

Chapter 13

**Opportunities to Improve
Transparency**

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Opportunities to Improve Transparency

Transparency of “Other” and “General” Amounts

“Other” and “General” expense lines are not transparent

13.1 During our audit of the Province’s consolidated financial statements, we found opportunities to improve transparency in the financial statements by breaking out significant amounts reported as “General” and “Other”.

13.2 Some examples of schedules in the consolidated financial statements where an amount is reported as “general” or “other” are:

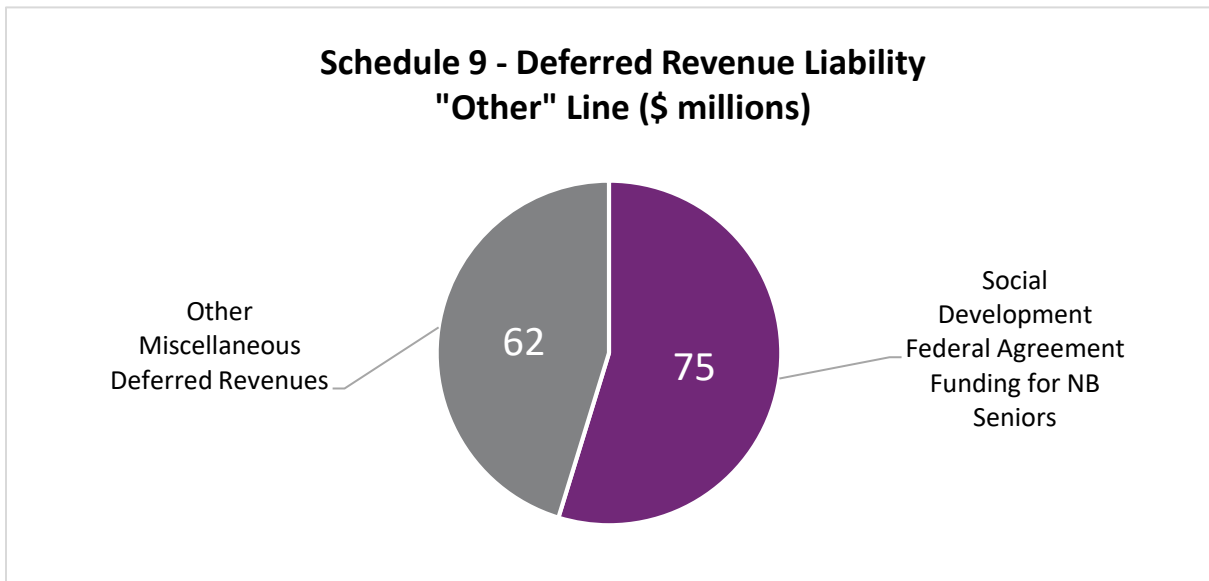
- deferred revenue liability - \$137 million in “other” (schedule 9);
- other provincial revenue - \$189 million in “other revenue” (schedule 18); and
- central government expense - \$184 million in “general government” (schedule 29).

We have provided additional details on these line items in Exhibit 13.1, Exhibit 13.2, and Exhibit 13.3.

Deferred revenue presents \$137 million in “other”

13.3 The Deferred Revenue Liability schedule contains an “other” line item of \$137 million. We found in this amount \$75 million relating to a Department of Social Development federal funding agreement for NB Seniors. This is presented in Exhibit 13.1 below. This amount could be disclosed as a separate line item within the schedule to provide better transparency to a reader.

Exhibit 13.1 - Schedule 9 – Deferred Revenue Liability “Other” Line



Source: Prepared by AGNB

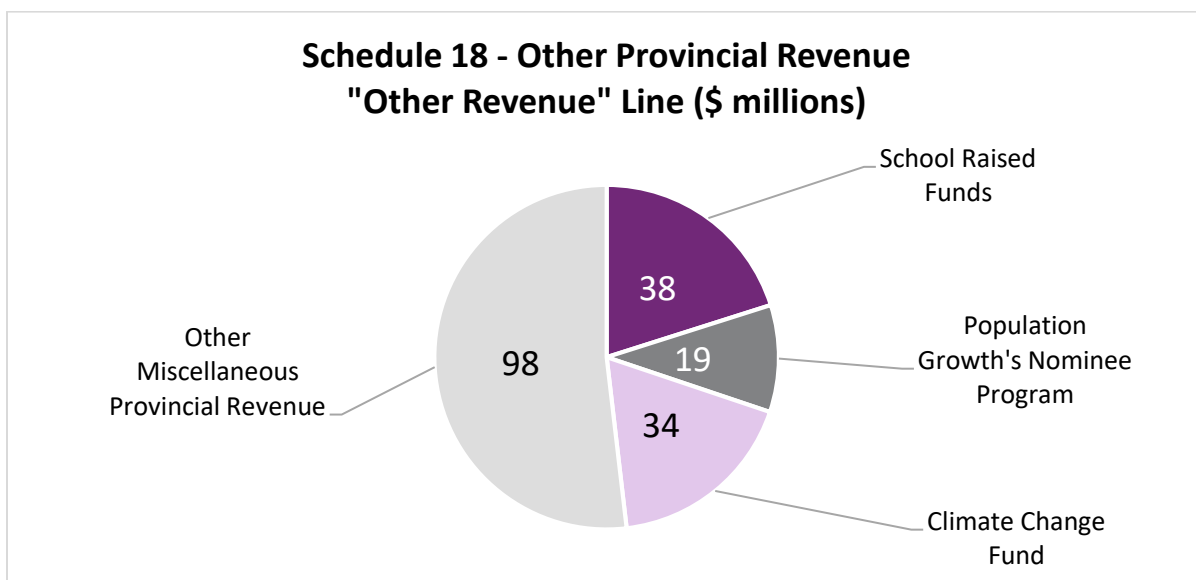
Other Provincial Revenue presents \$189 million in “other revenue”

