

The Consolidated Summary Financial Statements of the Province (i.e. Volume I) provide the most complete information about the operating results and financial position of the Province. These statements consolidate the financial position and results of operations of the Consolidated Revenue Fund, which accounts for the financial activities of the 20 Government departments and the Legislature, with those of other Government entities. As outlined in Figure 1, these statements include the operations of all Government departments, of which there were 20 in 2003-04, the Legislature, 8 Hospital Boards, 4 Health and Community Services Boards, 11 School Boards and 41 Crown agencies. These 41 Crown agencies do not include Memorial University of Newfoundland and the Workplace Health, Safety and Compensation Commission.

2.2 Legislative Requirements Relating to the Financial Statements of the Province

The Public Accounts are prepared in accordance with section 59 of the *Financial Administration Act*. The *Act* requires that the Public Accounts show:

- the state of the public debt;
- the revenue and expenditure;
- all compromises, remissions, refunds and amounts written off; and
- those other accounts and statements that may under good accounting practice be required to show the financial position of the Province at the end of the fiscal year.

Treasury Board prescribes the manner and form in which the Public Accounts of the Province are prepared, as provided for under the *Act*.

Section 11 of the *Auditor General Act* requires that the Auditor General express an opinion as to whether the financial statements included in the Public Accounts present fairly the financial position, results of operations and changes in the financial position of the Province in accordance with the disclosed accounting policies of the Provincial Government and on a basis consistent with that of the preceding year, together with reservations the Auditor General may have.

Since the recommendations of the Canadian Institute of Chartered Accountants relating to financial reporting by governments have now become generally accepted within Canada, section 59 of the *Financial Administration Act* requires compliance with these recommendations to properly present the financial position, results of operations and changes in the financial position of the Province at the end of the fiscal year.

2.3 Auditor's Report on the Financial Statements of the Province

The Auditor's Report on the Consolidated Summary Financial Statements of the Province for the year ended 31 March 2004 reads as follows:

*To the House of Assembly
Province of Newfoundland and Labrador*

I have audited the consolidated statement of financial position of the Province of Newfoundland and Labrador as at 31 March 2004 and the consolidated statements of change in net debt, operations, change in accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated summary financial statements present fairly, in all material respects, the financial position of the Province of Newfoundland and Labrador as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies disclosed in Note 1 to the consolidated summary financial statements applied, after giving retroactive effect to the changes in accounting policies as disclosed in Notes 1(c)(ii), 7 and 8, on a basis consistent with that of the preceding year.

*JOHN L. NOSEWORTHY, C.A.
Auditor General*

*St. John's, Newfoundland and Labrador
15 October 2004*