

Chapter 17

Office of the Auditor General

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Office of the Auditor General

Background

17.1 Our 1997 Report contained a checklist relating to our assessment of our compliance with the Annual Report Policy of government. A comparative version for 1998 is presented below.

Exhibit 17.1
Self assessment checklist

	1998	1997
Was a report prepared?	Yes	Yes
Is there a discussion of program relevance?	Yes	Yes
Are goals and objectives stated?	Yes	Yes
Does the report discuss achievement of plans?	Yes	Yes
Are performance indicators presented?	Yes	Partial
Are details available on level of client acceptance ?	Yes	Partial
Is actual and budget financial information presented?	Yes	Yes
Does the report explain variances from budget?	Yes	Yes

17.2 It is our intention to continually improve the information available in our annual Report on the performance of our Office. The above checklist sets out our assessment of progress over the last two years.

Office role and relevance

Our role

17.3 Our role within the provincial public service is unique. We are independent of the government of the day and provide information directly to the Legislative Assembly. The Legislative Assembly uses our information to help fulfil its role of holding the government accountable for how public monies are managed. We also assist government by providing recommendations to senior officials of the departments and agencies we audit.

Our vision

17.4 **We are committed to making a difference for the people of New Brunswick by promoting, in all our work for the Legislative Assembly, productive, open and answerable government.**

Our mission

17.5 **We promote accountability by providing objective information to the people of New Brunswick through the Legislative Assembly.**

Our values

17.6 Our values impact our performance. We are committed to:

- ***Independence and objectivity*** - Being independent and objective, in fact and appearance.
- ***Accountability*** - Being accountable ourselves, and promoting accountability through example and reporting. In doing so, we strive to be a key influence for effective government.

- **Adding value** - Focusing our resources on areas of government where value can be added.
- **Learning** - Enhancing quality by placing emphasis on staff learning and development.
- **Improvement** - Improving our work through innovative thinking and the use of technology.
- **Fairness and respect** - Developing and maintaining professional relationships by treating our own staff and those we contact with fairness and respect.

Office Relevance

17.7 Our 1997 Report generated significant interest. Over six hundred copies were printed and distributed. Access to our Report is also available through the Internet. Discussions of our findings in the Legislative Assembly and the Public Accounts and Crown Corporations Committees are evidence of the continuing relevance of our work.

17.8 Each year we include in our Report matters that we believe are significant to the Legislative Assembly and the public. These include our findings, conclusions and recommendations arising out of our audit work during the year. In addition our 1998 Report includes the findings of two special studies carried out at the request of the Public Accounts Committee.

17.9 Our service also includes separate audit conclusions on the reliability of financial statements. These conclusions (auditor's reports) are provided to the Legislative Assembly with the financial statements for the Province as well as the Agencies and Trusts that we audit.

17.10 We see our work remaining relevant and contributing to:

- public confidence in our system of government;
- the Legislative Assembly's ability to carry out its responsibility of holding the government to account; and
- the government's ability to carry out its responsibilities using sound management systems and practices.

Performance indicators

17.11 Early in 1998 we finalized a strategic plan for the Office. This plan identifies our priorities and strategic goals. As part of this exercise, we have also established performance indicators. We are tracking our progress against these indicators. This section of our Report identifies each indicator by strategic priority, and discusses our progress to date. Since our indicators were established effective 1 January 1998, some of the statistics reported this year will cover less than a twelve-month period.

Responding to the needs of users

17.12 We will survey Members of the Public Accounts and Crown Corporations Committees on an annual basis in order to measure our effectiveness in meeting their needs.

17.13 We sent out a survey to all members of the Public Accounts and Crown Corporations Committees in September 1998. The respondents overwhelmingly indicated that our annual Report helped them to do their job better. Committee members were satisfied with both the content and the length of our Report, although they also suggested a condensed report of highlights would be useful. Committee members also found useful the in-camera briefing our Office provided on the day the 1997 Report was released, and were satisfied with the information we presented during our subsequent attendance at the public meetings of the Committees. The respondents indicated their belief that the Office of the Auditor General contributes to improved public sector accountability and provides the taxpayers of New Brunswick with good value for money.

17.14 We are pleased with the results of this survey, and we will seek to maintain, or even increase, the level of satisfaction with our work.

17.15 We will measure the extent to which the recommendations which appear in our annual Report are accepted and implemented. The disposition of all recommendations will be tracked for a period of four years.

