



December 2024

Results – Audit of the Province of New Brunswick’s Financial Statements

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2024 Volume III Chapter 4 Highlights

The Auditor General issued an unqualified audit opinion on the consolidated financial statements of the Province of New Brunswick for the year ended March 31, 2024

NB Power’s ability to self-sustain its operations remains a concern

Department of Health is not recovering monies owed from pharmaceutical companies in a timely fashion

The Province continues to use IT systems with noted risks

Audit of the Province’s Financial Statements

Auditor General Issued Unqualified Audit Opinion

- 4.1** On September 10, 2024, the Auditor General issued an unqualified (“clean”) audit opinion on the consolidated financial statements of the Province of New Brunswick for the year ended March 31, 2024. This opinion indicates the Province’s consolidated financial statements are presented fairly in accordance with Canadian public sector accounting standards.
- 4.2** Our audit work included analysis of:
- major programs and activities in government departments and Crown agencies
 - significant revenue items
 - various expense items
 - internal controls related to preparing the consolidated financial statements
 - internal controls of significant computer systems
- 4.3** Every year, we have findings from our work and make recommendations for improvements to the Office of the Comptroller and government departments.
- 4.4** In this chapter we present significant findings from our work. We did not note any significant fraud or loss of assets during our audit.

Self-Sustainability of NB Power

NB Power’s Ability to Self-Sustain its Operations Remains a Concern

- 4.5** We remain concerned with NB Power’s ability to self-sustain its operations and meet its liabilities without support from the government. For the past several years, we have reported our concerns regarding items such as NB Power’s:
- elevated debt levels
 - lack of profitability
 - operating challenges

Health: 18 Months Behind in Issuing Invoices

Department of Health: Owed \$97 Million

- 4.6** Under the New Brunswick Prescription Drug Plan Price Listing Agreement, the Department of Health (DOH) invoices pharmaceutical companies each month to recover some of the costs incurred by DOH during the year.
- 4.7** As of March 31, 2024, DOH was 18 months behind in preparing and issuing invoices worth an estimated \$97 million.
- 4.8** While the amounts related to these invoices have been appropriately recorded in the Province’s consolidated financial statements, significant delays such as this increase the risk these amounts will not be collected and may also increase the cost of borrowing for the Province.
- 4.9** We made a recommendation to DOH to develop and implement a process to regularly prepare and submit invoices under this agreement.

Government IT Systems

Oracle Fusion System

- 4.10** The scope of the Oracle Fusion Enterprise Resource Planning project is extensive and will require multiple years to fully implement. Fiscal 2024 was the third full year the Province used Fusion. The system has several functionalities including:
- payroll and human resource management
 - procurement (purchasing)
 - finance (payments, general ledger, fixed assets, cash management etc.)
- 4.11** Once fully implemented, Fusion will be used by:
- Part I (departments)
 - Part II (school districts)
 - Community Colleges

Internal Control and Accounting Processes

- 4.12** To address the risks associated with a complex IT system, we performed detailed testing on the Fusion system. Testing procedures were designed to ensure amounts recorded and processed by Fusion are materially complete and accurate.
- 4.13** While we found no issues of a material nature, we noted improvements can be made by ensuring adequate support is obtained for transactions recorded in the general ledger.

Other IT Systems

- 4.14** In addition to Fusion, we performed work on the following government IT systems:
- Oracle Financials (EBS) - Finance and Treasury Board
 - Teachers' Payroll - Education and Early Childhood Development
 - Employee Payroll (HRIS) - Service New Brunswick
 - IT Infrastructure - Service New Brunswick, Finance and Treasury Board
 - Property Tax - Finance and Treasury Board
 - Property Assessments - Service New Brunswick
- 4.15** We noted recommendations for all IT systems except EBS and Property Tax. Common themes in improvements required related to:
- segregation of duties
 - appropriateness of user access

IT Systems with Noted Risks

- 4.16** With Fusion being partially implemented, the Province continues to use IT systems with noted risks.
- 4.17** One example is the system used to process teachers' payroll. This system uses a mainframe that is over 20 years old and poses significant risk. While three of the Province's seven school districts migrated to the Fusion system in April 2024, the remaining four districts are scheduled to migrate before March 31, 2026.
- 4.18** We made a recommendation to the Department of Education and Early Childhood Development to continue to monitor and assess the risks associated with using this outdated system.
- 4.19** A second example is the system used to process payroll for most Part I government employees. This is another system that is over 20 years old and as of March 31, 2024 only two government departments had migrated to Fusion.
- 4.20** We will continue to monitor the progress to fully implement Fusion.