



Office of the Auditor General of Nova Scotia

Business Plan 2013-14

Auditor General's Mandate

The Auditor General of Nova Scotia is an officer of the House of Assembly, non-partisan and independent of government. The Auditor General is appointed by, and reports to, the House. He derives his mandate, authority and responsibilities from the Auditor General Act.

The Auditor General's mandate includes issuing opinions on government financial reports and conducting performance and information technology audits on public sector operations. Opinions are provided annually on the government's consolidated financial statements, on the revenue estimates included in the government's budget, and on the financial statements of certain other public sector entities. Performance and information technology audits may examine and report on:

- the effectiveness of governance frameworks, including risk management, ethics and organizational direction;
- effectiveness, efficiency and economy of programs and processes;
- adequacy of controls;
- compliance with legislation, regulations and policy; and
- stewardship of government resources.

By exercising these responsibilities, the Auditor General helps the House of Assembly hold the government to account for its management of public funds, and contributes to a well-performing public sector.

Long-range Planning

In addition to providing information on the Office's vision, mission, values, priorities, performance indicators and resources, this business plan highlights the work remaining from the last long-range planning

exercise, as well as the other projects that are planned for completion in 2013-14.

The Office prepared a three-year strategic plan in 2007, which was updated in 2010, resulting in 21 additional strategic initiatives to be completed by March 31, 2013. An assessment in April 2013 indicated that 17 of the 21 projects were completed by that date, leaving four to be carried forward to 2013-14. In addition, three other projects were selected by management for completion by March 31, 2014.

Additional information on the Office's long-range planning exercises is available from the Office's website (www.oag-ns.ca).

Our Vision

A relevant, valued, and independent audit office serving the public interest as the House of Assembly's primary source of assurance on government performance.

Our Mission

To make a significant contribution to enhanced accountability and performance in the provincial public sector.

Our Values

Our values are a statement of the high standards we hold in conducting ourselves and our work, and of the results we strive to achieve.

Independence

We remain independent of the entities that we audit and are objective in our work.

Integrity

We work together and with others in an open, honest and trustworthy manner while respecting the confidentiality of the information we obtain.

Impact

We focus on significant issues to make a positive difference for the benefit of Nova Scotians.

Our Priorities

The Auditor General has identified five priorities as key to the achievement of our vision.

Serve the House of Assembly

Conduct and report audits that provide clear and relevant information to the House of Assembly to improve its ability to hold the government accountable for its performance and stewardship over public funds.

Consider the Public Interest

Focus our audit efforts on areas of higher risk that impact on the lives of Nova Scotians.

Improve Government Performance

Contribute to a better performing public service by conducting audits that result in practical recommendations for significant improvements.

Enhance Government Financial Reporting

Encourage continual improvement in financial reporting by government to the House of Assembly and the people of Nova Scotia.

Foster Workplace Excellence

Promote excellence and a professional and supportive workplace at the Office of the Auditor General.

Strategic Objectives and Initiatives

The Office identified seven strategic objectives during its 2010 long-range planning efforts. 21 initiatives were identified to help meet the strategic objectives. The following is a list of the strategic objectives and related initiatives that were not completed by March 31, 2013 and, thus, are carried forward to 2013-14.

- Significantly improve the rate of implementation of our recommendations to increase the Office's value to the House of Assembly and government.
- Continue to work with other stakeholders – such as the Public Accounts Committee and Treasury Board – to encourage and expand their efforts in following up on government's progress in implementing recommendations.
- Optimize our knowledge and use of technology to ensure it supports the audit, administrative and confidentiality needs of the Office.
- Ensure the security and continued availability of Office equipment and systems in order to ensure the confidentiality of sensitive information and keep the Office functioning efficiently.
- Enhance communications to strengthen stakeholder understanding of the Office and to meet the information needs of Office staff and external stakeholders.
- Enhance communications through the Office's use of the internet.
- Improve the standardization, communication and consistent use of Office policies and methodologies.
- Renew the Office's performance audit methodology and documentation.

Other Projects

Three projects were selected by management for completion in 2013-14.

