

# Chapter 1

## Financial Audit Work

### Key Messages

- Government provided reliable financial statements for 2021-22 within the legislated deadline
- Province received a clean audit opinion on its financial statements for 2021-22
- Significant control weaknesses need to be fixed at two government departments and five government organizations

### Why We Did This Chapter

- To provide insights into the results of the financial audits of the Province and government organizations
- To report on significant control weaknesses identified within government
- To provide updates on important financial matters impacting the Province

### Details Around Key Messages

Government provided reliable audited financial statements for 2021-22 within the legislated deadline of September 30th

- For the 22nd year in a row, the Province of Nova Scotia received a clean audit opinion on its financial statements
  - The financial statements meet Canadian public sector accounting standards
  - Users can place reliance on the Province's financial statements
  - Although accounting standards have been met, some underlying control weaknesses exist
  - Reported control weaknesses increase the risk of unreliable financial reporting and misuse of assets in the future

Key audit matters reported in the 2021-22 Independent Auditor's Report

- Key audit matters are those matters that were of most significance in the audit and include matters that are complex, have a high degree of uncertainty, or are important to the public
- Key audit matters in 2021-22:
  - Major tax revenues of \$6.1 billion including personal income tax, corporate income tax, and harmonized sales tax account for 44% of the Province's revenues
  - Pension, retirement and other obligations totaled \$2.9 billion and include various employee future benefit plans where responsibility rests with the Province
  - Liabilities for the clean up of contaminated sites including Boat Harbour and abandoned mine sites have grown significantly over the past five years and are now \$454.5 million

Significant control weaknesses at two government departments and five government organizations

- Department of Service Nova Scotia and Internal Services:
  - Six weaknesses in total, all of which have been previously reported
  - Insufficient purchase and payment processing controls, including purchasing goods and services without pre-approval and not monitoring established procedures
- Department of Natural Resources and Renewables (formerly Lands and Forestry):
  - One weakness; previously reported
  - Insufficient site investigations and environmental testing of potentially contaminated abandoned mine sites on Crown lands means there is a risk of unaddressed human health and ecological concerns, as well as being unable to fully understand the potential financial exposure
- Significant control weaknesses identified in the following organizations:
  - Housing Nova Scotia, Nova Scotia Crop and Livestock Insurance Commission, Nova Scotia Education Common Services Bureau, Perennia Food & Agriculture Incorporated, Sherbrooke Restoration Commission
- Significant control weaknesses from prior years not resolved in the following organizations:
  - Housing Nova Scotia, Perennia Food & Agriculture Incorporated, Sherbrooke Restoration Commission