

## Selected Financial Information and Other Matters

### 5.7 Errors in Public Accounts Submissions

Each year in preparing the Public Accounts, the Office of the Comptroller General relies on submissions and information received from the various departments. In recent years I have noticed that there has been an increase in the quantity and types of errors in the departmental submissions. Although my audit work can identify errors in items that are included in the submissions, it is not always possible to identify items that have been omitted. The presence of errors in submissions supporting the financial statements of the Province presents a major risk in completing these financial statements and ensuring their accuracy.

Figure 23 provides details on the errors detected during my audit for the year ended 31 March 2004. The Figure shows that 14 (12 - 2003) of the 20 departments had errors in their submissions totalling approximately \$41 million (\$12 million - 2003).

**Figure 23**

#### **Public Accounts of the Province Errors in Submissions Received From Departments 31 March 2004**

Department	Description	Amount (\$)
Consolidated Fund Services	-Pension Fund liability accrual understated	1,131,044
	-Accrued interest payable understated	19,000
Finance	-Accounts receivable understated	31,958
	-HST Receivable understated	346,741
	-Offshore Revenue Fund receivable understated	250,015
	-Hibernia Statutory Royalties receivable understated	108,305
	-CHST liability overstated	30,000
Government Services and Lands	-Write-offs not included	14,362
	-Accounts receivable understated	299,084
	-Allowance for doubtful accounts overstated	20,177
	-Cash on hand understated	50,897
Works, Services and Transportation	-Cash understated	80,841
	-Accounts receivable overstated	145,865
	-Accounts receivable - snow clearing overstated	381,380
	-HST payable overstated	49,745
	-Accrued payroll understated	252,644
Fisheries and Aquaculture	-Accounts receivable understated	434,168
Forest Resources and Agrifoods	-Government of Canada claims receivable understated	205,348
Industry, Trade and Rural Development	-Loans receivable overstated	52,000
	-Accrued payroll overstated	420,928
Mines and Energy	-Accounts receivable understated	102,479

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**Figure 23 (cont.)**

Department	Description	Amount (\$)
Education	-Accrued leave overstated	661,552
	-Severance pay overstated	19,277
	-Allowance for doubtful accounts understated	27,207
	-Claims receivable Auxiliary Agreement for School Community Centre understated	1,083,889
	-Claims receivable Native Peoples Agreement understated	2,089,755
	-Claims receivable Heritage Canada and Native Peoples understated	251,818
Health and Community Services	-Accounts receivable write offs not reported	11,678
	-Accounts receivable overstated	43,520
	-Allowance for doubtful accounts understated	831,277
	-Canadian Blood Services receivable overstated	575,782
	-Canadian Blood Services payable understated	312,000
	-Government of Canada claim receivable overstated	104,000
	-Physician Services payable overstated	459,857
	-Accounts payable understated	43,520
	-Provision for legal fees overstated	208,253
-Accrued severance liability overstated	40,985	
Human Resources and Employment	-Accrued payroll overstated	149,525
	-Allowance for doubtful accounts understated	2,597,691
	-Tangible capital assets overstated	740,412
	-HST payable overstated	67,294
Justice	-Allowance for doubtful accounts understated	2,551,154
	-Accrued salaries understated	494,010
	-Commitments understated	303,858
	-Government of Canada claim receivable understated	2,400,996
	-Accrued severance pay understated	17,410
Municipal and Provincial Affairs	-Due to municipalities neighborhood improvement understated	43,859
	-Due to municipalities recreation understated	184,708
	-Due to municipalities waste management understated	60,060
	-Due to municipalities water and sewer understated	193,449
	-Interest payable understated	203,725
	-Accrued payroll overstated	194,305
	-Water and sewer commitments understated	1,101,503
Youth Services and Post Secondary Education	-Student loans interest understated	5,171,433
	-Allowance for doubtful accounts understated	9,118,837
	-Accrued leave understated	25,856
	-HST payable understated	31,780
	-Student loan program overstated	2,620,010
	-Government of Canada accounts receivable understated	918,910
	-Accrued leave overstated	317,638
	<b>Total absolute value</b>	<b>40,699,774</b>

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Figure 24 provides details on the errors detected during my audit for the year ended 31 March 2003. The Figure shows that 12 of the 20 departments had errors in their submissions totalling approximately \$12 million.

**Figure 24**

### Public Accounts of the Province Errors in Submissions Received From Departments 31 March 2003

Department	Description	Amount (\$)
Consolidated Fund Services	-Harbour Lodge liability understated	19,226
	-Treasury Bill interest accrual understated	10,788
Finance	-HST receivable understated	1,375,689
	-Hibernia royalties understated	124,364
	-Atlantic Lottery receivable overstated	285,023
	-RST allowance for doubtful accounts understated	2,564,363
	-HAPSET allowance for doubtful accounts understated	36,000
	-RST write offs overstated	69,887
Government Services and Lands	-Cash on hand understated	56,800
	-Government of Canada accounts receivable understated	20,000
Works, Services and Transportation	-Cash overstated	150,578
	-Government of Canada accounts receivable understated	133,137
Environment	-Accrued severance overstated	175,642
Industry, Trade and Rural Development	-Allowance for doubtful accounts understated	97,794
	-Accrued severance liability overstated	494,002
Tourism, Culture and Recreation	-Government of Canada accounts receivable understated	47,833
Health and Community Services	-Government of Canada accounts receivable overstated	1,330,464
	-Payroll accrual understated	42,564
	-MCP accrual understated	882,348
	-Physician accrual understated	845,000
	-Salaried physician accrual understated	456,913
	-Allowance for doubtful accounts understated	872,000
Human Resources and Employment	-Vouchers payable understated	211,318
	-Government of Canada writebacks understated	95,199
	-Accrued severance understated	34,744
	-HST Payable overstated	53,764
Justice	-Tangible capital assets understated	794,416
	-Trust liability understated	21,982
	-Government of Canada accounts receivable overstated	277,565
	-Allowance for doubtful accounts understated	85,106
Municipal and Provincial Affairs	-Due from Government of Canada understated	24,475
	-Due to Municipalities recreation understated	63,164
	-Due to Municipalities paving overstated	25,030
	-Due to Municipalities water and sewer overstated	20,964
	-Accrued severance payable overstated	136,597
	-Federal claims write back understated	42,624
Youth Services and Post Secondary Education	-Capital lease payable understated	89,675
	-HST payable understated	66,419
	<b>Total absolute value</b>	<b>12,133,457</b>

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As figures 23 and 24 show, each year there are errors in the Public Accounts submissions that departments make to the Office of the Comptroller General. These errors are detected during my audit work on the Public Accounts and adjusted as necessary. I have noticed a general increase in the number and value of these errors as evidenced by information in the figures.

These errors suggest that there may be financial control issues in many of the departments. I am very concerned about the extent, type and reoccurrence of these errors. I sometimes wonder if departments rely on my Office to identify errors and therefore do not exercise due diligence in the preparation of their submissions.

### **Recommendation**

*Government should direct all of its departments to ensure that the Public Accounts submissions to the Office of the Comptroller General are complete and accurate.*