

January
2014

Report of the Auditor General
to the Nova Scotia
House of Assembly



Appendix to
Chapter 6

Independence • Integrity • Impact

Implementation Status: February 2010 Recommendations



Chapter 5 – Government Financial Reporting – Finance

5.1 The Department of Finance should include estimates of all revenues of the consolidated entity in the Provincial budget in order to comply with Canadian generally accepted accounting principles.

Status – Complete

5.2 The Department of Finance should take the necessary steps to ensure it is provided with the appropriate authority for completion of the revenue estimates.

Status – Complete

5.3 All key economic and other assumptions use in the preparation of the revenue estimates should be approved by the Treasury Board.

Status – Complete

5.4 An independent analysis of the costs necessary to complete the remediation project of Sydney Steel Corporation and adjacent sites should be conducted. The balance of the provision should be adjusted to reflect this estimate.

Status – Department of Transportation and Infrastructure Renewal – Complete

5.5 The Department of Finance should require adequate support for adjustments to departmental budgets reported in the forecast updates.

Status – Complete

5.6 Management should document internal controls for government and include these in the Management Manuals

Status – Work in progress

5.7 Management should assign roles and responsibilities for the design, implementation, operation and maintenance of internal controls as part of the documentation of internal controls.

Status – Work in progress

5.8 The Department of Finance's Capital Markets Administration Division should prepare monthly reconciliations to trustee statements and the general ledger should be updated each month to reflect the results of transactions.

Status – Complete

5.9 The Department of Finance's Capital Markets Administration Division should adjust the balance of the unamortized foreign exchange account to recognize all deferred gains and losses on monetary items that have been sold, and to ensure the account only includes deferred amounts related to existing monetary items.

Status – Complete



5.10 The Department of Finance's Government Accounting Division should ensure all non-trivial known errors identified during the audit are corrected.

Status – Complete

5.11 The Province's stated accounting policy with respect to unamortized foreign exchange gains and losses should be revised to ensure it is in accordance with GAAP.

Status – Complete

5.12 The Department of Finance's Government Accounting Division should analyze all inactive asset and liability accounts to determine whether they should be maintained in the general ledger. Accounts which do not meet the definition of an asset or liability should be removed and the result recognized in operations.

Status – Complete

5.13 The Department of Finance's Government Accounting Division should remove all inappropriate business areas from the Province's general ledger.

Status – Complete

5.14 The Department of Finance's Government Accounting Division should ensure the business areas are appropriately reflected in the consolidated financial statements.

Status – Complete

5.15 The Department of Finance's Government Accounting Division should simplify the general ledger accounts used to record SYSCO transactions.

Status – Complete

5.16 The Department of Finance's Government Accounting Division should instruct departments of the specifics in determining the amount of contractual obligations at year end.

Status – Complete

5.17 The Department of Finance's Government Accounting Division should monitor departments' progress, including significant divisions within departments, in providing information to the Office of the Auditor General as detailed in the schedule of audit deliverables.

Status – Complete

5.18 The Department of Finance's Government Accounting Division should take appropriate steps to ensure all government reporting entities adopt the appropriate GAAP based on amendments to the Public Sector Accounting Handbook.

Status – Complete

5.19 Department of Finance management, in conjunction with Executive Council, should ensure the Provincial Finance Act is amended to eliminate the existing inconsistency with respect to additional appropriations.

Status – Complete



5.20 The Minister of Finance should ensure the Teachers' Pension Act is amended such that the Auditor General has the undisputed and unrestricted ability to audit the operations of the Teachers' Pension Plan.

Status – Do not intend to implement (The Office of the Auditor General agreed with this status. The recommendation was removed from this follow-up assignment.)

5.21 We again recommend that Department of Finance management should obtain an independent external audit opinion on the governance and control framework of the Liability Management and Treasury Services, and Capital Markets Administration Divisions.

Status – Complete

Implementation Status: November 2010 Recommendations

Chapter 5 – Government Financial Reporting – Finance

5.1 The Department of Finance should include estimates of all revenues of the consolidated entity in the Provincial budget, including all agencies' third-party revenues, to ensure the budget is prepared and presented fully in accordance with Canadian generally accepted accounting principles.

Status – Complete

5.2 The Department of Finance should implement the recommendations of the Deloitte LLP report, previously accepted by the Government, to disclose agencies' third-party gross revenues in the revenue estimates, for the preparation of the next estimates.

Status – Complete

5.3 The Department of Finance should obtain all necessary information from departments to prepare the revenue estimates, including estimates of third-party revenues of government units, in accordance with generally accepted accounting principles.

Status – Complete

5.4 The Economic and Statistics Division of the Department of Finance should ensure key economic assumptions are supported appropriately and that clearly documented management and audit trails of adjustments are maintained.

Status – Complete

5.5 The Department of Finance should implement a process for a formal and documented review and challenge of the assumptions used in the preparation of the petroleum royalties estimate.

Status – Do not intend to implement



5.6 Management should complete the review and documentation of internal controls for the consolidated financial statements and include the documentation in the Corporate Policy Manuals.

Status – Work in progress

5.7 Management should assign roles and responsibilities for the design, implementation, operation and maintenance of internal controls as part of the documentation of internal controls.

Status – Work in progress

5.8 The Department of Health should develop and implement controls that would ensure the accuracy and completeness of revenues and expenses of the Seniors' Pharmacare Program.

Status – Department of Health and Wellness – Work in progress

5.9 The Department of Finance's Taxation and Fiscal Policy Division should perform regular reconciliations of model-determined revenues and related accounts receivable or payable. Outstanding amounts related to closed years should be adjusted to income.

Status – Complete

5.10 The Department of Finance's Payroll Division should ensure the process to terminate employees includes removal of access to SAP.

Status – Complete

5.11 The Department of Finance's Government Accounting Division should ensure all non-trivial, known errors identified during the audit are corrected.

Status – Complete

5.12 The Department of Finance's Government Accounting Division should lower the threshold for capitalizing roads, bridges and highways from \$500,000 to a level more consistent with common practice.

Status – Action no longer required or appropriate

5.13 The Department of Finance's Government Accounting Division should remove all inappropriate business areas and any entities which are not part of the consolidated entity from the general ledger.

Status – Complete

5.14 The Department of Finance's Government Accounting Division should instruct departments on the identification and disclosure requirements related to determining the amount of contractual obligations at year end.

Status – Complete



5.15 The Department of Finance's Government Accounting Division should ensure updated revenue models are prepared for the audit of the consolidated financial statements.

Status – Complete

5.16 The Department of Finance should revise Schedule 4 of the consolidated financial statements to disclose the gross debt and sinking fund assets of the consolidated entity.

Status – Work in progress

5.17 The Department of Finance's Government Accounting Division should monitor the progress of departments, including significant divisions within departments, in providing information to the Office of the Auditor General, as detailed in the schedule of audit deliverables for the consolidated financial statement audit.

Status – Complete

5.18 The Government Accounting Division should initiate appropriate measures to ensure that all organizations forming part of the government reporting entity adopt the appropriate GAAP based on the amendment to the Public Sector Accounting Handbook.

Status – Complete

5.19 The Department of Finance should consider expanding the Financial Statement Discussion and Analysis to include variance analysis of actual consolidated results to the consolidated budget.

Status – Do not intend to implement

5.20 The Department of Transportation and Infrastructure Renewal should ensure that an independent analysis of the costs necessary to complete the remediation project of Sydney Steel Corporation and adjacent sites is conducted. The balance of the provision should be adjusted to reflect this estimate.

Status – Department of Transportation and Infrastructure Renewal – Complete