

OFFICE OF THE AUDITOR GENERAL OF NOVA SCOTIA
FINANCIAL STATEMENTS
MARCH 31, 2015

**Office of the Auditor General of Nova Scotia
Financial Statements
March 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Office of the Auditor General of Nova Scotia, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Office of the Auditor General of Nova Scotia as at March 31, 2015 and the results of its operations for the year then ended in accordance with Canadian accounting standards for government not-for-profit organizations.

AC Hunter Tellier Belgrave Adamson

Dartmouth, Nova Scotia
June 24, 2015

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

**Office of the Auditor General of Nova Scotia
Statement of Financial Position
As at March 31, 2015**

	2015	2014
Financial Assets		
Petty cash	\$ 250	\$ 250
Accounts receivable	3,580	3,580
Due from government	111,577	82,324
	115,407	86,154
 Liabilities		
Accounts payable	75,776	6,098
Accrued liabilities	12,000	12,000
Accrued salaries, benefits and vacation	153,664	194,984
Due from government (from Statement of Operations)	(34,491)	(12,315)
	206,949	200,767
 Net debt	 91,542	 114,613
 Non-financial Assets		
Prepaid expenses	25,856	28,759
Fixed assets (note 3)	65,686	85,854
	91,542	114,613
 Accumulated Surplus	 \$ nil	 \$ nil

Commitments (note 4)

See accompanying notes to financial statements

APPROVED ON BEHALF OF THE OFFICE:



Auditor General

Office of the Auditor General of Nova Scotia
Statement of Operations
Year Ended March 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Revenues			
Professional fees	\$104,000	\$ 100,770	\$ 109,413
Expenses			
Amortization (note 2)	--	43,436	29,320
Books and subscriptions	3,500	3,041	3,942
Data centre charges	6,000	8,869	10,969
Equipment rental	4,000	1,254	2,702
Equipment repairs	1,000	148	733
Health services	--	1,063	--
Insurance	1,000	339	339
Membership dues	55,000	54,298	53,817
Miscellaneous	15,000	9,696	7,916
Office lease and taxes	114,000	115,569	113,636
Office supplies	22,000	15,637	14,971
Other services	1,000	464	872
Parking	5,000	4,586	4,520
Photocopy charges and supplies	--	1,440	--
Postage	3,500	1,644	1,180
Printing	15,000	14,429	16,734
Professional services	53,400	26,065	59,798
Relocation expenses	--	7,889	--
Salaries and benefits	3,378,600	3,258,814	3,248,999
Software licensing	5,000	5,388	10,111
Staff training	60,000	49,501	58,130
Storage	1,000	875	875
Telecommunications	20,000	21,015	20,916
Travel	56,000	53,502	47,386
	<u>3,820,000</u>	<u>3,698,962</u>	<u>3,707,866</u>
Net Expenses Before Government Contributions	<u>\$3,716,000</u>	3,598,192	3,598,453
Government contributions (note 5)		<u>3,576,016</u>	<u>3,578,308</u>
Contributions Short of Net Expenses		22,176	20,145
Due (from) to Government – beginning of year		<u>(12,315)</u>	<u>7,830</u>
Due to (from) Government – end of year		<u>\$ (34,491)</u>	<u>\$ (12,315)</u>

See accompanying notes to the financial statements

**Office of the Auditor General of Nova Scotia
Statement of Changes in Net Debt
Year Ended March 31, 2015**

	2015	2014
Acquisition of tangible capital assets	\$ (23,268)	\$ (10,481)
Amortization of tangible capital assets (Note 3)	43,436	29,320
	20,168	18,839
Acquisition of prepaid assets	(25,856)	(28,759)
Use of prepaid assets	28,759	35,387
	2,903	6,628
Decrease in Net Debt	23,071	25,467
Net Debt, beginning of the year	(114,613)	(140,080)
Net Debt, end of the year	\$ (91,542)	\$ (114,613)

See accompanying notes to the financial statements

Office of the Auditor General of Nova Scotia
Notes to Financial Statements
March 31, 2015

1. Purpose

The Office of the Auditor General is an office of the Nova Scotia House of Assembly which serves to help the House keep government accountable for its collection, expenditure and stewardship of public funds. The Office is not subject to income taxes because it is a public sector entity. The mandate and authorities of the Office are provided by the Auditor General Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for public-sector entities. The following are significant accounting policies adopted by the Office.

(a) *Use of Estimates* – The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

(b) *Cash* – consists of a petty cash float provided by the Province of Nova Scotia.

(c) *Revenue Recognition* – The Office recognizes revenues when they are earned; specifically when all of the following conditions are met:

- services are provided or products are delivered;
- there is clear evidence that an arrangement exist;
- amounts are fixed or can be determined; and
- the ability to collect is reasonably assured.

(d) *Harmonized Sales Tax* – The Office does not record Harmonized Sales Tax (HST) in its financial statements because the Federal portion of all HST paid is reimbursed to the Province of Nova Scotia, and the provincial portion of HST is not levied by the Province on its own entities.

(e) *Amortization* – Furniture, equipment and leasehold improvements are stated at cost and amortized on a straight-line basis over their estimated useful lives:

Furniture and equipment	10% per year
Computer equipment	25% per year
Leasehold improvements	over term of lease

(f) *Statement of Cash Flows* – A statement of cash flows is not provided in these financial statements as disclosures in the statements of financial position and operations are considered adequate.

Office of the Auditor General of Nova Scotia
Notes to Financial Statements
March 31, 2015

3. Fixed Assets

	-----2015-----			---2014---
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 177,760	\$125,321	\$ 52,439	\$ 52,652
Computer equipment	40,912	27,665	13,247	19,534
Leasehold improvements*	0	0	0	13,668
	\$ 218,672	\$ 152,986	\$65,686	\$ 85,854
	\$ 218,672	\$ 152,986	\$65,686	\$ 85,854

* At the end of March 31, 2015, the Office moved to a new space and therefore the benefits of the leasehold improvement costs capitalized for the previous space will not be realized and were expensed in 2014-15.

4. Commitments

The Government of Nova Scotia has entered into a lease agreement on the Office's behalf for office space. The agreement expires in 2015-16. A new lease agreement was signed and expires in 2022-23. Commitments for lease payments and associated operating costs for the next five fiscal years are estimated to be:

2015-16	\$	199,264
2016-17	\$	207,160
2017-18	\$	207,160
2018-19	\$	207,160
2019-20	\$	207,160

5. Government Contributions

The Office is funded through annual budgetary appropriations approved by the House of Assembly. Government contributions are comprised of expenses of the Office charged against the appropriation, in addition to reimbursements from government for certain payroll-related costs.

	2015	2014
Expenses charged against annual appropriation	\$ 3,479,277	\$ 3,530,180
Reimbursement for certain payroll-related costs	96,739	48,128
	\$ 3,576,016	\$ 3,578,308
	\$ 3,576,016	\$ 3,578,308

Office of the Auditor General of Nova Scotia
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6. Pensions

Pursuant to Sections 4, 6 and 8 of the Auditor General Act, all permanent staff members of the Office are entitled to receive pension benefits under the Nova Scotia Public Service Superannuation Plan. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Office's operating expenses in the amount of \$265,504 (2014 - \$260,427). The Office is not responsible for any unfunded liability with respect to the superannuation fund.

7. Related Party Transactions

The Office of the Auditor General is related to the Government of Nova Scotia. The Office's sources of funding are through payment of its expenses by the government and the billing of certain audit work performed. The Office billed professional services to and made certain purchases through other government departments and agencies in the normal course of its business.