



# Business Plan 2018-2019

AUDITOR GENERAL  
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL  
DU NOUVEAU-BRUNSWICK

## Introduction

The Auditor General of New Brunswick (AGNB) is an independent office that serves the New Brunswick Legislative Assembly.

The Auditor General assists the Legislative Assembly in holding the government accountable by reporting on its performance and stewardship of public funds and resources. This is accomplished by providing opinions on financial statements and reporting on performance audits. The findings of our Office are issued in the Auditor General's annual report to the Legislative Assembly and through appearances before the Standing Committees on Public Accounts and Crown Corporations.

The *Auditor General Act* requires the Office to submit annually to the Clerk of the Legislative Assembly a business plan and a performance report for the Office.

This document presents the Office's 2018-2019 business plan. The Office's performance report is also available on our website [www.agnb-vgnb.ca](http://www.agnb-vgnb.ca)

***Our most significant and overriding concern is our Office budget of only \$2.3 million which is affecting our ability to fulfil the mandate of the Office.***

## What we do

Our Office generally performs two kinds of audits: financial and performance (value for money) audits.

- Our financial audit work includes auditing the Province of New Brunswick's financial statements, the financial statements of various Crown agencies and federal cost shared claims.
- Our performance (value for money) audit work targets government programs, services, processes or functions and may cover items such as: governance, economy, efficiency, effectiveness, performance reporting, internal controls, compliance, and management of public funds and resources.

Also, under the *Auditor General Act* Section 12(1), on request of the Legislative Assembly or certain others, we may audit and report on any matter related to the financial affairs of the Province.

Recent examples of this type of request are our 2017 Report Volume III regarding Service New Brunswick residential property assessment and our upcoming report on WorkSafeNB.

## Guiding principles

In performing our work, we are guided by our vision, our mission and our values.

### ***Our Vision***

An independent audit office serving New Brunswick by promoting accountable and sustainable government.

### ***Our Mission***

To provide objective, reliable, and timely information to the Legislative Assembly on government's performance in its delivery of programs and services to the people of New Brunswick.

### ***Our Values***

Our values guide us in achieving our mission and vision. They guide our day-to-day actions and serve as constant reminders of our commitments. They are statements of the high standards we hold in conducting our work and guiding our behavior, and of the results we strive to achieve.

#### • **Team**

We believe our strength comes from the knowledge, experience, and professionalism of our team.

#### • **Impact**

We select our audits for their relevance, significance, and risk with the goal of making a positive difference for the Province of New Brunswick.

#### • **Integrity**

We work together and with others in an open, honest, and trustworthy manner while respecting the confidentiality of the information we obtain. We strive to meet the highest standards of professional and ethical conduct.

## Guiding principles – continued

### *Strategic Plan*

Our Office has a seven year strategic plan finalized in December 2014 with the following strategic objectives:

1. select a mix of performance and financial audits that deliver greatest value to our stakeholders;
2. provide a rewarding work environment for our team;
3. enhance our support to the Public Accounts and Crown Corporation Committees;
4. increase public awareness of AGNB's role and reports;
5. pilot an AGNB independent expert advisory committee; and
6. implement the amended *Auditor General Act* 2014.

### **2018-2019 Priorities**

Our Office's 2018-2019 priorities reflect our vision, mission and values as well as our strategic objectives. Our 2018-2019 priorities are:

#### *Overall*

AGNB's overall priority is to issue at least three volumes of our 2018 Report by the legislated deadline of December 31, 2018 covering both financial and performance audits.

#### *Performance audit*

Performance audit priorities relate to work required to complete and report on performance audits by our legislated deadline of December 31, 2018. Audits that we anticipate publishing in 2018 include:

- Federal pan-Canadian report on Climate Change
- WorkSafeNB
- Justice & Public Safety/Health – Addiction and Mental Health Services in Provincial Correctional Institutions; and
- Education – Student Performance in Reading, Mathematics and Science.

Follow up work on prior year AGNB report recommendations will be also performed in accordance with our follow up cycle and is targeted for reporting by December 2018.

As well, the performance audit team will begin work on new performance audits to be scoped during 2018-2019.

#### *Financial audit*

The audit of the Province of New Brunswick's financial statements is the largest and most significant financial audit completed by our Office. Its completion is dependent on many factors, some of which are outside of our control. Past years have seen fall completion dates for this work given significant accounting and audit issues encountered. This year we have targeted August 2018 for completion (in advance of the fall election). All efforts will be made by our Office to meet this deadline so the Province's financial statements can be released prior to the fall election.

In connection with the financial statement audit of the Province, several provincial information systems are examined and tested. A rotation schedule assists in determining which information systems are examined. Some information systems are examined every year due to their significance. This year we are examining nine information systems to perform transaction testing or other procedures and plan to have this work substantially completed prior to signing the Province's financial statement audit opinion.

The Office also audits Service New Brunswick, which is integral to our audit of the Province's financial statements and represents another large and complex audit for our Office (given the comprehensive and diverse nature of SNB operations).

New this year, we have resigned as financial statement auditor for the New Brunswick Community College and the College Communautaire du Nouveau-Brunswick, which are both large-scale financial audits. This reduction in our financial audit workload will also assist us to better align our work with the resources available to us given our small Office budget, and assist our Office in responding to auditee feedback of more timely delivery of financial audits. Overall, the financial audit team will work on 14 Crown agency financial statements and one cost shared claim.

