



# Financial Audit Volume

Report of the Auditor General – Volume III December 2019

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## What We Found

### 2019 Surplus, Net Debt, and State of the Province's Financial Condition

- 2019 surplus was \$73 million, Net Debt increased by \$33 million
- Net Debt is now \$14 billion
- **Government encouraged to set multi-year Net Debt reduction targets and/or Net Debt-to-GDP targets**

### Results of our Audit of the Province of New Brunswick

- Concerned about NB Power's ability to self-sustain its operations
- Many key IT systems are out of date and Province is in process of replacing them

### Future Financial Commitments

- \$5.5 billion in committed future spending
- The *Financial Administration Act* is out of date, long overdue for an update, and the Office of Comptroller should lead change

### Transparency of Financial Information

- Over one billion dollars in annual tax expenditures not subject to routine scrutiny by legislators
- No policy for reviewing, approving, and reporting tax expenditure programs
- Non-descriptive categories such as "other" and "general" used in the Province's consolidated financial statements

### Local Government Debt

- Local government debt now at \$950 million is also guaranteed by the Province

### Property Assessments

- Concerned about continued weaknesses
- Eight recommendations to improve processes over quality control, mass appraisals, review of assessors' work, and review of system access

### Contaminated Sites

- Outdated engineering reports used to support \$37 million of the \$44 million contaminated site liability
- Province may be required to clean up contaminates left behind by lessees if lessees do not have up-to-date insurance or financial security (collateral) in place