



Auditor General's Access to Vestcor Significantly Limited

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Why Is This Important?

- The *Auditor General Act* requires the Auditor General to inform the Legislative Assembly if she receives all the information required to perform her duties.
- Vestcor declined and restricted the Auditor General's access to information required to perform her duties.
- Before 2016, the Auditor General had complete access to audit the predecessor to Vestcor, the New Brunswick Investment Management Corporation (NBIMC) and, as well, the Legislative Assembly provided independent and publicly accountable oversight of NBIMC.
- Since 2016, the Legislative Assembly no longer provides independent and publicly accountable oversight for over \$18 billion of New Brunswick public sector funds, including over \$14 billion for the Province's two largest pension plans.

Overall Conclusions

Vestcor and its owners believe Vestcor is no longer subject to independent and publicly accountable oversight by the Legislative Assembly. Therefore, the Auditor General recommends:

- The *Auditor General Act* be amended to give the Auditor General unrestricted access to Vestcor
- The *Vestcor Act* be amended to require Vestcor to file annual reports with the Legislative Assembly and appear before PAC
- Legislators revisit what NBIMC/Vestcor told them when Vestcor was created

What We Found

We Believe Vestcor Falls Under the *Auditor General Act*

- *For performance audit:* Vestcor is an auditable entity because, in substance, it is both a service provider on behalf of the Province and a funding recipient from the Province.
- *For financial audit:* The Auditor General is entitled to free access to information that relates to fulfilling her responsibilities, such as the audit of the Province's financial statements, which requires information from Vestcor.

What Legislators were Told

Legislators were:

- provided inconsistent information regarding Auditor General access. This access has been significantly limited.
- told Vestcor would grow to include public sector pension plans outside of the Province. After four years, Vestcor has only added two New Brunswick-based clients.

Vestcor's Annual Reports Highlight Potential Areas the Auditor General Might Audit if Granted Access

- The Auditor General should have unrestricted access to audit:
 - Vestcor's performance in managing over \$18 billion in New Brunswick public sector funds; and
 - the reasonableness of Vestcor's incentive program, operating and capital expenses and annual report disclosures.
- Vestcor has paid over \$30 million in employee incentives (bonuses) since 2010 and incentives have increased by almost 500% since 2010.
- Five senior executives have received almost \$19 million in incentives and salary since 2014.
- Vestcor's employee incentive program was expanded to all employees in 2018.