



Business Plan 2019-2020

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

Introduction

The Auditor General of New Brunswick (AGNB) is an independent office that serves the New Brunswick Legislative Assembly.

The Auditor General assists the Legislative Assembly in holding the government accountable by reporting on its performance and stewardship of public funds and resources. This is accomplished by providing opinions on financial statements and reporting on performance audits. The findings of our Office are issued in the Auditor General's annual report to the Legislative Assembly and through appearances before the Standing Committees on Public Accounts and Crown Corporations.

The *Auditor General Act* requires the Office to submit annually to the Clerk of the Legislative Assembly a business plan and a performance report for the Office.

This document presents the Office's 2019-2020 business plan. The Office's performance report is also available on our website www.agnb-vgnb.ca

One of our most significant priorities for 2019-2020 is to expand the Office's performance audit resources, given our recent \$1 million budget increase.

What we do

Our Office generally performs two kinds of audits: financial and performance (value for money) audits.

- Our financial audit work includes auditing the Province of New Brunswick's financial statements, the financial statements of various Crown agencies and federal cost shared claims.
- Our performance (value for money) audit work targets government programs, services, processes or functions and may cover items such as: governance, economy, efficiency, effectiveness, performance reporting, internal controls, compliance, and management of public funds and resources.

Also, under the *Auditor General Act* Section 12(1), on request of the Legislative Assembly or certain others, we may audit and report on any matter related to the financial affairs of the Province.

Recent examples of this type of request are our 2017 Report Volume III regarding Service New Brunswick residential property assessment and our 2018 Report Volumes I & II chapters on WorkSafeNB.

Guiding principles

In performing our work, we are guided by our vision, our mission and our values.

Our Vision

An independent audit office serving New Brunswick by promoting accountable and sustainable government.

Our Mission

To provide objective, reliable, and timely information to the Legislative Assembly on government's performance in its delivery of programs and services to the people of New Brunswick.

Our Values

Our values guide us in achieving our mission and vision. They guide our day-to-day actions and serve as constant reminders of our commitments. They are statements of the high standards we hold in conducting our work and guiding our behavior, and of the results we strive to achieve.

• **Team**

We believe our strength comes from the knowledge, experience, and professionalism of our team.

• **Impact**

We select our audits for their relevance, significance, and risk with the goal of making a positive difference for the Province of New Brunswick.

• **Integrity**

We work together and with others in an open, honest, and trustworthy manner while respecting the confidentiality of the information we obtain. We strive to meet the highest standards of professional and ethical conduct.

Guiding principles – continued

Strategic Plan

In 2019, we reviewed and updated our Office's 2014-2020 strategic plan. The strategic plan now reflects the Office's focus on performance audit expansion with our \$1 million budget increase and includes the following objectives:

1. select a quality mix of performance and financial audits that deliver greatest value to the Legislative Assembly and the people of New Brunswick;
2. provide a rewarding work environment for our team;
3. enhance our support to the Public Accounts and Crown Corporation Committees;
4. maintain public awareness of AGNB's role, reports and authority under the AG Act; and
5. maintain our Risk Management and Professional Standards Accountability.

2019-2020 Priorities

Our Office's 2019-2020 priorities reflect our vision, mission and values as well as our strategic objectives. Our 2019-2020 priorities are:

Overall

AGNB's overall priority is to issue at least three volumes of our 2019 Report by the legislated deadline of December 31, 2019 covering both financial and performance audits.

Performance audit

Performance audit priorities relate to work required to complete and report on performance audits by our legislated deadline of December 31, 2019. Chapters that we have published in June 2019 or anticipate publishing in the remainder of 2019 include:

- Joint Follow-up of the 2016 Recommendations to the Atlantic Lottery Corporation
- Medicare Cards
- Outsourcing of Highway Maintenance and Construction Work;
- Overdue Property Tax: Collections and Forgiveness;
- City of Saint John Funding Agreement – Special Review

- PNB Funding to Universities;
- Children's Residential Placements;
- School Infrastructure; and
- Follow Up (including financial assistance to industry case studies).

As well, the performance audit team will begin work on new performance audits to be scoped during 2019-2020 such as:

- E-Health;
- Ambulance Services;
- Nurse Practitioners;
- Nursing Homes; and
- Government Oversight of Public Entities.

Financial audit

The audit of the Province of New Brunswick's financial statements is the largest and most significant financial audit completed by our Office. Its completion is dependent on many factors, some of which are outside of our control. Past years have seen fall completion dates for this work given significant accounting and audit issues encountered. This year we have targeted August 2019 for completion.

In connection with the financial statement audit of the Province, several provincial information systems are examined and tested. A rotation schedule assists in determining which information systems are examined. Some information systems are examined every year due to their significance. This year we are examining nine information systems to perform transaction testing or other procedures and plan to have this work substantially completed prior to signing the Province's financial statement audit opinion.

