

OFFICE OF THE AUDITOR GENERAL OF NOVA SCOTIA

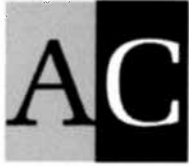
FINANCIAL STATEMENTS

MARCH 31, 2014

**Office of the Auditor General of Nova Scotia
Financial Statements
March 31, 2014**

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Hunter Tellier Belgrave Adamson

CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

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, 2014 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)

Independent Auditor's Report to the Members of The Office of the Auditor General of Nova Scotia *(continued)*

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, 2014 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 26, 2014

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

**Office of the Auditor General of Nova Scotia
Statement of Financial Position
As at March 31, 2014**

	2014	2013
Financial Assets		
Petty cash	\$ 250	\$ 250
Accounts receivable	3,580	--
Due from government	82,324	90,245
	86,154	90,495
 Liabilities		
Accounts payable	6,098	28,258
Accrued liabilities	12,000	12,000
Accrued salaries, benefits and vacation	194,984	182,487
Due to (from) government (from Statement of Operations)	(12,315)	7,830
	200,767	230,575
 Net debt	 114,613	 140,080
 Non-financial Assets		
Prepaid expenses	28,759	35,387
Fixed assets (note 3)	85,854	104,693
	114,613	140,080
 Accumulated Surplus	 \$ nil	 \$ nil

Commitments (note 4)

See accompanying notes to financial statements

APPROVED ON BEHALF OF THE OFFICE:



Acting Auditor General

Office of the Auditor General of Nova Scotia
Statement of Operations
Year Ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Revenues			
Professional fees	\$ 104,500	\$ 109,413	\$ 132,980
Expenses			
Amortization (note 2)	--	29,320	41,506
Books and subscriptions	3,000	3,942	3,888
Conference hosting	--	--	8,403
Data centre charges	7,500	10,969	12,051
Equipment rental	2,500	2,702	2,091
Equipment repairs	2,000	733	554
Insurance	1,000	339	868
Membership dues	55,000	53,817	45,887
Miscellaneous	18,000	7,916	6,529
Office lease and taxes	112,600	113,636	116,502
Office supplies	27,000	14,971	21,201
Other services	1,500	872	659
Parking	5,000	4,520	4,653
Postage	4,000	1,180	3,395
Printing	18,000	16,734	13,407
Professional services	71,800	59,798	135,723
Salaries and benefits	3,276,600	3,248,999	3,133,478
Software licensing	5,000	10,111	11,208
Staff training	50,000	58,130	75,019
Storage	1,000	875	875
Telecommunications	21,000	20,916	20,413
Travel	56,000	47,386	66,803
	<u>3,738,500</u>	<u>3,707,866</u>	<u>3,725,113</u>
Net Expenses Before Government Contributions	<u>\$ 3,634,000</u>	3,598,453	3,592,133
Government contributions (note 5)		<u>3,578,308</u>	<u>3,553,998</u>
Contributions Short of Net Expenses		20,145	38,135
Due to Government – beginning of year		<u>7,830</u>	<u>45,965</u>
Due to (from) Government – end of year		<u>\$ (12,315)</u>	<u>\$ 7,830</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, 2014**

	2014	2013
Acquisition of tangible capital assets	\$ (10,481)	\$ (31,748)
Amortization of tangible capital assets	29,320	41,506
	18,839	9,758
Acquisition of prepaid assets	(28,759)	(35,387)
Use of prepaid assets	35,387	37,235
	6,628	1,848
(Increase) Decrease in Net Debt	25,467	11,606
Net Debt, beginning of the year	(140,080)	(151,686)
Net Debt, end of the year	\$ (114,613)	\$ (140,080)

See accompanying notes to the financial statements

Office of the Auditor General of Nova Scotia
Notes to Financial Statements
March 31, 2014

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, 2014

3. Fixed Assets

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 160,197	\$ 107,545	\$ 52,652	\$ 68,672
Computer equipment	50,978	31,444	19,534	25,983
Leasehold improvements	24,646	10,978	13,668	10,038
	\$ 235,821	\$ 149,967	\$ 85,854	\$ 104,693

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 and commitments for lease payments and associated operating costs for the next two fiscal years are estimated to be:

2014-15	\$ 111,100
2015-16	\$ 9,400

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.

	2014	2013
Expenses charged against annual appropriation	\$ 3,530,180	\$ 3,526,301
Reimbursement for certain payroll-related costs	48,128	27,697
	\$ 3,578,308	\$ 3,553,998

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 \$260,427 (2013 - \$260,578). 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.