

FINANCIAL STATEMENTS
MARCH 31, 2025



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### **Management's Responsibility for the Financial Statements**

The accompanying financial statements are the responsibility of management of the Office of the Auditor General of Nova Scotia. Management has prepared the financial statements in accordance with Canadian public sector accounting standards. Management is responsible for the reliability and integrity of the financial statements.

The Office maintains a comprehensive system of internal control including an appropriate code of conduct, written policies and procedures, and an organization structure that segregates incompatible duties. It has designed its system of internal controls to provide reasonable assurance that transactions are recorded and executed in accordance with legislation and required authority, that assets are properly safeguarded, and that reliable financial records are maintained.

Kim Adair, FCPA, FCA, ICD.D

Auditor General of Nova Scotia

Morgan McWade, CPA, CA

Acting Deputy Auditor General of Nova Scotia



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### **Independent Auditor's Report**

#### To the Executive Committee of Office of the Auditor General of Nova Scotia

#### Opinion

We have audited the financial statements of Office of the Auditor General of Nova Scotia ("the Office"), which comprise the statement of financial position as at March 31, 2025, the statements of operations and accumulated surplus (deficit), statement of changes in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2025, and its results of operations, its change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.



#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Chartered Professional Accountants** 

Halifax, Nova Scotia June 24, 2025

# Office of the Auditor General of Nova Scotia Statement of Financial Position As at March 31, 2025

|  | 2025      | 2024      |
|--|-----------|-----------|
| Financial Assets                                 |           |           |
| Petty cash                                       | \$ 250    | \$ 250    |
| Accounts receivable (Note 9)                     | 192,378   | 84,276    |
| Due from government (Note 3)                     | 108,419   | 276,765   |
|  | 301,047   | 361,291   |
| Liabilities                                      |           |           |
| Accounts payable                                 | 14,461    | 176,959   |
| Accrued liabilities                              | 73,151    | 2,600     |
| Accrued salaries, benefits and vacation (Note 4) | 435,358   | 388,728   |
|  | 522,970   | 568,287   |
| Net Debt   | (221,923) | (206,996) |
| Non-financial Assets                             |           |           |
| Prepaid expenses                                 | 66,634    | 49,570    |
| Tangible capital assets (Note 5)                 | 155,289   | 157,426   |
|  | 221,923   | 206,996   |
| Accumulated Surplus                              | \$ nil    | \$ nil    |

Commitments (Note 6)

The accompanying notes are an integral part of the financial statements

APPROVED ON BEHALF OF THE OFFICE:

Auditor General of Nova Scotia

# Office of the Auditor General of Nova Scotia Statement of Operations and Accumulated Surplus (Deficit) Year Ended March 31, 2025

| -11  | 2025        | 2025        | 2024       |
|--|-------------|-------------|------------|
|  |             |             |            |
|  | Budget      | Actual      | Actual     |
| evenues  |             |             |            |
| Government contributions (Note 7)              | \$6,278,000 | \$5,900,032 | \$5,510,91 |
| Professional fees                              | 355,000     | 391,744     | 360,80     |
|  | 6,633,000   | 6,291,776   | 5,871,7    |
| xpenses  |             |             |            |
| Salaries and benefits                          | 5,418,000   | 5,169,596   | 4,710,47   |
| Professional services                          | 481,000     | 506,691     | 516,18     |
| Office lease and taxes                         | 250,000     | 239,598     | 239,59     |
| Staff training                                 | 125,000     | 99,502      | 99,14      |
| Other services                                 | 103,000     | 51,000      | 49,29      |
| Membership dues                                | 90,000      | 62,408      | 61,36      |
| Office supplies                                | 83,000      | 45,004      | 45,01      |
| Travel   | 59,000      | 53,485      | 44,89      |
| Telecommunications                             | 20,000      | 13,917      | 13,54      |
| Parking  | 4,000       | 4,100       | 3,63       |
| Amortization                                   | nil         | 54,714      | 56,37      |
|  | 6,633,000   | 6,300,015   | 5,839,50   |
| ransfer (to) from General Revenue              |             |             |            |
| und (Note 3)                                   |             | 8,239       | (32,21     |
| nnual Surplus (Deficit)                        |             | nil         | J          |
| a constitute de Constitute (Deficié)           |             |             |            |
| ccumulated Surplus (Deficit), eginning of year |             | nil         | !          |
| accomplished Complish (Definity)               |             | -           |            |
| ccumulated Surplus (Deficit),<br>nd of year    |             | \$ nil      | \$         |