Below is a list of our planned Crown agency financial statement work for 2018-2019:

- Centre communautaire Sainte-Anne
- Kings Landing Corporation
- New Brunswick Agricultural Insurance Commission
- New Brunswick Combat Sport Commission
- New Brunswick Energy Solutions Corporation
- New Brunswick Legal Aid Services Commission
- New Brunswick Lotteries and Gaming Corporation
- New Brunswick Municipal Finance Corporation
- New Brunswick Highway Corporation
- Opportunities New Brunswick
- Premier's Council on Disabilities
- Public Trustee – Trusts administered
- Regional Development Corporation
- Service New Brunswick

The financial audit team is also responsible for preparing recommendations to the entities it audits when significant deficiencies are observed. The key findings and themes from our financial audit recommendations as well as comments on the Province's financial position and sustainability will be included in the financial audit volume of our Report expected to be published by December 2018.

### ***Quality assurance***

Quality is essential to the work of our Office. We believe the public, the government and our stakeholders demand the highest quality in our work. In response, we have processes in place to assess and monitor our quality assurance practices. For 2018-2019 our key priorities in this area include: maintaining, monitoring and reporting on our Office quality control systems, as well as participating in peer professional reviews and implementing any related recommendations.

### ***Human resources and administration***

Our human resources and administration practices support the vision, mission and strategic objectives for the Office. Human resource and administration priorities for 2018-19 include:

- provide all staff with adequate professional development opportunities to support and complement their work assignments and meet professional development requirements;

- continue to support our CPA students in their training and CPA education program as they gain professional experience in our Office;
- continue our AGNB rebranding work;
- table our performance report and business plan as separate documents not included in our annual report as required under our Act;
- continue to work with the Clerk of the Legislative Assembly and other legislative officers regarding any proposed changes to operations relevant to AGNB;
- respond to the 2016 employee perception survey;
- continue to implement new performance audit standards (CSAE 3001);
- continue to implement a new financial audit methodology;
- assess options to implement a new performance audit methodology;
- reassess AG report format to ensure important information is clear and accessible;
- develop a 3 year work plan for performance audit;
- conduct an orientation session to Public Accounts and Crown Corporations Committees after 2018 election;
- revisit our strategic plan;
- receive an unqualified audit opinion on our Office's financial statement audit and publish the audited financial statements in our performance report; and
- continue to implement our strategic plan.

### **Performance measures**

The Office has used performance measures for many years to assess its performance. We have assessed our Office performance in our 2016-2017 performance report which is available on our [website](#). The performance report also includes our March 31, 2017 financial statements, for which we received an unqualified audit opinion dated June 7, 2017.

Our current performance measures and related targets are listed below:

Performance measure	Link to Strategic Objective (SO)/ Mission	Office target 2018-2019
1. MLA perception, as determined by survey	Mission SO #1 SO # 3	80% or higher
2. Auditee perception, as determined by survey	SO #3	80% or higher
3. Percentage of performance audit recommendations implemented	Mission	Overall 100% of our recommendations implemented for our follow up period
4. Employee perception, as determined by survey	SO #2	80% or higher
5. Completion of audits on time	Mission SO #3	All target dates met
6. Use of our time, focusing on the percentage of time spent on audit work	SO #1 SO #6	Allocation of working hours as follows: <ul style="list-style-type: none"> <li>• Financial and performance audits - 65%</li> <li>• Professional development and training - 5%</li> <li>• Audit office admin &amp; support activities - 30%</li> </ul>
7. Staff cost of our audits	SO #1 SO #6	\$1,566,000 represents the approximate annual staff cost of significant audit projects split as follows: <ul style="list-style-type: none"> <li>• 35% Performance audit</li> <li>• 25% Province of New Brunswick audit</li> <li>• 25% Crown agencies audit</li> <li>• 5% Cost shared claims audit</li> <li>• 10% AG report preparation</li> </ul>
8. Number of public reports	SO #3 SO #4	3 Volumes of the 2018 Auditor General Report published on 2 separate dates
9. Number of independent expert advisory committee meetings	SO #5	2

## Budget 2018-2019

The Office's approved budget for 2018-2019 is \$2,275,000 which has been allocated as follows:

Personnel services	\$ 2,237,474
Other services	240,826
Materials and supplies	8,200
Property and equipment	13,500
Less: recoveries	(225,000)
<b>Total budget 2018-2019</b>	<b>\$ 2,275,000</b>

The majority of the Office's funding is through an annual appropriation of the Legislative Assembly. Of this amount, most all of the Office's budget represents salaries and benefits. All but three staff members are involved in providing audit services.

In accordance with our Act, the Office has cost recoveries in relation to certain financial audits and, on occasion, performance audits. This represents on average about 10% of the Office overall budget.

## Additional information

Additional information about AGNB is available on our website at [www.agnb-vgnb.ca](http://www.agnb-vgnb.ca) or by contacting us at:

Telephone: 506-453-2465

Fax: 506-453-3067

Mail: PO Box 758, Fredericton, NB, E3B 5B4