17.16 From 1993 to 1997 we made 232 recommendations in our annual Reports. Based on responses received from government departments and Crown agencies, we have assessed the level of acceptance of those recommendations as follows:

Exhibit 17.2
Acceptance of our
recommendations

Accepted	206	89%
Partially accepted	1	--
Not accepted	14	6%
Noted for future action	2	1%
No longer applicable	9	4%
Total	232	100%

17.17 In August 1998 we asked government departments and Crown agencies to indicate whether the recommendations referred to above had been implemented. We received responses from all organizations except the Department of the Environment, which was the subject of 19 recommendations in our 1994 Report. The responses are summarized as follows:

Exhibit 17.3
Implementation of our
recommendations

Implemented	109	51%
Partially implemented	9	4%
Implementation in progress	59	28%
Not implemented	22	10%
Noted for future action	4	2%
Responsibility transferred	2	1%
No longer applicable	8	4%
	213	100%

17.18 We will be conducting follow-up work over the next year in order to confirm the above responses. We want to better understand the reasons why some of our recommendations have not been implemented, or have been only partially implemented.

17.19 We will measure the extent to which accounting and reporting recommendations made by the Public Sector Accounting and Auditing Board of the CICA are accepted and implemented by the Province of New Brunswick.

17.20 We are tracking this indicator as part of our annual audit of the financial statements of the Province. We discuss the Province's progress in implementing the PSAAB recommendations in chapter 2 of this Report.

17.21 The Province of New Brunswick audit will be completed by June 30th and all Crown agency and Trust Fund audits will be completed by September 30th.

17.22 Our audit report on the financial statements of the Province was dated 28 July 1998. The final Crown agency audit report was dated 22 October 1998. All our other sixteen Crown agency audit reports were dated on or before 30 September 1998. The final Trust Fund audit report was dated 4 November 1998. None of the seven Trust Fund audit reports were dated prior to 1 October 1998. It should be noted that these dates relate to the point at which our audit work was substantially complete. There will always be a gap between this date and the date the financial statements are issued.

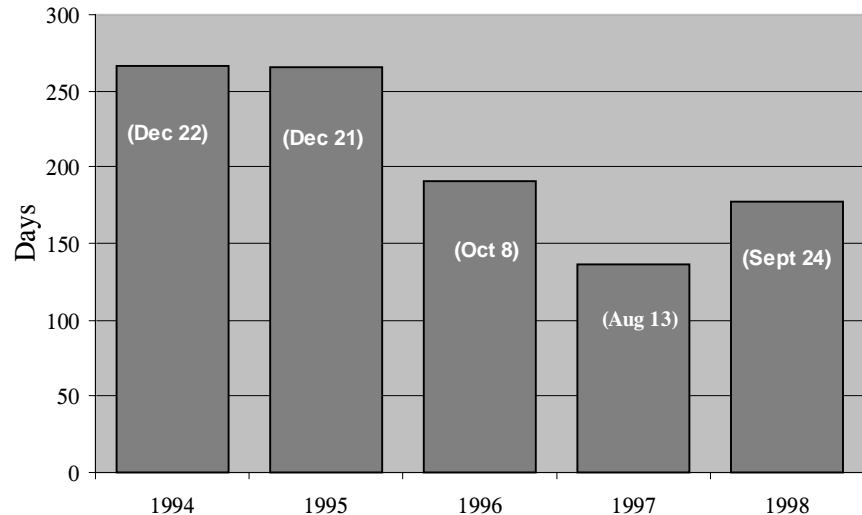
17.23 In our 1997 Report we discussed the solid improvement that had been made in issuing the Province's financial statements earlier than in the past. Last year the financial statements were issued on 13 August. This was an improvement of almost eight weeks over the 1995-96 year and was eighteen weeks earlier than the 1994-95 year.

17.24 This year, this improvement was not sustained. Significant accounting issues, and related discussions, delayed the issuance date by a number of weeks.

17.25 Exhibit 17.4 shows on a five-year comparative basis the number of days between the year-end and the date of the issuance of the audited financial statements.

Exhibit 17.4

Number of days between the end of the fiscal year and the issuance of the financial statements.



17.26 Our goal continues to be to facilitate the issuance of the audited financial statements of the Province within three months of the year end.

Making effective use of resources

17.27 All financial and broad scope audits will be performed within the time allotted.

17.28 We establish detailed time budgets for each of our audits. During the audit, we monitor the time spent by staff members on individual sections of the work. At the end of each audit, we summarize the total time spent, compare it to the total budgeted hours and analyze major fluctuations. For our financial audits, we use the results of this analysis to help us prepare the budget for the following year's work.

17.29 We are in the process of analyzing our performance on our 1998 audit work. Once this analysis is complete, it will form the basis for establishing future years' time allocations. We constantly strive to find efficiencies in our work. We also acknowledge that our time reporting system and budgeting process lacks sophistication. We are searching for a better time reporting system, but have not yet found one that meets our needs.

