



REPORT ON
PERFORMANCE
2020-21

Office of the Auditor General of Nova Scotia



Introduction

The Office of the Auditor General serves the House of Assembly by conducting and reporting upon audits that provide members of the Legislature with information they can use to hold the government accountable for its management of public funds, programs and services. The Auditor General is an officer of, and fully accountable to, the House of Assembly. To help fulfill this accountability, the Office prepares an annual business plan, performance report, and financial statements which are independently audited.

This performance report illustrates the Office's results in meeting its goals for the 2020-21 fiscal year. It presents our progress in completing various strategic projects and outlines several performance indicators that help assess the productivity, quality, and value of our work. It also summarizes our audited financial statements and comments on financial performance in comparison to our 2020-21 budget.

Strategic Initiatives

In 2020-21, the Office focused its strategic efforts in four key areas: financial audits, performance audits, communications, and people management. Five initiatives were identified in our business plan as priority areas. Considerable effort was devoted to addressing strategic initiatives during the year, however, not all were completed as originally planned due to the pressures brought on by the pandemic. Significant progress has been made on the two still in progress at year end and both will be completed in 2021-22. The following table indicates the status of the five strategic initiatives as of March 31, 2021.

Strategic Initiatives: 2020-21	Completed	In Progress
Develop an employee training and development master plan that will map the learning activities and learning paths to the competencies.		X
Complete a comprehensive staff survey and develop an action plan to address related findings.	X	
Assess and update our performance audit manual and templates to more effectively incorporate root cause analysis.	X	
Develop a strategic stakeholder communications plan including putting the necessary resources and structures in place to deliver on the plan.	X	
Evaluate, and implement as appropriate, risk-based data analytics in the planning and execution phases of our financial audits.		X

Performance Measures

In the four performance audit reports released in 2020-21, 100% or 18 of the 18 recommendations were accepted by those audited.

The Office met its 2020-21 reporting target by releasing four published reports to the House of Assembly.

Three of the five performance audits were completed as planned and met target dates. The other two performance audits are to be completed in 2021-22.

Although target dates of certain financial engagements were revised due to COVID-19, all six financial engagements were completed by the revised target dates.

The Office's 2020-21 business plan listed five initiatives or projects to be completed during the year. Three were completed (60%); the remaining two are close to completion.

In April 2020, the Office conducted a staff survey that used Government's workplace survey questions modified for the OAG environment. The questions were grouped under four broad themes: Job, Well Being, Opportunities and Leadership. ELT members did not participate in the survey. Eighty percent of staff agreed the Office is a good place to work.

Performance Indicator	Description	Office Target	2020-21 Result
1. Recommendations accepted by those audited	Percentage of recommendations accepted	95% or higher	100%
2. Published reports	Reports released during year	Four	Four
3. Planned audits completed	Whether audits planned for the year were performed	80% or higher	82%
4. Financial audits and reporting on target	Financial audits completed by applicable target dates	All target dates met	All six target dates were met
5. Performance audits on target	Performance audits completed by applicable target dates	80% or higher	60%
6. Strategic projects completed	Percentage of 2020-21 strategic projects completed	80% or higher	60%
7. MLA satisfaction (Note 1)	Percentage of MLAs satisfied with our work	80% or higher	88%
8. Staff satisfaction (Note 2)	Percentage of staff who feel this is a good place to work	80% or higher	80%

Note 1: The Office surveys members of the Legislative Assembly every two years. Due to COVID-19, the 2021 survey was postponed until April 2021. 2020-21 results are from the February 2018 survey.

Note 2: The Office surveys its staff every three years. 2020-21 results are from the 2020 workplace survey.