The accompanying notes are an integral part of the financial statements

# Office of the Auditor General of Nova Scotia Statement of Changes in Net Debt Year Ended March 31, 2025

|   | 2025<br>Budget    | 2025<br>Actual                 | 2024<br>Actual                 |  |
|---|-------------------|--------------------------------|--------------------------------|--|
| Annual surplus (deficit)                                | \$ nil            | \$ nil                         | \$ nil                         |  |
| Acquisition of tangible capital assets                  | (61,000)          | (52,577)                       | (90,069)                       |  |
| Amortization of tangible capital assets                 | nil               | 54,714                         | 56,370                         |  |
|   | (61,000)          | 2,137                          | (33,699)                       |  |
| Acquisition of prepaid expenses Use of prepaid expenses | nil<br>nil<br>nil | (66,634)<br>49,570<br>(17,064) | (49,570)<br>36,656<br>(12,914) |  |
| Increase in Net Debt                                    | (61,000)          | (14,927)                       | (46,613)                       |  |
| Net Debt, beginning of the year                         | (206,696)         | (206,996)                      | (160,383)                      |  |
| Net Debt, end of the year                               | \$ (267,996)      | \$ (221,923)                   | \$ (206,996)                   |  |

The accompanying notes are an integral part of the financial statements

The Office does not budget for certain non-cash items such as amortization

# Office of the Auditor General of Nova Scotia Statement of Cash Flow Year Ended March 31, 2025

|   | 2025      | 2024      |   |
|---|-----------|-----------|---|
| Cash Flows from:                            |           |           |   |
| Operating Activities                        |           |           |   |
| Annual Surplus (Deficit)                    | \$ nil    | \$ nil    |   |
| Items in earnings not involving cash        | 1-111-1   |           |   |
| Am <mark>ortization</mark>                  | 54,714    | 56,370    |   |
| Change in non-cash working capital balances |           |           |   |
| Accounts receivable                         | (108,102) | (10,946)  |   |
| Due from government                         | 168,346   | (106,676) |   |
| Prepaid expenses                            | (17,064)  | (12,914)  |   |
| Accounts payable                            | (162,498) | 109,374   |   |
| Accrued liabilities                         | 70,551    | 285       |   |
| Accrued salaries, benefits and vacation     | 46,630    | 54,576    |   |
|   | 52,577    | 90,069    |   |
| Capital Activity                            |           |           |   |
| Additions to tangible capital assets        | (52,577)  | (90,069)  |   |
| Change in cash during the year              | nil       | nil       |   |
| Cash, beginning of year                     | 250       | 250       | - |
| Cash, end of year                           | \$ 250    | \$ 250    |   |

The accompanying notes are an integral part of the financial statements

#### 1. Purpose

The Office of the Auditor General is an office of the Nova Scotia House of Assembly (the House) and serves the House to help hold 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 public sector accounting standards. The following are significant accounting policies adopted by the Office.

- (a) Cash consists of a petty cash float provided by the Province of Nova Scotia.
- (b) *Revenue Recognition* The Office recognizes government contributions as expenses are charged against its annual appropriation.

The Office recognizes professional fee revenues to recover costs for the audits it performs on certain public sector organizations. These revenues are accounted for in the period that the audits are conducted.

- (c) *Harmonized Sales Tax* The Office does not record Harmonized Sales Tax (HST) in its financial statements because all HST collected and paid is reimbursed to the Province of Nova Scotia.
- (d) *Tangible Capital Assets* Furniture, equipment, and leasehold improvements with an individual cost greater than or equal to \$500 are capitalized and amortized over their useful lives. Those assets with a cost less than \$500 are expensed on the Statement of Operations and Accumulated Surplus (Deficit). Tangible capital assets are recorded at historical cost less accumulated amortization.

