
- the government's ability to carry out its responsibilities using sound management systems and practices.

Performance indicators

14.11 Early in 1998 we finalized a strategic plan for the Office. This plan identifies our priorities and strategic goals. As part of this exercise, we also established performance indicators. We are tracking our progress against these indicators. This section of our Report identifies each indicator by strategic priority, and discusses our progress to date.

Responding to the needs of users

14.12 We will survey Members of the Public Accounts and Crown Corporations Committees on an annual basis in order to measure our effectiveness in meeting their needs.

14.13 We sent out a survey to all members of the Public Accounts and Crown Corporations Committees in February 2001. The response was encouraging. Committee members indicated that our Report was easy to read and understand, and helped them to do their job better. Once again, all respondents appreciated the condensed report on highlights we issued together with the main Report.

14.14 Committee members once again found the topics addressed in our Report were relevant and contributed to valuable discussion and debate. They also considered our recommendations practical and achievable. While Committee members found our briefing sessions on our Report useful, there was no consensus on whether our Office could be doing more to assist them in their work. However, all agreed that the Auditor General's Office contributes to improved public sector accountability, and provides good value for money for the taxpayers of New Brunswick.

14.15 We will measure the extent to which the recommendations which appear in our annual Report are accepted and implemented. The disposition of all recommendations will be tracked for a period of four years.

14.16 Chapter 11 of this Report provides an overview of the recommendations included in our 1997 through 1999 Reports, arising out of our broad scope audits. It details the departmental responses to our recommendations, and our assessment of the acceptance and implementation of those recommendations.

14.17 We will measure the extent to which accounting and reporting recommendations made by the Public Sector Accounting Board of the CICA are accepted and implemented by the Province of New Brunswick.

14.18 We are tracking this indicator as part of our annual audit of the financial statements of the Province. One significant outstanding issue is that the Province still does not track and report its cumulative investment in tangible capital assets.

14.19 The Province of New Brunswick audit will be completed by June 30th and all Crown agency and Trust Fund audits will be completed by September 30th.

14.20 Our ability to achieve this objective is not totally within our control, because it really depends on when our audit clients close their books for the year and are ready for us to do our work. Notwithstanding this, we believe the indicator is important because it results in us encouraging our clients to close their books as quickly as possible. We support timely reporting of financial information. The indicator also places a discipline on our Office to complete the audit work by a specific date.

14.21 The audit of the Province of New Brunswick was not completed by 30 June. Our auditor's report on the financial statements was dated 10 August. The target date was not met due to the financial statements not being ready for audit until 18 June.

14.22 We are the auditors of nineteen Crown agencies, six pension plans and the Fiscal Stabilization Fund. We completed sixteen of the Crown agency audits and three of the pension plan audits by 30 September. For the three Crown agency audits and three pension plans that were not completed there were delays related to a lack of available resources in our Office to do the work. The Fiscal Stabilization Fund was not ready for audit by 30 September.

Making effective use of resources

14.23 All financial and broad scope audits will be performed within the time allotted.

14.24 We establish detailed time budgets for each of our audits. During the audit, we monitor the time spent by staff members on individual sections of the work. At the end of each audit, we summarize the total time spent, compare it to the total budgeted hours and analyze major fluctuations. For our financial audits, we use the results of this analysis to help us prepare the budget for the following year's work.

14.25 The audit of the Province of New Brunswick was completed within budget. However, of the nineteen Crown agencies and pension plans that were completed by 30 September, six exceeded the budget by more than fifty hours. We examine all over-budget situations to see if there are lessons to be learned that will lead to improvements in the future. One major factor in the current year was the introduction of electronic working paper files (Caseware) in our Office. We are hopeful that the additional time invested up front in this major change in our audit approach will result in efficiencies in future audits.

14.26 We undertook eight major value-for-money audits during the past year that led to chapters in this Report. All eight audits took more time than we had budgeted. We continue to analyze our experiences on each audit, in an effort to become more efficient in carrying out the work, and more realistic in setting our budgets. However unlike our financial audit work which is basically the same year after year, the value-for-money work is usually one of a kind, and there may be very little prior experience to draw on.

14.27 60% of all professional paid time in our Office will be spent directly on financial statement audits or broad scope audits.