Summary Financial Statements

Report of the Independent Auditor on the Summary Financial Statements

To the Speaker of the Nova Scotia House of Assembly and the Members of the Public Accounts Committee

Opinion

The summary financial statements, which comprise the summary statement of financial position as at March 31, 2021, and the summary statement of operations for the year then ended, and related notes, are derived from the audited financial statements of the Office of the Auditor General (the Office) for the year ended March 31, 2021.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Canadian Public Sector Accounting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Office's audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated May 27, 2021.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Dartmouth, Nova Scotia

May 27, 2021

Summary Statement of Financial Position As at March 31, 2021

	2021	2020
Financial Assets		
Petty cash	\$ 250	\$ 250
Accounts receivable	62,150	112,775
Due from government	119,492	114,017
	<hr/>	<hr/>
	181,892	227,042
Liabilities		
Accounts payable	19,687	66,598
Accrued liabilities	11,752	20,854
Accrued salaries, benefits and vacation	290,690	274,491
	<hr/>	<hr/>
	322,129	361,943
Net debt	<hr/>	<hr/>
	(140,237)	(134,901)
Non-financial Assets		
Prepaid expenses	35,963	36,897
Tangible capital assets	104,274	98,004
	<hr/>	<hr/>
	140,237	134,901
Accumulated Surplus	<hr/>	<hr/>
	\$ nil	\$ nil

Summary Statement of Operations Year ended March 31, 2021

	2021 Budget	2021 Actual	2020 Actual
Revenues			
Professional fees	\$420,000	\$413,500	\$431,100
Expenses			
Amortization	nil	32,980	24,973
Membership dues	70,000	58,040	54,7448
Office lease and taxes	250,000	229,172	187,758
Office supplies	72,000	18,312	19,147
Other services	181,000	102,295	34,125
Parking	6,000	4,651	5,850
Professional services	285,000	363,806	184,972
Salaries and benefits	4,142,000	3,858,230	3,791,445
Staff training	120,000	53,608	103,592
Telecommunications	20,000	17,322	15,116
Travel	105,000	141	52,610
	5,251,000	4,738,557	4,474,332
Net Expenses before Government Contributions	4,831,000	4,325,057	4,043,232
Government contributions	4,831,000	4,336,477	4,059,560
Annual Surplus (Deficit) before Transfers	\$ nil	11,420	16,328
Transfer to (from) General Revenue Fund		11,420	16,328
Annual Surplus (Deficit)		nil	nil
Accumulated Surplus (Deficit), beginning of year		nil	nil
Accumulated Surplus (Deficit), end of year	\$ nil	\$ nil	nil

Note 1 – Summary financial statements

The summary financial statements are derived from the complete audited financial statements, prepared in accordance with Canadian public sector accounting standards, as at March 31, 2021 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected so that they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- (a) The summary financial statements include the summary statement of financial position and summary statement of operations.
- (b) Management determined that the statements of changes in net debt and cash flow do not provide additional useful information and as such, have not included them as part of the summary financial statements.
- (c) Information in the summary financial statements agrees with the related information in the complete audited financial statements including comparative information and all major subtotals and totals.
- (d) In all material respects, the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited financial statements, including significant accounting policies and the notes thereto.

The complete audited financial statements of the Office of the Auditor General of Nova Scotia are available on our website or upon request by contacting the Office of the Auditor General of Nova Scotia.

Note 2 – 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 2022. Commitments for lease payments and associated operating costs for the next two fiscal years are estimated to be:

2021-22	\$229,172
2022-23	\$ 19,908

Note 3 – Impact of the Covid-19 Pandemic on our Results and Operations

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. In response to the declaration and the first presumptive cases being identified in the province, the Government of Nova Scotia advised departments, including the Office of the Auditor General, to put business continuity plans into action. The Office closed its physical office location on March 16, 2020 and employees switched to staying at home to do their work. The Office was able to provide services, realize assets and discharge liabilities in the normal course of business.

With employees working from home, the Office revised certain protocols to ensure continuity of business and respond to any implications on operations and year-end procedures. Minimal costs were incurred to establish proper work-from-home conditions for employees.

Although there is still great uncertainty surrounding the COVID-19 virus, the Office expects to be able to carry out its year-end financial statement audits, its performance audits, and administrative activities. The Office does not anticipate any additional pressures on its 2021-22 budget arising as a result of the COVID-19 pandemic.