Tangible capital assets are purchased through the Office's annual appropriation approved by the House of Assembly. Any contributed assets are separately disclosed in the year of acquisition.

(e) Amortization – Starting in the year of acquisition, furniture, equipment, and leasehold improvements are amortized on a straight-line basis over their estimated useful lives as follows:

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

### 2. Significant Accounting Policies (continued)

(f) Employee Future Benefit Plans

Pension Plan – All eligible employees of the Office are covered by the Nova Scotia Public Service Superannuation Plan (PSSP), a multi-employer defined benefit pension plan. Changes to the plan governance structure and plan amendments in 2014 transferred responsibility for the PSSP to the Public Service Superannuation Plan Trustee Inc. (PSSPTI). Contributions are required by both employees and the Office to cover current service cost.

Pursuant to legislation currently in place, the Office has no legal or constructive obligation to pay further contributions with respect to any past service or unfunded liability of the plan, nor does the Office have access to any surplus that may arise in the plan. Consequently, the Office applies the defined contribution method of accounting for the plan.

The Office's contribution to the plan is expensed during the year in which the services are rendered and represents its total pension obligation. Contributions are a defined amount based upon a set percentage of salary.

- *i)* Vacation Benefits The cost of vesting vacation benefits is determined using the employee's current salary and accumulated vacation time.
- ii) Retirement Health Plan Benefits Retirement health plan benefits are a liability of the Province of Nova Scotia and have no net impact on the financial statements of the Office.
- (g) Financial Instruments Accounts receivable, accounts payable, accrued liabilities, accrued salaries, benefits and vacation, and due from government are measured at cost. The carrying amount of each of these financial instruments is presented on the Statement of Financial Position. These instruments have no significant exposure to interest rate, credit, or liquidity risks.
  - All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations.
- (h) Future Changes in Accounting Policies The Public Sector Accounting Board (PSAB) has issued a new Conceptual Framework for Financial Reporting in the Public Sector and PS 1202 Financial Statement Presentation, effective April 1, 2026. These standards will replace the existing conceptual framework and financial reporting model, PS 1000 Financial Statement Concepts, and PS 1100 Financial Statement Objectives, along with PS 1201 Financial Statement Presentation. These new standards have not been applied in preparing these statements but are expected to impact the presentation of the financial statements when adopted in the future.

#### 3. Due from Government

The Office, similar to many Crown corporations, does not maintain a bank account. All funds are held with the Province of Nova Scotia. The Due from government represents the net balance owing from the Province of Nova Scotia. The Due from government balance includes transfers to and from the General Revenue Fund that are impacted by the difference between revenues and expenses, as well as the change in year end receivables, payables and accruals.

|   | 2025       | 2024       |  |
|---|------------|------------|--|
| Due from government, beginning of year                | \$ 276,765 | \$ 170,089 |  |
| Transfer (to) from General Revenue Fund               | 8,239      | (32,213)   |  |
| Change in year end receivables, payables and accruals | (176,585)  | 138,889    |  |
| Due from government, end of year                      | \$ 108,419 | \$ 276,765 |  |

#### 4. Accrued Salaries, Benefits and Vacation

The accrued salaries, benefits and vacation liability of \$435,358 (2024 - \$388,728) has two components:

Salaries and Benefits – The Office accrued \$313,003 (2024 - \$285,850) for salaries and benefits earned by employees before the end of the year but paid after year end.

*Vacation* – The Office accrued \$122,354 (2024 - \$102,878) for vested vacation benefits. The amount was determined using average employee salary and accumulated vacation time.

