

Report on Performance

2022-23

Office of the Auditor General
Independence • Integrity • Impact

Introduction

The Office of the Auditor General serves the House of Assembly by conducting and reporting upon audits that provide members of the Legislature with information they can use to hold the government accountable for its management of public funds, programs and services. The Auditor General is an officer of, and fully accountable to, the House of Assembly. To help fulfill this accountability, the Office prepares an annual business plan, performance report, and financial statements, which are independently audited.

This performance report illustrates the Office's results in meeting its goals for the 2022-23 fiscal year. It presents our progress in completing various strategic projects and outlines several performance indicators that help assess the productivity, quality, and value of our work. It also summarizes our audited financial statements and comments on financial performance in comparison to our 2022-23 budget.

Strategic Initiatives

In 2022-23, the Office focused its efforts in three key areas: finalizing the five-year strategic plan and commencing its implementation; assisting Public Accounts Committee in enhancing its effectiveness and diversity, equity and inclusion. As a result of the significant effort put in by Office staff throughout the year, we were able to complete most initiatives by March 31, 2023.

Strategic Initiatives: 2022-23	Completed	In Progress
• Finalize a five-year strategic plan with key goals, strategies, actions and a robust monitoring plan.	X	
• Develop a three-year performance audit plan.		X
• Streamline and standardize the process for audit selection, related scope and reporting to increase the number of audits, ensure they are delivered on time and budget, and are impactful with practical recommendations for improvement.		X
• Define the scope and resources needed for the successful execution of the newly added Health Audit function to our portfolio.	X	
• Continue to support Public Accounts Committee in enhancing its effectiveness.	X	
• Finalize and implement a three-year Employment Equity Plan that will promote employment practices which advance equity and access for all; improve the participation of designated groups in positions where they are underrepresented and achieve and retain a workforce representation of the community it serves.	X	
• Strengthen the skills and leadership capability of our motivated workforce by completing skills needs assessments and offering professional development journeys that support career pathways.	X	
• Initiate the process to develop and implement a modern, secure and resilient information systems infrastructure that enhances auditing project management practices.	X	
• Develop and implement a robust change management framework to drive improved transformation outcomes by effectively managing the people side of change.	X	

Performance Indicators



 Performance Indicator	 Description	 Office Target	 2022-23 Result
1. Performance audits	Number of planned performance audits reported	Six	Six
2. Performance audit recommendations	Percentage of performance audit recommendations accepted	95% or higher	100%
3. Financial audits	Percentage of financial audits completed by applicable target dates	100%	100%
4. Strategic Initiatives	Percentage of 2022-23 strategic initiatives completed	80% or higher	78%

Summary Financial Statements



Report of the Independent Auditor on the Summary Financial Statements

To the Speaker of the Nova Scotia House of Assembly and the Members of the Public Accounts Committee

Opinion

The summary financial statements, which comprise the summary statement of financial position as at March 31, 2023, and the summary statement of operations for the year then ended, and related notes, are derived from the audited financial statements of the Office of the Auditor General (the Office) for the year ended March 31, 2023.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Canadian Public Sector Accounting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Office's audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated June 14, 2023.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

BDO Canada LLP

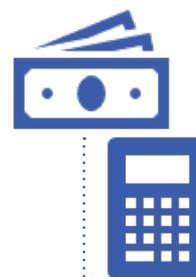
Chartered Professional Accountants, Licensed Public Accountants

Halifax, Nova Scotia

June 14, 2023

Summary Statement of Financial Position As at March 31, 2023

	2023	2022
Financial Assets		
Petty cash	\$ 250	\$ 250
Accounts receivable	73,330	69,330
Due from government	170,089	186,015
	<hr/> 243,669	<hr/> 255,595
Liabilities		
Accounts payable	67,585	52,087
Accrued liabilities	2,315	3,623
Accrued salaries, benefits and vacation	334,152	345,798
	<hr/> 404,052	<hr/> 401,508
Net debt	<hr/> (160,383)	<hr/> (145,913)
Non-financial Assets		
Prepaid expenses	36,656	50,736
Tangible capital assets	123,727	95,177
	<hr/> 160,383	<hr/> 145,913
Accumulated Surplus	<hr/> \$ nil	<hr/> \$ nil



Summary Statement of Operations

Year ended March 31, 2023



	2023 Budget	2023 Actual	2022 Actual
Revenues			
Government contributions	\$5,209,000	\$4,785,902	\$4,347,992
Professional Fees	385,000	362,900	434,620
	<u>5,594,000</u>	<u>5,148,802</u>	<u>4,782,612</u>
Expenses			
Salaries and benefits	4,744,000	4,213,973	4,117,170
Office lease and taxes	240,000	237,861	229,172
Professional services	206,000	336,163	234,473
Staff training	107,000	103,497	43,549
Office supplies	95,000	29,415	26,212
Membership dues	75,000	50,231	49,180
Travel	58,000	23,095	14,726
Other services	43,000	35,083	43,388
Telecommunications	20,000	11,552	12,782
Parking	6,000	4,859	5,488
Amortization	nil	45,780	31,102
	<u>\$5,594,000</u>	<u>5,091,509</u>	<u>4,807,242</u>
Transfer to (from) General Revenue Fund		(57,293)	24,630
Annual Surplus (Deficit)		nil	nil
Accumulated Surplus (Deficit), beginning of year		nil	nil
Accumulated Surplus (Deficit), end of year		\$ nil	\$ nil

Note 1 – Summary financial statements

The summary financial statements are derived from the complete audited financial statements, prepared in accordance with Canadian public sector accounting standards, as at March 31, 2023 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected so that they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- The summary financial statements include the summary statement of financial position and summary statement of operations.
- Management determined that the statements of changes in net debt and cash flow do not provide additional useful information and as such, have not included them as part of the summary financial statements.
- Information in the summary financial statements agrees with the related information in the complete audited financial statements including comparative information and all major subtotals and totals.
- In all material respects, the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited financial statements, including significant accounting policies and the notes thereto.