The Office also audits Service New Brunswick, which is integral to our audit of the Province's financial statements and represents another large and complex audit for our Office (given the comprehensive and diverse nature of SNB operations).

Overall, the financial audit team will work on 14 Crown agency financial statements and one cost shared claim (Legal Aid Claim).

Below is a list of our planned Crown agency financial statement work for 2019-2020:

- Centre communautaire Sainte-Anne
- Kings Landing Corporation
- New Brunswick Agricultural Insurance Commission

- New Brunswick Combat Sport Commission
- New Brunswick Energy Solutions Corporation
- New Brunswick Legal Aid Services Commission
- New Brunswick Lotteries and Gaming Corporation
- New Brunswick Municipal Finance Corporation
- New Brunswick Highway Corporation
- Opportunities New Brunswick
- Premier’s Council on Disabilities
- Public Trustee – Trusts administered
- Regional Development Corporation
- Service New Brunswick

The financial audit team is also responsible for preparing recommendations to the entities it audits when significant deficiencies are observed. The key findings from our financial audit recommendations as well as comments on the Province’s financial position and sustainability will be included in the financial audit volume of our Report expected to be published by December 2019. We also anticipate publishing comments on municipal debt, tax expenditures as well as MLA expenditures.

Quality assurance

Quality is essential to the work of our Office. We believe the public, the government and our stakeholders demand the highest quality in our work. In response, we have processes in place to assess and monitor our quality assurance practices. For 2019-2020 our key priorities in this area include: maintaining, monitoring and reporting on our Office quality control systems, as well as participating in peer professional reviews and implementing any related recommendations.

Human resources and administration

Our human resources and administration practices support the vision, mission and strategic objectives for the Office. Human resource and administration priorities for 2019-20 include:

- provide all staff with adequate professional development opportunities to support and complement their work assignments and meet professional development requirements;
- continue to support our CPA students in their training and CPA education program as they gain professional experience in our Office;

- table our performance report and business plan as required under our Act;
- continue to work with the Clerk of the Legislative Assembly and other legislative officers regarding any proposed changes to operations relevant to AGNB;
- continue to respond to the 2016 employee perception survey;
- maintain and update our financial audit methodology;
- implement a new performance audit methodology;
- reassess AG report format to ensure important information is clear and accessible;
- update our 3-year work plan for performance audit;
- conduct an orientation session for Public Accounts and Crown Corporations Committees;
- receive an unqualified audit opinion on our Office’s financial statement audit and publish the audited financial statements in our performance report; and
- continue to implement our strategic plan.

Performance measures

The Office has used performance measures for many years to assess its performance. We have assessed our Office performance in our 2017-2018 performance report which is available on our [website](#). The performance report also includes our March 31, 2018 financial statements, for which we received an unqualified audit opinion dated June 22, 2018.

The March 31, 2019 financial statements are also available on the website for which we received an unqualified opinion dated June 19, 2019.

Our current performance measures and related targets are listed below:

Performance measure	Link to Strategic Objective (SO)/ Mission	Office target 2019-2020
1. MLA perception, as determined by survey	Mission SO #1 SO #3	80% or higher
2. Auditee perception, as determined by survey	SO #3	80% or higher
3. Percentage of performance audit recommendations implemented	Mission	Overall 100% of our recommendations implemented for our follow up period
4. Employee perception, as determined by survey	SO #2	80% or higher
5. Completion of audits on time	Mission SO #3	All target dates met
6. Use of our time, focusing on the percentage of time spent on audit work	SO #1 SO #6	Allocation of working hours as follows: <ul style="list-style-type: none"> • Financial and performance audits - 65% • Professional development and training - 5% • Audit office admin & support activities - 30%
7. Staff cost of our audits	SO #1 SO #6	\$1,950,000* represents the approximate annual staff cost of significant audit projects split as follows: <ul style="list-style-type: none"> • 45% Performance audit • 20% Province of New Brunswick audit • 24% Crown agencies audit • 1% Cost shared claims audit • 10% AG report preparation <p><i>*note: we also expect to hire experts and other resources which are not included in this amount</i></p>
8. Number of public reports	SO #3 SO #4	3 Volumes of the 2019 Auditor General Report published on 2 separate dates

Budget 2019-2020

The Office's approved budget for 2019-2020 is \$3,322,000 which has been allocated as follows:

Personnel services	\$ 2,988,000
Other services	457,300
Materials and supplies	8,200
Property and equipment	13,500
Less: recoveries	(145,000)
Total budget 2019-2020	\$ 3,322,000

The majority of the Office's funding is through an annual appropriation of the Legislative Assembly. Of this amount, most all of the Office's budget represents salaries and benefits. All but three staff members are involved in providing audit services.

In accordance with our Act, the Office has cost recoveries in relation to certain financial audits and, on occasion, performance audits. This represents about 4% of the Office's overall current budget.

Additional information

Additional information about AGNB is available on our website at www.agnb-vgnb.ca or by contacting us at:

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