



Financial Audits by AGNB

Report of the Auditor General – November 2017

Volume IV

Why Is This Important?

- The Province's fiscal condition affects New Brunswickers
- Audited financial statements provide comfort to users that the statements are accurate, reliable and can be used to assess the performance of the government's or Crown agency's fiscal management

What We Found

Overall Conclusions:

Pleased with areas, such as:

- Clean unqualified PNB audit opinion
- Encouraging signs of fiscal progress in the short-term
- Deficit lower than 2017 budget deficit, 2016 actual deficit, and prior years' deficits
- Net debt increase smaller than past years

Concerns remain, such as:

- Unfavourable long-term sustainability trends continue
- Deficit remains despite tax increases
- Continued increases in funded debt (actual debt obligation) which increased by \$875.8 million in 2017 (2016 - \$2,806.8 million).
- Renewal of "mission critical" IT systems moving slowly

Crown Agency Concerns:

- Service New Brunswick inefficient by operating three redundant systems for payroll and financial reporting
- Financial management/cash issues in seven Crown agencies
- Oversight/governance issues in eight Crown agencies
- Accounting concerns in nine Crown agencies

PNB Financial Condition:

- 9th consecutive annual deficit
- Deficit of \$118.9 million in 2017
- Additional deficits forecasted through to 2020 with no net debt reduction target
- Net debt per New Brunswicker is about \$18,300 in 2017 (2016- \$18,100)
- Five short-term sustainability indicators improved, but two short-term flexibility indicators deteriorated
- Long-term outlook has remained relatively unfavourable since 2012

Accounting Concerns:

Public Reporting Timeliness

- Potential delay in releasing 2018 financial statements
- Some Crown agencies' public reporting not timely
- Delayed Crown reporting impacts PNB audit and lessens value of information

NB Power

- Analysis needed to confirm NB Power's ability to self-sustain its operations

Pensions

- Detailed information on a plan-by-plan basis not included in financial statements