The complete audited financial statements of the Office of the Auditor General of Nova Scotia are available on our website or upon request by contacting the Office of the Auditor General of Nova Scotia.

Note 2 – Commitments

The Government of Nova Scotia has entered into a lease agreement on the Office's behalf for office space. The agreement expires in April 2027. Commitments for lease payments and associated operating costs for the next five fiscal years are estimated to be:

2023-24	\$245,000
2024-25	\$250,000
2025-26	\$255,000
2026-27	\$239,000

Financial Stewardship and Accountability to the Public



The Office strives to be a leader in accountability and stewardship over the resources entrusted to us to fulfill our role to the House of Assembly and Nova Scotians. Examples of how we demonstrate accountability and stewardship include making public our annual business plans and performance reports, audited financial statements, audit reports and plans, and disclosure of our executive team's travel and hospitality expenses. The Office has underspent its approved budget in each of the last 15 years.



	2023 Budget	2023 Actual	(Under)/ Over Budget
Revenues			
Government contributions	\$5,209,000	\$4,785,902	\$(423,098)
Professional fees	385,000	362,900	(22,100)
	<u>5,594,000</u>	<u>5,148,802</u>	<u>(445,198)</u>
Expenses			
Salaries and benefits	4,744,000	4,213,973	(530,027)
Office lease and taxes	240,000	237,861	(2,139)
Professional services	206,000	336,163	130,163
Staff training	107,000	103,497	(3,503)
Office supplies	95,000	29,415	(65,585)
Membership dues	75,000	50,231	(24,769)
Travel	58,000	23,095	(34,905)
Other services	43,000	35,083	(7,917)
Telecommunications	20,000	11,552	(8,448)
Parking	6,000	4,859	(1,141)
Amortization	nil	45,780	45,780
	<u>\$5,594,000</u>	<u>\$5,091,509</u>	<u>\$(502,491)</u>

Financial Performance Variances

Actual government contributions are determined by the level of actual expenditures incurred by the Office. 2022-23 government contributions were \$423,098 less than budget, primarily due to the following significant variances in expenses.

- Our budget for salaries and benefits was underspent by \$530,027, primarily due to unexpected vacancies and re-filling positions at lower salary classifications.
- Our budget for professional services was overspent by \$130,163, primarily due to unexpected performance audit work.
- Our budget for office supplies was underspent by \$65,585, primarily due to purchases that met the Office's threshold to capitalize and were therefore not fully expensed in the year.
- Our budget for travel was underspent by \$34,905, primarily due to a slower than anticipated return to work-related travel as a result of the COVID-19 pandemic.
- The Office does not budget for amortization, as the assets it capitalizes for its audited financial statements are below the threshold for capitalization in the Province's financial statements.

Other Accomplishments and Events

The Auditor General's office leapt confidently into the post-pandemic world with dual successes charted in the creation of the new Independent Health Auditor and the execution of the five-year Strategic Plan.

With funding secured for the next year for the Health Audit Function, the Office defined the scope and resources needed to complement our in-house expertise to launch this groundbreaking initiative.

We plan to release two health-related performance audits within the next 12 months, focused on issues that will have impact, and provide important information, for all Nova Scotians.

Last year, the entire Office came together to strategize and craft a work plan that will carry us through to 2027. Our successful coordination and collaboration on the file continues: Just one year in, and we're already marking the completion of more than half of the 56 initiatives in our five-year Strategic Plan.

To bolster our strong foundation for effective teamwork and high performance, the Office participated in the Insights Discovery workshop to understand the individual styles, strengths, and values each member brings to the team.

We also continue to seek ways to create more opportunities for our staff to participate in external committee work, including the Canadian Council of Legislative Auditors with its members from audit offices across the country.

We continued our efforts to promote acceptance and respect for individual and community differences by rolling out the Equity, Diversity, and Inclusion Calendar for both internal and external audiences.

We also hosted a one-hour session for all staff on Mental Health-related Invisible Disabilities by a Public Service Commission consultant.

Recognizing that the Office continually exceeds its fundraising target for the provincial United Way campaign, we raised the bar by 50% this year – from \$4,000 to \$6,000. Staff rose to the challenge and together raised \$7,593 to put back into the community.



Additional Information

[in/company/oag-ns](https://www.linkedin.com/company/oag-ns)

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5161 George Street
Royal Centre, Suite 400
Halifax, NS
B3J 1M7
Phone (902) 424-5907
Fax (902) 424-4350
Website: www.oag-ns.ca