



Office of the Auditor General of Nova Scotia

2020-21 Business Plan

Auditor General's Mandate

The Auditor General of Nova Scotia is an officer of the House of Assembly; nonpartisan and independent of government. The Auditor General is appointed by, and reports to, the House. He derives his mandate, authority, and responsibilities from the Auditor General Act.

The Auditor General's mandate includes issuing opinions on government financial reports and conducting performance audits on public sector operations.

The Auditor General provides annual opinions on the government's consolidated financial statements, the revenue estimates included in the government's budget, and the financial statements of certain other public sector entities.

Performance audits may examine and report on:

- the effectiveness of governance frameworks, including risk management, ethics, and organizational direction;
- effectiveness, efficiency, and economy of programs and processes;
- adequacy of controls;
- compliance with legislation, regulations, and policy; and
- stewardship of government resources.

By exercising these responsibilities, the Auditor General helps the House of Assembly hold the government to account for its management of public funds, and contributes to a well-performing public sector.

Our Vision

A relevant, valued, and independent audit office serving the public interest as the House of Assembly's primary source of assurance on government performance.

Our Mission

To make a significant contribution to enhanced accountability and performance in the provincial public sector.

Our Values

Our values are a statement of the high standards we hold in conducting ourselves and our work, and of the results we strive to achieve.

Independence

We remain independent of the entities that we audit and are objective in our work.

Integrity

We work together and with others in an open, honest, and trustworthy manner while respecting the confidentiality of the information we obtain.

Impact

We focus on significant issues to make a positive difference for the benefit of Nova Scotians.

Impacts of COVID-19

The Office is currently assessing the impacts that COVID-19 will have on our operations going forward. All employees are currently staying at home to do their work, and in the short term, our focus is on ensuring a safe and secure return to the workplace. We will follow best practice and guidance from government when returning to the workplace, and we will do this as efficiently and effectively as possible. The extent that some or all our Office staff and staff in the organizations we audit will be at home working is still not clear, and as a result, the related impacts on our ability to deliver on this business plan are not fully known.

Our Priorities

Our mission, vision, and values guide us in our work as independent professionals adding value through audit. We have identified five priorities as key to the achievement of our vision

Serve the House of Assembly

Conduct and report audits that provide clear and relevant information to the House of Assembly as it holds the government accountable for its performance and stewardship over public funds

Consider the Public Interest

Focus our audit efforts on areas of higher risk that impact on the lives of Nova Scotians

Improve Government Performance

Contribute to a better performing public service by conducting audits that result in practical recommendations for significant improvements

Enhance Government Financial Reporting

Encourage continual improvement in financial reporting by government to the House of Assembly and the people of Nova Scotia

Foster Workplace Excellence

Promote excellence and a professional and supportive workplace at the Office of the Auditor General

Strategic Initiatives

This business plan highlights some of the key strategic initiatives the Office will work on in 2020-21, supporting our commitment to continuous improvement.

The Office's governance structure aligns with our vision and priorities and focusses our strategic efforts in five key areas: financial audit, performance audit, communications, people management, and operations. The Office continues to recognize the critical importance of having highly trained and engaged staff help achieve our mission. We have invested in a professional Director of Human Resources and will continue to focus a lot of our strategic efforts in developing and implementing best practices in human resource management that meet the needs of our Office. In addition, the Office will continue to make a significant investment in the development of an evidence-based strategic stakeholder communications plan. This will involve research, stakeholder interviews, and a critical review of our current approach to external communication.

In 2020-21 we plan to work on the following initiatives.

- Develop an employee training and development master plan that will map the learning activities and learning paths to the competencies.
- Complete a comprehensive staff survey and develop an action plan to address related findings.
- Assess and update our performance audit manual and templates to more effectively incorporate root cause analysis.
- Develop a strategic stakeholder communications plan, including putting the necessary resources and structures in place to deliver on the plan.
- Evaluate, and implement as appropriate, risk-based data analytics in the planning and execution phases of our financial audits.

Audits and Other Assurance Engagements

The Office conducts a variety of audits and reviews, some of which are mandated by legislation; others are at the discretion of the Auditor General. Our current plan is to conduct the following assignments in 2020-21.