14.28 A detailed analysis of staff time for 2000 indicates that 55.65% of the total paid time of all staff, with the exception of our three administrative support staff, was spent directly on audit work (including work on our annual Report). For the first six months of 2001, this number increased to 62.05%. Non-audit time includes statutory holidays,

vacations, courses for accounting students and professional staff, sick leave and administrative duties not chargeable to a specific audit. We were disappointed not to reach our target in 2000, and are striving to improve in the current year. Factors contributing to the failure to meet our target were extended study leave for four employees writing their final Chartered Accountant exams, and extended sick leave for one member of our staff.

14.29 Of the total time spent directly on financial statement audits and broad scope audits, 30% will be spent on broad scope audits.

14.30 Our analysis indicates that, in 2000, we spent 47.10% of total audit time on broad scope audits. For the first six months of 2001, this number rose to 54.03%. This reflected a conscious and successful effort to reduce audit time on financial statement audits so that more time is available for broad scope audit projects. We have increased the target for 2001 to 45%, to better reflect the current mix of audit work in the Office.

Maintaining professional standards

14.31 We will meet the standards required by the New Brunswick Institute of Chartered Accountants Mandatory Practice Review Committee.

14.32 The Institute inspected our Office files in November 2000. The inspection concluded that we continue to meet the standards required by the Institute. No exceptions were noted.

Financial information

14.33 Budget and actual expenditure for 1999-00 and 2000-01 by primary classification is shown in Exhibit 14.2. The approved budget for the 2001-02 year is presented for comparative purposes.

14.34 Staff costs continue to account for approximately 90% of our budget and were underspent by \$78,800 for the year ended 31 March 2001. Although we filled the two vacant positions we had at the start of the year, we lost two other staff members during the year. Only one of these positions had been filled by 31 March 2001. The cumulative effects of this turnover, plus savings resulting from a maternity leave, caused the underspending.

Exhibit 14.2

Budget and actual expenditure (thousands of dollars)

	2002		2001		2000	
	Budget	Budget	Actual	Budget	Actual	
Wages and benefits	1,398.7	1,398.4	1,319.6	1,397.1	1,261.3	
Other services	122.8	121.9	114.1	118.4	117.9	
Materials and supplies	8.3	8.4	8.7	7.9	7.2	
Property and equipment	45.2	34.2	39.4	22.1	42.5	
	1,575.0	1,562.9	1,481.8	1,545.5	1,428.9	

14.35 Our legislation requires an annual audit of our accounts by a qualified auditor, appointed by the Speaker of the Legislative Assembly

on the advice of the Board of Management. This audit is conducted by the Office of the Comptroller and their audit report is tabled before the Legislative Assembly.

Staff resources

14.36 Our Office continues to provide experience and training to our employees. New employees must enrol in a professional accounting program, namely CA (Chartered Accountant), CMA (Certified Management Accountant) or CGA (Certified General Accountant). Before staff begin this professional training they must have, as a minimum, one university degree at the bachelor level.

14.37 Staff turnover is an inevitable consequence of being a training office for professionals. During the past year, two staff left to join the private sector.

14.38 Our staff complement remained unchanged during the year at 25. Brent White CA, Paul Jewett CA and Phil Vessey CA are the directors for our three audit teams. At 31 March 2001 there were fifteen professional staff with accounting designations. Our staff also included six students who hold a university degree which is a prerequisite for both enrolment in an accounting program and employment at our Office. The three remaining members of our staff provide administrative support services. One position was vacant. The following is a list of staff members at 31 March 2001:

Lorna Bailey ⁽¹⁾	Greg Mignault, CMA
Cathy Connors Kennedy, CA	Bill Phemister, CA
Alphonse Doyle ⁽²⁾	Ken Robinson, CA
Jocelyn Durette ⁽²⁾	Yvonne Samson, CA
Sarah Hearn ⁽²⁾	Diane Swan ⁽¹⁾
Eric Hopper, CA	Al Thomas, CA
Peggy Isnor, CA	Phil Vessey, CA
Paul Jewett, CA	Brent White, CA
Cecil Jones, CA	Darlene Wield ⁽¹⁾
Kim Embleton ⁽²⁾	Daryl Wilson, FCA
Deidre Green, CA	Tania Wood ⁽²⁾
Laurie Haines, CA	Shauna Woodside ⁽²⁾

⁽¹⁾ Administrative support

⁽²⁾ Student enrolled in a professional accounting program