

**Office of the Auditor General of
New Brunswick**

Financial Statements

March 31, 2021



Office of the Auditor General of New Brunswick
Financial Statements
March 31, 2021

CONTENTS

	Page
Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Operations	6
Statement of Cash Flows	7
Statement of Change in Net Debt	8
Notes to the Financial Statements	9-12



NICHOLSON & BEAUMONT
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Speaker of the Legislative Assembly

Opinion

We have audited the accompanying financial statements of the Office of the Auditor General of New Brunswick, which comprise the statement of financial position as at March 31, 2021 and the statements of operations, cash flows and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Auditor General of New Brunswick as at March 31, 2021, the results of its operations, for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



NICHOLSON & BEAUMONT
CHARTERED PROFESSIONAL ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fredericton, NB
June 23, 2021

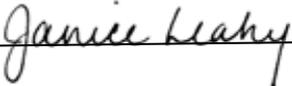
Nicholson & Beaumont
Chartered Professional Accountants

Office of the Auditor General of New Brunswick
Statement of Financial Position
March 31

	2021	2020
Financial Assets		
Petty Cash	\$ 200	\$ 200
Working Capital (Note 4)	197,460	223,795
Accounts receivables	25,017	11,645
Accrued recoveries receivable	<u>54,381</u>	<u>52,426</u>
	277,058	288,066
Liabilities		
Payables and accrued liabilities	132,870	201,640
Accrued salary and benefits	<u>211,791</u>	<u>147,551</u>
	<u>344,661</u>	<u>349,191</u>
Net debt	<u>(67,603)</u>	<u>(61,125)</u>
Non-financial Assets		
Prepaid expenses	<u>67,603</u>	<u>61,125</u>
Accumulated Surplus	\$ <u> -</u>	\$ <u> -</u>

See accompanying notes to the financial statements

APPROVED ON BEHALF OF THE OFFICE:



Acting Auditor General

Office of the Auditor General of New Brunswick
Statement of Operations
Year ended March 31

	2021 Budget	2021 Actual	2020 Actual
Expenses			
Personnel services	\$ 2,988,000	\$ 2,784,963	\$ 2,283,408
Other services	479,300	464,320	510,100
Materials and supplies	8,200	23,951	10,531
Property and equipment	13,500	88,461	103,265
	<u>3,489,000</u>	<u>3,361,695</u>	<u>2,907,304</u>
Recoveries	<u>(167,000)</u>	<u>(201,617)</u>	<u>(173,518)</u>
	\$ 3,322,000	\$ 3,160,078	\$ 2,733,786
Government contributions (Note 3)	<u>3,322,000</u>	<u>(3,160,078)</u>	<u>(2,733,786)</u>
Annual (Deficit) Surplus	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -

See accompanying notes to the financial statements

Office of the Auditor General of New Brunswick
Statement of Cash Flows
Year Ended March 31

	2021	2020
Cash and Cash Equivalents Generated by (Used In):		
Operating Activities		
Annual (Deficit) Surplus	\$ _____ -	\$ _____ -
Changes in Non-Cash Working Capital		
(Increase) decrease in accounts receivable	(13,372)	410,692
Increase in prepaid expenses	(6,478)	(18,783)
Increase in accrued recoveries receivable	(1,955)	(20,122)
(Decrease) increase in payables and accrued liabilities	(68,770)	20,944
Increase in accrued salary and benefits	<u>64,240</u>	<u>29,959</u>
Increase in Cash and Cash Equivalents	(26,335)	422,690
Cash and Cash Equivalents, Beginning of Year	<u>223,995</u>	<u>(198,695)</u>
Cash and Cash Equivalents, End of Year	<u>\$ 197,660</u>	<u>\$ 223,995</u>
 Cash and Cash Equivalents is represented by:		
Petty Cash	\$ 200	\$ 200
Working Capital (Note 4)	<u>197,460</u>	<u>223,795</u>
	<u>\$ 197,660</u>	<u>\$ 223,995</u>

See accompanying notes to the financial statements

Office of the Auditor General of New Brunswick
Statement of Change in Net Debt
Year Ended March 31

	2021	2020
Net Debt, Beginning of the Year	\$ (61,125)	\$ (42,342)
Annual (Deficit) Surplus	-	-
Net Change in Prepaid Expenses	<u>(6,478)</u>	<u>(18,783)</u>
Net Debt, End of the Year	\$ <u>(67, 603)</u>	\$ <u>(61,125)</u>

See accompanying notes to the financial statements

Office of the Auditor General of New Brunswick
Notes to the Financial Statements
March 31, 2021

1. Nature of Operations

The Office of the Auditor General is an office of the New Brunswick Legislative Assembly. The Office is a public sector entity, therefore it is not subject to income taxes. The mandate and authorities of the Office are provided by the *Auditor General Act*.