- Audit of the Province's March 31, 2020 consolidated financial statements
- Review of the government's 2021-22 revenue estimates
- Audit of expenditure compliance and internal controls at the Nova Scotia House of Assembly
- Audit of the March 31, 2020 financial statements of three government agencies, including the Nova Scotia Health Authority and the IWK Health Centre
- Five performance audits
- Follow-up of recommendations made in previous performance and financial audits

Quality Assurance and Office Accountability

A number of processes serve to ensure the quality of our work and our accountability to the House of Assembly, including:

- Publicly reporting the results of our financial and performance audit work through tabling audit reports in the House of Assembly and posting copies of our reports and video summaries on our website.
- Internal quality assurance systems based on Canadian auditing standards, including multiple levels of review.
- Implementing recommendations from peer reviews of our audits by other legislative audit offices in Canada.
- Addressing findings of periodic reviews of our financial statement audits and associated quality control systems by the Chartered Professional Accountants of Nova Scotia.
- Addressing the results of staff surveys and other performance measures focusing on elements of the Office's audit work and administration.
- Reporting results of the independent audit of the Office's annual financial statements to the Speaker of the House of Assembly.
- Submitting an annual business plan and a performance report to the Public Accounts Committee of the House of Assembly.
- Publicly reporting on our website the travel and hospitality expenses of our Executive team.

Performance Indicators

Performance indicators are elements of an organization’s work efforts, outputs and outcomes that can be measured and assessed against targets in order to evaluate the efficiency, effectiveness and quality of its operations. The following are performance indicators against which the Office will assess its 2020-21 performance, including audit performance.

Performance Indicator	Description	Office Target
1. Recommendations accepted by those audited	Percentage of recommendations accepted	95% or higher
2. Published reports	Reports released during year	Four
3. Planned audits completed	Whether audits planned for the year were performed	80% or higher
4. Financial audits and reporting on target	Financial audits completed by applicable target dates	All target dates met
5. Performance audits on target	Performance audits completed by applicable target dates	80% or higher
6. Strategic projects completed	Percentage of 2020-21 strategic projects completed	80% or higher
7. MLA satisfaction (Note 1)	Percentage of MLAs satisfied with our work	80% or higher
8. Staff satisfaction (Note 2)	Percentage of staff who feel this is a good place to work	80% or higher

Note 1: The Office typically surveys members of the Legislative Assembly every two years. The Office had planned to survey MLAs in March 2020 but this initiative was deferred as a result of the COVID-19 pandemic. The survey is planned to be conducted in early 2021.

Note 2: The Office surveys its staff every three years. The results from the most recent survey in April 2020 will be assessed in 2020-21.

Resources

The Office recovers the cost of certain financial audits through billings, but the majority of its funding is by way of an annual appropriation of the House of Assembly. The following table outlines the Office's budgeted and actual net expenses, and staff positions for 2019-20 and 2020-21. The Office's major expense is salaries and benefits, which represents 79% of gross expenditures for 2020-21. All but four staff members are directly involved in providing audit services. Non-salary office administration (\$529,000 including office rent of \$250,000) is budgeted to be 10% of gross expenses in 2020-21.

Office of the Auditor General Net Expenses and Staffing			
	2019-20 Budget	2019-20 Actual	2020-21 Budget
Expenses			
Salaries and benefits	\$3,895,000	\$2,791,445	\$4,142,000
Other staff expenses	160,000	158,336	190,000
Travel	80,000	52,610	105,000
Professional services	272,000	184,972	285,000
Office administration	351,000	286,969	529,000
	<u>4,758,000</u>	<u>4,474,332</u>	<u>5,251,000</u>
Recoveries from Government			
Audit fees	475,000	431,100	420,000
	<u>475,000</u>	<u>431,100</u>	<u>420,000</u>
Net Expenses (to be funded by Government of Nova Scotia)	<u>\$4,283,000</u>	<u>\$4,043,232</u>	<u>\$4,831,000</u>
Staff – Full-time equivalent	37.0	36.2	37.0

Additional Information

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