
1 Message from the Auditor General



Introduction

- 1.1 I am pleased to present my January 2014 Report to the House of Assembly. This Report focuses on financial reporting issues and includes work completed by my Office during 2013.
- 1.2 I wish to acknowledge the valuable efforts of my staff whose dedication and professionalism make this report possible. As well, I wish to acknowledge the cooperation and courtesy we received from staff in departments and agencies during the course of our work.

Overview of Report

- 1.3 Our Office has a number of legislated responsibilities that are directly related to the financial management of government. Among these are the responsibility to audit and provide an opinion on the Government's consolidated financial statements; to review and provide an opinion on Government's revenue estimates in the annual budget; to audit the financial statements of a number of provincial agencies; and to review the audit opinions and management letters provided by external auditors on all the agencies which are part of the government reporting entity.
- 1.4 As the appointed auditors of the House of Assembly, we audit the House's financial statements, internal controls, and compliance with policy. We may also conduct other financial audits in government as we consider appropriate. Finally, we provide recommendations as appropriate in all our audits and reviews, to improve financial management in government.
- 1.5 This report presents and discusses the results of this work. The report contains five chapters in addition to this introduction.
- 1.6 Chapter 2 deals with the results of our financial audits and reviews. The opinion on the revenue estimates was unqualified for the first time in 13 years; this is a significant improvement in government financial reporting. We provided an unqualified opinion on the province's consolidated financial statements. We made several recommendations to improve financial controls and financial management in government. We also commented on our audits of four provincial agencies, and provided information on the recommendations for improvement we made to the boards and management of those agencies.



- 1.7 We were unable to verify the accuracy of benefit payments to retired individuals at two of the largest employers which contribute to the Public Service Superannuation Plan – the Province of Nova Scotia and Capital Health. We identified concerns with the retention policies for each of these employers and have recommended that adequate support be maintained to verify benefits while pensions are being paid. We reviewed the process to make changes to the Plan and to revise the asset mix used by the Plan to achieve its funding objectives. We recommended the new Public Service Superannuation Plan Trustee Inc. make the Plan's Statement of Investment Policies and Goals, which describes the risk and investing philosophy, including the approved asset mix, available to all Plan members.
- 1.8 Our chapter on financial indicators provides financial information and analysis related to the sustainability, flexibility and vulnerability of government finances, and provides information on budget to actual variances for both operating and capital expenditures.
- 1.9 In our review of agency audit opinions and management letters, we found that independent auditors' recommendations for improvements in internal controls and other financial management and reporting issues were often repeated from prior years. We recommended that the Department of Finance and Treasury Board communicate with boards of directors of all government agencies that issues and deficiencies identified by their auditors should be addressed on a timely basis, and improvements made as required.
- 1.10 The implementation rate of our 2010 recommendations has improved from 67% to 77% this year. This is due in part to the implementation of a long-outstanding recommendation that the revenue estimates included in government's annual budget be prepared on a consolidated basis. Recommendations related to internal controls and roles and responsibilities for these controls have not been implemented to date despite being recommended in successive Reports of the Auditor General.
- 1.11 Departmental responses to recommendations have been included in the appropriate chapter. We will follow up on the implementation of our recommendations in two years, with the expectation that significant progress will have been made.