### 5. Tangible Capital Assets

| 000                      |                         | - 3                | -2025                  |            | 2024       |
|--------------------------|-------------------------|--------------------|------------------------|------------|------------|
| 1-11.                    | Furniture and equipment | Computer equipment | Leasehold improvements | Total      | Total      |
| Cost                     |                         |                    |                        |            |            |
| Opening cost             | \$ 247,680              | \$ 268,724         | \$ 63,360              | \$ 579,764 | \$ 489,695 |
| Additions                | 13,756                  | 19,453             | 19,368                 | 52,577     | 90,069     |
| Disposals                | nil                     | nil                | nil                    | nil        | nil        |
| Closing cost             | 261,436                 | 288,177            | 82,728                 | 632,341    | 579,764    |
|                          |                         |                    |                        |            |            |
| Accumulated Amortization |                         |                    |                        |            |            |
| Opening balance          | 214,200                 | 189,913            | 18,225                 | 422,338    | 365,968    |
| Disposals                | nil                     | nil                | nil                    | nil        | nil        |
| Amortization expense     | 8,529                   | 39,291             | 6,894                  | 54,714     | 56,370     |
| Closing balance          | 222,729                 | 229,204            | 25,119                 | 477,052    | 422,338    |
|                          |                         |                    |                        |            |            |
| Net Book Value           | \$ 38,707               | \$ 58,973          | \$ 57,609              | \$ 155,289 | \$ 157,426 |

#### 6. Commitments

The Government of Nova Scotia has entered into a lease agreement on the Office's behalf for office space. The agreement expires in April 2027. Commitments for lease payments and associated operating costs for the next three fiscal years are estimated to be:

| 2025-26 | \$245,000 |
|---------|-----------|
| 2026-27 | \$250,000 |
| 2027-28 | \$ 21,000 |

#### 7. Government Contributions

The Office is funded through annual budgetary appropriations approved by the House of Assembly. Government approved an appropriation of \$6,278,000 for 2024-25 (2024 -\$6,061,000). The Office charged expenses of \$5,900,032 (2024 - \$5,510,911) against the appropriation. Any unused appropriation cannot be carried forward for use in subsequent years.

#### 8. Pension and Other Post-retirement Benefits

Employees of the Office are members of the Nova Scotia Public Service Superannuation Plan which provides defined pension benefits to employees. The Nova Scotia Pension Services Corporation manages the day-to-day operation of the plan investments and benefit administration. The Office is not responsible for any unfunded liability, nor does it have access to any surplus that may arise in the plan. The Office's responsibility with regard to this plan is limited to its contributions. The plan is funded by equal employee and employer contributions. The contribution rate is set by the plan trustees (Public Service Superannuation Plan Trustee Inc.) pursuant to the legislated funding policy and is set for a five-year cycle. The Office's expense in relation to pension retirement benefits amounts to \$408,610 (2024 - \$372,080).

Employees of the Office are eligible to receive ongoing health and dental benefits upon retirement. The employer payments and obligation for these benefits are the responsibility of the Province. The Office is not responsible for any unfunded liability, payments, expenses, or other obligations related to these benefits.

#### 9. Related Party Transactions

- (a) Business Transactions The Office of the Auditor General of Nova Scotia is related to all Government of Nova Scotia departments, provincial crown corporations, agencies, boards, and commissions as a result of common ownership. The Office enters into transactions with these organizations in the normal course of business measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Office is mindful of its independence and objectivity when entering into any such transactions.
- (b) Funding and Specific Disclosure The Office's sources of funding are through an annual appropriation provided by government and the billing of professional fees for certain audit work performed. The Office does not bill government for the audit of its consolidated financial statements (the Public Accounts of Nova Scotia) or for performance audits the Office conducts.
  - i) Government Contributions The Office's annual appropriation approved by the House of Assembly is discussed in Note 7.
  - ii) Revenues and Receivables During the year the Office received professional fee revenues of \$391,744 (2024 \$360,804) from related parties, of which \$194,248 (2024 \$75,944) was included in accounts receivable at year end.

### 9. Related Party Transactions (continued)

(c) Services Provided with No Charge – The Province of Nova Scotia has centralized some of its administrative activities for efficiency and cost-effectiveness purposes. As a result, the Province of Nova Scotia uses a shared services model so that one governmental unit performs services for other units without charge. The costs of such services as payroll processing, cheque issuing, and information technology support provided by the Province of Nova Scotia are not recognized in the Office's financial statements.