



Financial Audit Volume

Report of the Auditor General – Volume III 2021

What We Found

2021 Surplus

- 2021 annual surplus was \$409 million, the fourth consecutive annual surplus
- Revenues increased by \$426 million mostly because of increased transfers from the Federal government, \$301 million of which was one-time Covid-19 related funding
- Expenses increased by \$67 million, mostly due to increased spending for COVID-19 of \$123 million which is offset by decreased spending for financial assistance of \$79 million
- Opportunity to improve disclosure, especially related to pandemic spending, in the Province's financial statement discussion and analysis

Net Debt

- Net Debt decreased by \$470 million to \$13.5 billion, the second consecutive annual decrease which was largely caused by the surplus
- Net Debt is \$3.4 billion higher than it was ten years ago mostly due to:
 - total annual deficits and surpluses of \$1.4 billion and
 - capital asset costs of \$1.6 billion
- Net Debt per capita decreased \$700 to \$17,200
- Government's multi-year Net Debt reduction targets remain in place, as recommended in previous Auditor General reports

Results of our Audit of the Province of New Brunswick

- Remain concerned about NB Power's ability to self-sustain its operations
- Many key IT systems are out of date but the Province has started implementing a new Oracle Fusion system to replace them
- Auditor General's past recommendations regarding access to Vestcor remain unresolved

State of the Province's Financial Condition

- Two long-term trends deteriorated – one changed from favourable to unfavourable and the other changed from favourable to neutral
- One long-term trend improved from unfavourable to neutral and the remaining long and short-term trends were unchanged
- Past deficits and Net Debt prevent improvements in long-term sustainability

Results of our Audit of Crown Agencies

- Service New Brunswick made \$6.8 million in payments without proof the goods were received – evidence of receipt for \$4.8 million of these payments was eventually provided by SNB during our audit
- Opportunities New Brunswick needs to improve its process for estimating loan provisions to reflect current repayment information