2. Summary of Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

- (a) *Asset Classification* – Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver services, may be consumed in normal operations and are not for resale.
- (b) *Measurement Uncertainty* – The presentation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of expenses, recoveries and government contributions during the reported period. Actual results could differ from those reported.
- (c) *Recoveries* – The Office recognizes recoveries of professional costs when they are earned; specifically when all of the following conditions are met:
- Services are provided;
 - There is clear evidence that an arrangement exists;
 - Amounts are fixed or can be determined; and
 - The ability to collect is reasonably assured.
- (d) *Harmonized Sales Tax* – The Office does not record Harmonized Sales Tax (HST) in its financial statements because the Federal portion of all HST paid is reimbursed to the Province of New Brunswick, and the provincial portion of HST is not levied by the Province on its own entities.
- (e) *Tangible capital assets* – The Office has adopted the policy of expensing assets acquired with an individual value of \$10,000 or less. Accordingly, there are no tangible capital assets to record or amortize. As mentioned in Note 5, government provides office space at no cost to the Office. The Office does not record any assets, obligation or expense for this space leased by government. Accordingly, any betterments to the leased space which are funded by the Office are expensed in the year they occur as a transfer/contribution to government. For 2020-2021 such amounts expensed total \$30,239 (2019-2020 = \$59,319).

Office of the Auditor General of New Brunswick
Notes to the Financial Statements
March 31, 2021

(f) *Cash and cash equivalents* – Cash and cash equivalents consists of the office petty cash float and the working capital.

3. Government Contributions

The Office is funded through annual budgetary appropriations approved by the Legislative Assembly. The appropriation represents the government contributions which are applied to expenses of the Office. In addition, there are reimbursements from government for certain payroll-related costs. Any unused appropriation cannot be carried forward for use in subsequent years.

	2021	2020
Budget as approved	\$3,322,000	\$ 3,322,000
Unused appropriation	161,922	588,214
Net government contributions	\$3,160,078	\$ 2,733,786

4. Cash and Cash Equivalents (including Working Capital)

The Office, similar to many Crown entities maintains no separate bank account and uses instead the Province’s bank account to receive funds and pay invoices. The working capital amount represents the net balance of the Office’s assets less liabilities. As described in note 3 the year end surplus or deficit lapses and is not carried forward to subsequent years.

	2021	2020
Cash and Cash Equivalents		
Petty Cash	\$ 200	\$ 200
Working Capital	197,460	223,795
	\$ 197,660	\$ 223,995

Office of the Auditor General of New Brunswick
Notes to the Financial Statements
March 31, 2021

5. Related Party Transactions

The Office of the Auditor General is related to the Government of New Brunswick and its departments and agencies. The Office's sources of funding are through payment of its expenses by the government and the recovery of certain audit work performed. The Office recovered professional costs and made certain purchases through other government departments and agencies in the normal course of its business.

Translation, printing, and certain information technology services are provided by the government to the Office in the normal course of operations and are accounted for within these financial statements at arm's length amounts. However, government provides office space, funds the Office's external auditor fee and absorbs the Office's employer cost of various employee benefit plans, the effect of which has not been calculated or recorded in these financial statements.

6. Employee Future Benefit Plans

- (a) *Pension Plan*- The Province of New Brunswick made changes to the New Brunswick Public Service Superannuation Plan in 2014. The previous multi-employer defined benefit pension plan has since changed to a shared risk plan, New Brunswick Public Service Pension Plan (NBPSPP). Effective January 1, 2014, all permanent employees of the Office of the Auditor General are required to participate in this new plan. The plan is funded by the employee and government contributions. The Office is not responsible for any unfunded liability with respect to its employee pensions. The Office's costs and any assets or liabilities related to employee pensions are not included as part of the Office budget and are accounted for by government in its financial statements.
- (b) *Retirement Allowance Plan* –In prior years the Province of New Brunswick made changes to its retirement allowance program whereby management and non-union employees of the Office no longer accumulate retirement allowance credits. Employees who were participating in this program were offered a choice of pay-out in lieu of a retirement allowance or, for those with more than five years of service, an option to defer the pay-out until retirement. The Office's costs and liability associated with the plan at March 31, 2021 are limited to employees who opted to defer the pay-out to retirement. These amounts are not included as part of the Office budget and are recorded by government in its financial statements.

Office of the Auditor General of New Brunswick
Notes to the Financial Statements
March 31, 2021

7. Financial Instruments

The Office's financial instruments are measured at cost and consist of accounts receivable, accrued recoveries receivable, working capital and payables and accrued liabilities. It is management's opinion that the Office is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short term to maturity.