On June 22, 2020, the Office reopened its physical office location; however, financial statement and performance audits continued to be carried out by staff primarily working from home. On April 21, 2021, due to a rise in COVID-19 cases, the Office closed its physical office location and all employees commenced working remotely.

Financial Stewardship and Accountability to the Public

The Office strives to be a leader in accountability and stewardship over the resources entrusted to us to fulfill our role to the House of Assembly and Nova Scotians. Examples of how we demonstrate accountability and stewardship include making public our annual business plans and performance reports, audited financial statements, audit reports and plans, and disclosure of our executive team’s travel and hospitality expenses. The Office has underspent its approved budget in each of the last 13 years.

Financial Performance Variances

The Office’s complete audited financial statements are available from our website at www.oag-ns.ca.

Significant budget variances – In 2020-21, the Office underspent its \$4,831,000 budget by \$505,493 (10%).

	2021 Budget	2021 Actual	(Under)/ Over Budget
Professional fees revenue	\$420,000	\$413,500	\$(6,500)
Amortization	nil	32,980	32,980
Membership dues	70,000	58,040	(11,960)
Office lease and taxes	250,000	229,172	(20,828)
Office supplies	72,000	18,312	(53,688)
Other services	181,000	102,295	(78,705)
Parking	6,000	4,651	(1,349)
Professional services	285,000	363,806	78,806
Salaries and benefits	4,142,000	3,858,230	(283,770)
Staff training	120,000	53,608	(66,392)
Telecommunications	20,000	17,322	(2,678)
Travel	105,000	141	(104,859)
Total Expenses	\$5,251,000	\$4,738,557	\$(512,443)
Net Expenses before Government Contributions	\$4,831,000	\$4,325,057	\$(505,943)

The causes of significant variances from budget, those over \$25,000 on a line-by-line basis, are provided below.

- Our budget for office supplies was underspent by \$53,688, primarily due to planned purchases that did not happen in the year and some purchases which met the Office’s threshold to capitalize and therefore not fully expensed in the year.
- Our budget for other services was underspent by \$78,705, primarily due to planned purchases of services that did not happen in the year.
- Our budget for professional services was overspent by \$78,806, primarily due to purchasing necessary expertise not budgeted for in 2020-21.
- Our budget for salaries and benefits was underspent by \$283,770, primarily due to short-term vacancies.
- Our budget for staff training was underspent by \$66,392, primarily due to planned training not happening in 2020-21 because of the COVID-19 pandemic.
- Our budget for travel was underspent by \$104,859, primarily due to all travel being cancelled as a result of the COVID-19 pandemic.

Other Accomplishments and Events

The Auditor's General office made inroads this year to reach more Nova Scotians and provide a broader understanding of its work and values.

Key to that goal was hiring the Office's first dedicated communications professional mid-way through the fiscal year. The communications manager is overseeing the roll-out of a robust social media strategy and the redesign of the Office website: a tandem designed to extend the Office's online reach across the province and country.

The Office forged a new partnership with Immigrant Services Association of Nova Scotia (ISANS) this year and arranged two staff placements - from Pakistan and Singapore, respectively - through their Professional Practice Program.

Closer to home, the Office hosted Auditors General from across Atlantic Canada at a November conference, focusing on issues and challenges shared throughout the region.

And, despite the challenges of working remotely to comply with COVID-19 protocols, the Office was able to adapt and provide timely reporting in the December 2020 Financial Report, including a chapter on the financial impacts of COVID-19 on the Province of Nova Scotia.

The Office is an active member of the Canadian Council of Legislative Auditors, an organization dedicated to improving the conduct of legislative auditing by providing training, sharing experiences, and collaborating on audits.


The Office also contributes to the work of the Canadian Audit and Accountability Foundation, including helping to deliver training to support the development of audit skills in Canada and internationally.



Additional Information

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