



Financial Audit Volume

Report of the Auditor General – Volume III 2022

What We Found

2022 Surplus

- 2022 annual surplus was \$777 million, \$1 billion better than budgeted and the fifth consecutive annual surplus
- Revenues increased by \$1 billion from 2021, mostly due to increases in provincial tax revenues, \$646 million of which relates to HST and personal and corporate incomes taxes
- Tax revenues for HST and personal and corporate incomes taxes are subject to a significant amount of uncertainty and may not be indicative of future results
- Expenses increased by \$704 million from 2021, \$600 million of which relates to increases in Health, Education and Training, and Social Development

Net Debt

- Net Debt significantly decreased by \$1.1 billion to \$12.4 billion, the third consecutive annual decrease which was largely caused by the surplus
- Net Debt consists mostly of \$9.1 billion of tangible capital assets such as highways and hospitals and \$3.0 billion of accumulated previous deficits
- Net Debt-to-GDP ratio decreased 5.9% to 29.9%, the lowest the ratio has been over the past ten years
- Net Debt per capita saw a large reduction and decreased to \$15,700 per New Brunswicker
- Government's Net Debt reduction targets have been mostly met over the past five years

State of the Province's Financial Condition

- Overall, the Province's financial condition has significantly improved from 2021
- Decrease in Net Debt and increases in GDP and provincial source revenues resulted in improvements in financial trends

Results of our Audit of the Province of New Brunswick

- The Province started implementing a new system, Oracle Fusion, to replace certain out of date systems - a significant audit area which required a substantial amount of audit time
- Recommendations made regarding Fusion to address weaknesses in internal control and improve existing processes
- We remain concerned about NB Power's ability to self-sustain its operations
- Auditor General access to Vestcor remains unresolved

Results of our Audit of Crown Agencies

- We found some Service New Brunswick payments made in duplicate or not properly authorized, which can lead to increased risk of fraud
- Opportunities New Brunswick (ONB) needs to improve its process for estimating loan provisions to reflect current repayment information
- Weaknesses were also noted in ONB's payment processes