

February
2015

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



Appendix to
Chapter 6

Independence • Integrity • Impact

Implementation Status: January 2012 Recommendations



Chapter 2 – Results of Financial Audits and Reviews

2.1 The Department of Finance should ensure that the revenue estimates for 2012-13 include all revenues of the consolidated entity, including all agencies' third-party revenues in a schedule as proposed by Deloitte LLP, to ensure the budget is prepared and presented fully in accordance with Canadian generally accepted accounting principles.

Status – Complete

2.2 The Department of Finance should obtain support for estimates of third-party revenues of government units.

Status – Complete

2.3 The Department of Finance should assign responsibility for an independent review of inputs to, and results of, the models to forecast petroleum royalties.

Status – Not complete

2.4 Department of Finance staff should review fiscalization formulas for personal income tax and harmonized sales tax revenues and ensure the formulas reflect how these revenues are earned during the year. Any adjustments resulting from the review should be recorded in the general ledger revenue accounts on a timely basis.

Status – Complete

2.5 The Department of Finance's Government Accounting Division should verify the accuracy and completeness of information to support the disclosure of contractual obligations in the consolidated financial statements prior to providing that information to this Office as audit evidence.

Status – Complete

2.6 The Department of Education should expense all grants made to universities unless there are eligibility requirements which the universities must meet in a subsequent period.

Status – Complete

2.7 The Department of Finance's Government Accounting Division should ensure receipt of entity financial statements on time. Progress of the entity audits should be monitored to ensure audits and related auditor communications are completed and available to the Office of the Auditor General based on the predetermined deadline.

Status – Complete

2.8 The Department of Finance's Controller's Office should establish a timeframe for completion of the internal controls and financial reporting project and monitor progress to completion.

Status – Complete



2.9 The Department of Finance should require departments to identify the risks related to financial reporting, especially risks related to fraud and error, and to complete a related risk assessment. This assessment should be updated on a periodic basis.

Status – Not complete

2.10 The Department of Finance’s Controller’s Office should provide guidance to departmental, board and agency management to complete the review and documentation of internal controls.

Status – Not complete

2.11 The Department of Finance’s Controller’s Office should provide guidance to departmental, board and agency management to assist in assigning roles and responsibilities to individuals throughout government for the design, implementation, operation and maintenance of internal controls as part of the documentation of internal controls.

Status – Not complete

2.12 The Department of Finance’s Controller’s Office should identify how management monitors internal controls over financial reporting and take steps to ensure these processes are operating effectively.

Status – Complete

2.13 The Department of Finance’s Taxation and Fiscal Policy Division should assess the design and effectiveness of the controls over model-based revenue processes, including the preparation of journal entries. Improvements should be made as needed and these internal control activities should be monitored on an ongoing basis.

Status – Not complete

2.14 The Department of Finance’s Capital Markets Administration Division should review the support and calculations of transactions posted to SAP to ensure the accuracy of the account balances it manages. In addition, the Division should regularly assess the control activities over calculations and ensure they are appropriate and are operating effectively.

Status – Not complete

2.15 The Department of Finance’s Taxation and Fiscal Policy Division should review access to systems on a regular basis and adjust access as required. The access rights of individuals no longer employed by the Taxation and Fiscal Policy Division should be removed immediately.

Status – Not complete

2.16 The Department of Finance’s Corporate Services Unit should perform reconciliations of model-determined revenues and related accounts receivable or payable for all open years. This should be done on at least an annual basis.

Status – Complete



2.17 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

2.18 The Department of Finance's Controller's Office should ensure the province's general ledger is updated on a regular basis throughout the year and that the general ledger supports the forecast updates.

Status – Complete

2.19 The Department of Finance's Controller's Office should provide guidance to those entities forming part of the government reporting entity which will be adopting, for the first time, generally accepted accounting principles for the public sector for the year ended March 31, 2012. The Government Accounting Division should initiate appropriate measures to ensure all these entities will meet the reporting deadlines for next year's audit.

Status – Complete

Chapter 3 – Governance and Control Framework

3.1 The Department of Finance's Capital Markets Administration Division should perform an independent calculation of interest activity in the province's sinking fund accounts and reconcile these calculations to the custodian statements. The Capital Markets Administration Manual should be updated to include accurate reconciliation processes.

Status – Complete

3.2 Management of the Department of Finance's Capital Markets Administration Division should ensure the review of reconciliations is documented.

Status – Complete

3.3 Management of the Department of Finance's Liability Management and Treasury Services, Capital Markets Administration, and Compliance and Reporting Divisions should complete a risk assessment of roles and responsibilities and ensure controls exist to mitigate identified risks.

Status – Not complete

3.4 The Department of Finance's Liability Management and Treasury Services Division should verify that changes made to limits and other parameters in the Millennium system are accurate.

Status – Complete

3.5 The Director of the Department of Finance's Capital Markets Administration Division and the Compliance and Reporting Division should have read-only access to the Millennium system.

Status – Complete



3.6 Management of the Department of Finance’s Compliance and Reporting Division should update the Compliance Manual to ensure it reflects the complete range of debt and investment policies to be monitored.

Status – Complete

3.7 The Department of Finance’s Liability Management and Treasury Services Division should update the Governance Guidelines to indicate the review processes to be conducted by the Debt Management Committee with respect to the reports received from the Compliance and Monitoring Division.

Status – Complete

Chapter 5 – Review of Audit Opinions and Management Letters

5.1 The Department of Education should work with the school boards to implement the recommendations made by their auditors and develop the appropriate controls to ensure the accuracy and completeness of this revenue in boards’ accounting records, and to ensure it is properly safeguarded.

Status – Complete