

Chapter 11

Crown Agencies Audited by Others

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Crown Agencies Audited by Others

Background

11.1 We do not audit the financial statements of all the Crown Corporations, Boards, Commissions and other Agencies included as part of the provincial reporting entity. Following is a list of the agencies audited by other auditors.

11.2 Agencies included in the Public Accounts:

- Board of Commissioners of Public Utilities
- Forest Protection Limited
- Kingsbrae Horticultural Garden Inc.
- New Brunswick Investment Management Corporation
- New Brunswick Liquor Corporation
- New Brunswick Museum
- New Brunswick Power Corporation
- Service New Brunswick
- Strait Crossing Finance Inc.
- Workplace Health, Safety and Compensation Commission of New Brunswick
- The eight regional hospital corporations

11.3 Other Agencies:

- Atlantic Lottery Corporation Inc.

Scope

11.4 We review the financial statements and other documents as they are received. We also visit the auditors periodically to review their working papers. We do this to determine whether we can continue to rely on their work in carrying out our audit of the financial statements of the Province.

Delay in submitting financial statements and management letters

11.5 The *Auditor General Act* requires the auditors of the agencies, listed above, to deliver to the Auditor General immediately after completion of the audit, a copy of any reports and recommendations arising out of their audits and a copy of the audited financial statements of the agency. Most of these agencies have a 31 March year end like the Province.

11.6 Despite the fact that provincial legislation requires the immediate submission of the financial statements and the auditors'

comments and recommendations to the Auditor General's Office following the audit, the practice has not always conformed with this requirement.

11.7 Often the required documentation has been sent only after repeated requests by our Office. In some cases the information is provided well after the Province's financial statements have been issued and our annual Report written.

11.8 One agency copies the Office of the Auditor General on management letters as they are issued. This ensures that the letter is always made available to our Office as soon as possible. Others could adopt such a practice. This enhancement could eliminate many of the delays we currently experience.

11.9 At 1 October 2000, only 15 of the 19 sets of financial statements had been received by our Office.

New Brunswick Power Corporation

11.10 During the year, we reviewed the working papers of the auditors of New Brunswick Power Corporation. We were satisfied with the work done by the auditors of the Corporation for the year ended 31 March 2000.

11.11 The auditors issued a management letter to the Corporation at the conclusion of their audit. Their letter addressed a number of concerns they had during the annual audit. Some of the comments related to issues raised in the prior year and some were issues first raised in 2000.

11.12 One of the issues brought forward from the previous year's management letter was the recommendation that management undertake a review of certain existing liabilities. The liabilities relate to the costs of disposing of irradiated nuclear fuel and decommissioning Point Lepreau Generating Station. The costs were previously being accumulated on the basis of the Point Lepreau Generating Station operating until 2014, but this was changed to 2008.

11.13 Management indicated last year that cost studies in these two areas would be updated in 1999. This was not completed as anticipated. However the Corporation responded to their auditors that they are now in the process of being updated and the results should be available for inclusion in the 31 March 2001 financial statements.

Workplace Health, Safety and Compensation Commission of New Brunswick

11.14 The auditors issued a lengthy management letter to the Commission at the conclusion of their audit. The auditors' comments focussed mainly on information systems. Other areas dealt with in the letter included internal controls and the role of internal audit. Management of the Commission agreed with the recommendations and

noted the actions that have been taken or will be taken to address the issues raised.

Hospital Corporations

11.15 Auditors of five of the eight hospital corporations issued management letters following the completion of their audits of the financial statements for the year ended 31 March 2000. In general, auditors continue to report good co-operation from the hospital corporations in implementing recommended changes. In one management letter it was disclosed that all issues raised in the previous year, including a significant delay in invoicing accounts receivable, had been rectified.

11.16 Following the audits, hospital corporations received a number of recommendations for improvements to internal controls. A management letter to one corporation pointed out that detailed listings of its fixed assets were not maintained, leading to a concern about the safeguarding of the assets.