13.4 The Other Provincial Revenue schedule contains an “other revenue” line item of \$189 million. A breakdown is presented in Exhibit 13.2.

13.5 We found within this amount, \$91 million, or almost half, related to three categories of revenue that could be presented as separate line items within the schedule. This would provide better transparency to readers. The three categories are:

- school raised funds (funds raised to support student activities);
- population growth’s nominee program (provincial immigration program which offers economic immigrants an expedient pathway to permanent residency); and
- climate change fund (transfers from gasoline tax and the diesel fuel tax to fund climate change initiatives).

Exhibit 13.2 - Schedule 18 – Other Provincial Revenue “Other Revenue” Line



Source: Prepared by AGNB

Central Government presents \$184 million in “general government”

13.6 The Central Government schedule contains a “general government” line item of \$184 million. A breakdown is presented in Exhibit 13.3.

Almost the entire general government amount can be broken out

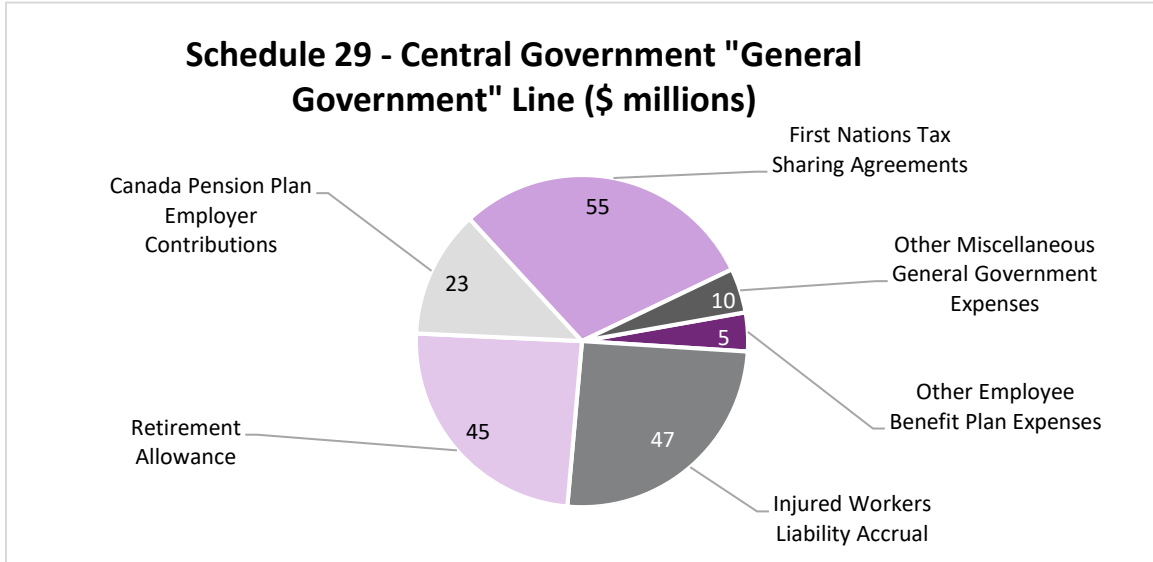
13.7 We found within the \$184 million, only \$10 million pertains to general and miscellaneous amounts. Almost the entire line amount could be presented as separate line items within the schedule.

Inequitable treatment within the schedule

13.8 We also found inequitable treatment within the schedule itself between line items. For example, smaller line items such as “Jobs Board Secretariat” of \$800,000 are presented separately, yet First Nations Tax Sharing Agreements of \$55 million have been included in the “general government” line.

13.9 A break out of information contained within the “general government” line would provide better transparency to financial statement readers.

Exhibit 13.3 - Schedule 29 – Central Government “General Government” Line



Source: Prepared by AGNB

13.10 As part of our audit of the Province’s consolidated financial statements (Chapter 5 of this volume), we made a recommendation to the Office of the Comptroller to improve transparency in the financial statements.

Recommendation

13.11 We recommend the Office of the Comptroller break out financial statement lines reported as “General” and “Other” to provide for more transparent and useful financial information to the reader.