

Chapter 12

Office of the Auditor General

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Office of the Auditor General

Background

12.1 In recent years, our Reports have contained a checklist relating to our assessment of our compliance with the Annual Report Policy of government. A comparative version for 1999 is presented below.

12.2 It is our intention to continually improve the information available in our annual Report on the performance of our Office.

Exhibit 12.1
Self assessment checklist

	1999	1998
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	Yes
Are details available on level of client acceptance	Yes	Yes
Is actual and budget financial information presented	Yes	Yes
Does the report explain variances from budget?	Yes	Yes

Office Role and Relevance

Our role

12.3 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

12.4 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

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

Our values

12.6 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

12.7 Our 1998 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.

12.8 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.

12.9 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.

12.10 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

12.11 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 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.

Responding to the needs of users

12.12 **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.**

12.13 We sent out a survey to all members of the Public Accounts and Crown Corporations Committees in April 1999. The response was disappointing, although understandable in view of the election call in May and the election itself in June. Nevertheless, 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, and also appreciated the condensed report of highlights that we introduced in 1998 in response to a previous survey. Committee members also found useful the in-camera briefing our Office provided on the day the 1998 Report was released, and were satisfied with the information we presented during our attendance at the public meetings of the Public Accounts Committee on 19 November 1998 and 31 March 1999 (the Crown Corporations Committee did not have a public meeting during the period covered by our survey). 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.

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

12.15 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.

12.16 Chapter 11 of this Report provides an overview of the recommendations included in our 1995 through 1997 Reports, arising out of our broad scope audits. It details the departmental responses to our recommendations, and our assessment of the acceptance and implementation of those recommendations. We are generally satisfied with the results.

12.17 In June 1999 we asked government departments to indicate the current status of recommendations included in our 1998 Report. We will be conducting follow-up work over the next year in order to assess the responses.

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

12.19 We are tracking this indicator as part of our annual audit of the financial statements of the Province. We will be discussing the Province's progress in implementing the PSAB recommendations in Volume 2 of our 1999 Report.

12.20 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.

12.21 We did not meet this performance indicator in 1999. At the date of writing this Report, our audit report on the financial statements of the Province had still not been issued. The change of government in

June 1999 was followed by the announcement of a review of the financial affairs of the Province, undertaken by a public accounting firm. The government delayed the completion of the financial statements of the Province for the year ended 31 March 1999 until they received the results of this financial review. This caused delays in the completion of our audit work.

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

12.23 As for the Crown agency and Trust Fund audits, eleven audits were completed and the auditor's reports signed before September 30th. Another eight had the audit fieldwork completed before September 30th, but our internal file review process had not been completed. And there were seven audits that still had outstanding audit work as of September 30th. In some cases our failure to meet the targeted completion date was due to problems with our client. In many other cases, however, we could have done a better job. As an Office, we have learned from this experience and we plan to do better next year. We also found we had different interpretations in the Office of what we mean by completion. Did it mean the completion of the audit fieldwork, or did it mean the actual signing of the auditor's report, which means the statements are ready for release? For next year we will be striving to have all auditor's reports signed, and the statements available for release, by September 30th.

Making effective use of resources

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

12.25 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.

12.26 For the eleven financial audits completed and the auditor's reports signed before September 30th, only two exceeded the budget by more than 50 hours. We were quite pleased with this result. For the nine major broad scope audits completed and reported in this Report only three were under budget. For those that were over budget our analysis indicates that in some cases we may have underestimated the complexity of the work, but in other cases we could have been more efficient, especially during our report writing stage.

12.27 60% of all professional paid time in our Office will be spent directly on financial statement audits or broad scope audits.

12.28 A detailed analysis of staff time for 1998 indicates that 60.29% 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. For the first six months of 1999, this number dipped to 58.32%.

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

12.30 Our analysis indicates that, in 1998, we spent 31.96% of total audit time on broad scope audits. For the first six months of 1999, this number rose to 45.78%. This reflected a conscious effort to complete broad scope audit projects in the early part of the year.

Maintaining professional standards

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

12.32 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

12.33 Budget and actual expenditure for 1997-98 and 1998-99 by primary classification is shown in Exhibit 12.2. The approved budget for the 1999-2000 year is presented for comparative purposes.

*Exhibit 12.2
Budget and actual expenditure
(thousands of dollars)*

	2000	1999		1998	
	Budget	Budget	Actual	Budget	Actual
Wages and benefits	1,375.4	1,392.1	1,296.5	1,419.1	1,288.6
Other services	118.4	118.4	111.2	105.7	124.8
Materials and supplies	7.9	7.9	7.2	7.9	8.4
Property and equipment	22.1	22.1	36.0	22.1	76.4
	1,523.8	1,540.5	1,450.9	1,554.8	1,498.2

12.34 Staff costs continue to account for approximately 90% of our budget and were underspent by \$95,600 for the year ended 31 March 1999. A senior employee was out on maternity leave for a large part of the year. Delays in filling vacant positions caused the balance of the underspending.

12.35 Property and equipment was overspent by \$13,900. 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.

12.36 Our legislation requires an annual audit of our accounts by a qualified auditor, appointed by the Speaker of the Legislative Assembly on the advice of the Board of Management. This audit is conducted by the Office of the Comptroller and their audit report is tabled before the Legislative Assembly.

Staff Resources

12.37 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.

12.38 In the past seven years, eleven people in our Office have received a professional accounting designation. Six of these people have moved to important financial positions in government. One person moved to a government position in another province; 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.

12.39 The cumulative effects of fiscal restraint have caused us to reduce our staff complement from 27 to 25. Brent White CA, Paul Jewett CA and Phil Vessey CA are the directors for our three audit teams. At 31 March 1999 there were fifteen professional staff with accounting designations. Our staff also included five 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. Two positions were vacant. The following is a list of staff members at 31 March 1999:

Lorna Bailey ⁽¹⁾	Ken Robinson, CA
Jeffrey Chown, CA	Yvonne Samson ⁽²⁾
Cathy Connors Kennedy, CA	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
Kim Embleton ⁽²⁾	Brent White, CA
Greg Mignault, CMA	Darlene Wield ⁽¹⁾
Eric Mourant, CA	Daryl Wilson, FCA
Bill Phemister, CA	

⁽¹⁾ Administrative support

⁽²⁾ Student enrolled in a professional accounting program.