1. Through consultation and other risk-based analysis, prepare a three-year schedule of audits to be conducted by the Office.
2. Conduct a comprehensive analysis of the impact of the Office's work and identify areas of potential improvement to ensure such impact is maximized.
3. Conduct a comprehensive analysis of whether we are as efficient and productive as we can be in the conduct of audits, as well as in the other operations of the Office, and identify areas for improvement.

Audits and Other Assurance Engagements

The Office conducts a variety of audits and reviews; some of which are mandated by legislation and others which are at the discretion of the Auditor General. Our current plan is to conduct the following assignments in 2013-14.

- Audit of the province's March 31, 2013 consolidated financial statements
- Review of the government's 2014-15 revenue estimates
- Audit of the internal controls and March 31, 2013 financial statements of the Nova Scotia House of Assembly
- Audit of the March 31, 2013 financial statements of four government agencies
- Follow-up of recommendations made in previous financial audits
- Seven performance audits
- Two information technology audits
- Follow-up of recommendations made in previous performance and information technology audits

Performance Indicators

Performance indicators are elements of an organization's work efforts, outputs and outcomes that can be measured and assessed against targets in order to evaluate the efficiency, effectiveness and quality of its operations. The following are performance indicators against which the Office will assess its audit and other performance in 2013-14.

Performance Indicator	Description	Office Target
1. Addressing of Recommendations	Percentage of recommendations implemented after two years	90% or higher
2. Published reports	Auditor General reports released during year	Three or more
3. Planned audits completed	Whether audits planned for the year were performed	All audits completed
4. Financial audits on target	Financial audits completed by applicable target dates	All target dates met
5. Performance and IT audits on target	Performance and IT audits completed by applicable target dates	All target dates met
6. Strategic and other projects completed	Percentage of 2013-14 projects completed	90% or higher
7. MLA satisfaction (Note 1)	Percentage of MLAs very satisfied or satisfied with services	80% or higher
8. Staff satisfaction	Percentage of staff very satisfied or satisfied with job	80% or higher

Note 1: The Office surveys members of the Legislative Assembly every two years. The last survey was completed in April 2013.

Quality Assurance and Office Accountability

A number of processes serve to ensure the quality of our work and our accountability to the House of Assembly. These include:

- internal quality assurance systems based on Canadian auditing standards, including multiple layers of review;
- implementing recommendations from peer reviews of our audits by other legislative audit offices in Canada;
- addressing findings of periodic reviews of our financial statement audits and associated quality control systems by the Institute of Chartered Accountants of Nova Scotia;
- addressing the results of staff surveys and other performance measures addressing elements of the Office's audit work and administration;
- reporting results of the independent audit of the Office's annual financial statements to the Speaker of the House of Assembly; and
- submitting a business plan and performance report to the Public Accounts Committee of the House of Assembly annually.

Resources

The Office recovers the cost of certain financial audits through billings, but the majority of its funding is by way of an annual appropriation of the House of Assembly. The following table outlines the Office's budgeted and forecasted net expenses and staff positions for 2012-13 and 2013-14. The Office's major expense is salaries and benefits, which represents 90% of its budget for 2013-14. All are involved in providing audit services. Non-salary office administration (\$229,100, including office rent of \$110,000) is budgeted to be only 6% of net expenses in 2013-14.

Office of the Auditor General Net Expenses and Staffing			
	Budget 2012-13	Forecast 2012-13	Budget 2013-14
Expenses			
Salaries and benefits	\$3,254,600	\$3,107,000	\$3,276,600
Other staff expenses	100,000	114,900	105,000
Travel	47,500	66,800	56,000
Professional services	90,000	130,700	71,800
Office administration	214,900	264,500	229,100
	<u>3,707,000</u>	<u>3,683,900</u>	<u>3,738,500</u>
Recoveries from Government			
Audit fees	73,000	133,000	104,500
Payroll recovery	-	27,700	-
	<u>73,000</u>	<u>160,700</u>	<u>104,500</u>
Net Expenses	<u>\$3,634,000</u>	<u>\$3,523,200</u>	<u>\$3,634,000</u>
Staff – Full-time-equivalent	34.0	34.0	33.8

Additional Information

Additional information about the Office of the Auditor General of Nova Scotia can be obtained by visiting our website at www.oag-ns.ca or by contacting us at:

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