17.30 60% of all professional paid time in our Office will be spent directly on financial statement audits or broad scope audits.

17.31 A detailed analysis of staff time for the first six months of 1998 indicates that 60.24% of the total paid time of all staff, with the exception

of our three administrative support staff, was spent directly on audit work (including work on our annual Report). Non-audit time includes statutory holidays, vacations, courses for accounting students and professional staff, sick leave and administrative duties not chargeable to a specific audit.

17.32 Of the total time spent directly on financial statement audits and broad scope audits, 30% will be spent on broad scope audits.

17.33 Our analysis indicates that, in the first six months of 1998, we spent 31.07% of total audit time on broad scope audits.

Maintaining professional standards

17.34 We will meet the standards required by the New Brunswick Institute of Chartered Accountants Mandatory Practice Review Committee.

17.35 The latest inspection of our Office files and procedures by the Institute was in 1996. The inspection concluded that we continue to meet the standards required by the Institute. No exceptions were noted.

Financial information

17.36 Budget and actual expenditure for 1996-97 and 1997-98 by primary classification is shown in Exhibit 17.5. The approved budget for the 1998-99 year is presented for comparative purposes.

*Exhibit 17.5
Budget and actual expenditure
(thousands of dollars)*

	1999	1998		1997	
	Budget	Budget	Actual	Budget	Actual
Wages and benefits	1,362.1	1,419.1	1,288.6	1,386.4	1,247.4
Other services	118.4	105.7	124.8	107.2	102.2
Materials and supplies	7.9	7.9	8.4	8.6	7.8
Property and equipment	22.1	22.1	76.4	24.5	53.7
	1,510.5	1,554.8	1,498.2	1,526.7	1,411.1

17.37 Staff costs continue to account for approximately 90% of our budget and were underspent by \$130,500 for the year ended 31 March 1998. The former Auditor General retired in April, 1997 and his replacement was not appointed until September. A senior employee was out on extended leave for a large part of the year, and a third position was vacant until January, 1998.

17.38 Other services were overspent by \$19,100. This was primarily the result of contracting out one of our Crown agency audits to a local accounting firm.

17.39 Property and equipment was overspent by \$54,300. We used a portion of the savings in staff costs to support additional costs for computer software and hardware. We purchased additional notebook computers for use by staff when out of the office, and also upgraded a number of our desktop computers to improve their speed and capacity.

Staff resources

17.40 Our Office continues to provide experience and training to our employees. New employees must enrol in a professional accounting program, namely CA (Chartered Accountant), CMA (Certified Management Accountant) or CGA (Certified General Accountant). Before staff begin this professional training they must have, as a minimum, one university degree at the bachelor level.

17.41 In the past seven years, eleven people in our Office have received a professional accounting designation. Five of these people have moved to important financial positions in government. One person moved to a government position in another province, another to a quasi regulatory organization in New Brunswick; two people have remained in our Office and two have joined the private sector. The feedback that we have received on the quality of our staff is favourable. We consider our contribution of qualified staff to other government organizations to be a positive indicator for our Office.

17.42 The staff complement in our Office has remained constant at 27 for the past few years. Brent White CA, Paul Jewett CA and Phil Vessey CA are the directors for our three audit teams. At 31 March 1998 there were fifteen professional staff with accounting designations. Our staff also included nine students who hold a university degree which is a prerequisite for both enrolment in an accounting program and employment at our Office. The three remaining members of our staff provide administrative support services. The following is a list of staff members at 31 March 1998:

Lorna Bailey ⁽¹⁾	Bill Phemister, CA
Jeffrey Chown ⁽²⁾	Ken Robinson, CA
Cathy Connors Kennedy, CA	Yvonne Samson ⁽²⁾
Don Harrington ⁽²⁾	Brian Soeler ⁽²⁾
Eric Hopper, CA	Tammy Sterling ⁽²⁾
Peggy Isnor, CA	Diane Swan ⁽¹⁾
Paul Jewett, CA	Al Thomas, CA
Cecil Jones, CA	Phil Vessey, CA
Kim Langille ⁽²⁾	Tim Walker, CA
Eric LeBlanc ⁽²⁾	Deborah Whalen, CMA
Kimberley LeBlanc ⁽²⁾	Brent White, CA
Greg Mignault, CMA	Darlene Wield ⁽¹⁾
Eric Mourant, CA	Daryl Wilson, FCA
Gordon Nowlan ⁽²⁾	

⁽¹⁾ Administrative support

⁽²⁾ Student enrolled in a professional accounting program.