



Business Plan 2022-2023

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

Introduction

The Auditor General of New Brunswick (our Office) 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 Committee on Public Accounts.

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 2022-2023 business plan. The Office's performance report is also available on our website www.agnb-vgnb.ca

The 2022-2023 year marks the first full year of our new Auditor General's ten year term. This is a very exciting time for our Office as we are refreshing our strategic plan and have recently accepted a significant new audit of government's COVID-19 responses in New Brunswick. Overall, the Office intends to table three volumes of the 2022 Report of the Auditor General.

In 2022 we are shifting the release of our AG Reports back to a spring/fall time horizon. While the impacts of the pandemic had modified the timing our of report release in past, we are pleased to revert to our normal schedule. However, the extent of the continuing impact of the COVID-19 global pandemic in 2022-2023 remains uncertain.

At the time of writing this 2022-2023 Business Plan, our staff are all working to deliver performance and financial audits for future reports.

In addition, one of our most significant priorities this year is staff recruiting and retention. The labour market for Chartered Professional Accountants and other professionals is extremely competitive and we continue to find recruitment and retention challenging given other market opportunities. Ensuring we have enough skilled staff resources to accomplish the work of our Office remains a strategic priority.

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 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, public property or on any funding recipient.

A recent example of this type of request is the request for our Office to audit government's COVID-19 pandemic response. Our team is now getting underway planning and scoping this important work.

Guiding principles

In performing our work, we are guided by our vision, our mission and our values. The guiding principles listed below may be updated as part of our Office's revised strategic plan.

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.

Strategic Plan

The current strategic plan reflects the Office's continued focus on performance audit expansion and includes the following objectives:

1. select a quality mix of performance and financial audits that deliver greatest value to the Legislative Assembly and the people of New Brunswick;
2. provide a rewarding work environment for our team;
3. enhance our support to the Public Accounts Committee;
4. maintain public awareness of AGNB's role, reports and authority under the AG Act; and
5. maintain our Risk Management and Professional Standards Accountability.

2022-2023 Priorities

Our Office's current 2022-2023 priorities reflect our vision, mission and values as well as our strategic objectives. The 2022-2023 priorities listed below may be updated as part of our Office's revised strategic plan.

Our current priorities are:

Overall

AGNB's overall priority is to issue up to three volumes of our 2022 Report covering both financial and performance audits by December 31, 2022.

Performance audit

Performance audit priorities relate to work required to complete and report on performance audits. Chapters that we anticipate publishing in our 2022 reports include:

- GNB Health & Dental Benefit Plans;
- NB Liquor Corporation (ANBL)
- Contaminated Sites
- Environmental Trust Fund
- Joint Follow-up of the 2016 Recommendations to the Atlantic Lottery Corporation; and
- Follow Up.

Projects the Office currently has started include:

- Government's response to the COVID-19 pandemic (to be further defined after scoping and planning)
- WorkSafeNB Claims*
- Flood Relief & Readiness*
- SNB Value Proposition*
- Procurement Phase II Schedule B*
- Crown Agency Construction Contracts*
- Nurse Practitioners*
- Nursing Homes*
- Mental Health Services*

**Work on these projects has been deferred until after completion of special work on government's COVID-19 pandemic response*

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 Office's control. Past years have seen fall completion dates for this work given significant accounting and audit issues encountered. This year we have targeted September 2022 for completion.

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 ten 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.

Among the information systems being examined this year is Oracle Fusion, part of the Province's new ERP project. The scope of the ERP Project is extensive, requiring multiple years to implement and will consume a significant amount of our Office's time

and resources. As well, our Office may be required to obtain expert assistance in performing our work.

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 and also its conversion to Oracle Fusion).

Overall, the financial audit team will audit ten Crown agency financial statements and one cost shared claim (Legal Aid Claim).

Below is a list of our planned Crown agency financial statement audits during 2022-2023:

- Cannabis Management 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
- Provincial Holdings Limited
- 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 from our financial audit recommendations as well as comments on the Province's financial position will be included in the financial audit volume of our Report.

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 2022-2023 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. As well, the Office will be required to implement the new Canadian Standard on

Quality Management by the effective date of December 15, 2022.

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 2022-23 include:

- staff recruitment and retention;
- 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;
- table our performance report and business plan as required under our Act;
- maintain and update our financial and performance audit methodologies for new standards;
- conduct lessons learned exercises at the end of each audit and for large projects;
- update the Office’s business continuity plan;
- review the Office’s risk management system and risk responses and
- receive an unqualified audit opinion on our Office’s financial statement audit and publish the audited financial statements in our performance report.

Performance measures

The Office has used performance measures for many years to assess its performance. We have assessed our Office performance in our 2020-2021 performance report which is available on our [website](#). The performance report also includes our March 31, 2021 financial statements, for which we received an unqualified audit opinion dated June 23, 2021.

The March 31, 2022 financial statements will also be available on the website once the financial statement audit is completed.

Our current performance measures and related targets are listed below:

| Performance measure | Link to Strategic Objective (SO)/ Mission | Office target 2022-2023* |
|--|---|--|
| 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"> • Financial and performance audits - 65% • Professional development and training - 5% • Audit office admin & support activities - 30% |
| 7. Staff cost of our audits | SO #1 SO #6 | \$1,950,000** represents the approximate annual staff cost of significant audit projects split as follows: <ul style="list-style-type: none"> • 55% Performance audit • 20% Province of New Brunswick audit • 18% Crown agencies audit • 1% Cost shared claims audit • 6% AG report preparation <p>**note: we also expect to hire experts and other resources which are not included in this amount</p> |
| 8. Number of public reports | SO #3 SO #4 | Up to 3 Volumes of the 2022 Auditor General Report |

* Performance measures and targets may be updated as part of our Office’s revised strategic plan

Budget 2022-2023

The Office's approved budget for 2022-2023 as per the Province's Main Estimates is \$3,408,000 which has been allocated as follows:

| | |
|-------------------------------|--------------------|
| Personnel services | \$ 3,211,067 |
| Other services | 334,333 |
| Materials and supplies | 9,100 |
| Property and equipment | 13,500 |
| Less: recoveries | (160,000) |
| Total budget 2022-2023 | \$3,408,000 |

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 about 5% of the Office's overall current budget.

Additional information

Additional information about AGNB is available on our website at www.agnb-vgnb.ca or by contacting us at:

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