

Another initiative that could be utilized by more departments relates to the Office of the High Sheriff of Newfoundland and Labrador. That Office has a Judgment Enforcement Registry that all Government departments could use to register amounts owing to Government. This Registry is checked by all financial institutions and other lenders before they will provide credit and, therefore, if used by departments would effectively eliminate or restrict the ability of Government debtors to obtain credit until they settled their debts to the Province.

Our review of the various departments disclosed that of thirteen departments which have accounts receivable balances and which could take advantage of this Registry, only four use the Registry. The four departments which use the Registry are: Finance; Fisheries and Aquaculture; Innovation, Trade and Rural Development; and Justice.

Recommendations

Government should be more diligent in collecting amounts owed to it.

The initiatives identified by Treasury Board should be implemented.

Departments should register amounts owing with the Office of the High Sheriff.

5.6 Adjustments 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 24 provides a summary of the absolute dollar value of errors detected during our audit of the Public Accounts for the years ended 31 March 2005 and 31 March 2004. As the Figure shows the absolute dollar value of errors has increased from \$40.7 million in 2004 to \$75.5 million in 2005.

Comments on Selected Financial Information and Other Matters

Figure 24

**Public Accounts of the Province
Total Errors in Submissions Received From Departments
For the Years Ended 31 March**

Department	Absolute Value of Errors (\$ 000s)	
	2005	2004
Education	25,338	22,339
Finance	24,064	767
Municipal and Provincial Affairs	6,947	1,981
Transportation and Works	6,000	910
Human Resources, Labour and Employment	4,194	3,555
Government Services	3,125	385
Executive Council	1,530	-
Labrador and Aboriginal Affairs	990	-
Environment and Conservation	956	-
Innovation, Trade and Rural Development	900	473
Natural Resources	493	308
Consolidated Fund Services	376	1,150
Health and Community Services	361	2,631
Legislature (House of Assembly)	148	-
Justice	104	5,767
Fisheries and Aquaculture	-	434
Total	75,526	40,700

Figure 25 provides details on the errors detected during my audit for the year ended 31 March 2005. The Figure shows that 15 of 18 departments plus the Legislature (2004 - 12 of the 20 departments plus the Legislature) had errors in their submissions with an absolute dollar value totalling approximately \$75.5 million (\$40.7 million - 2004).

Comments on Selected Financial Information and Other Matters

Figure 25

**Public Accounts of the Province
Errors in Submissions Received From Departments
31 March 2005**

Department	Description	Amount (\$)
Consolidated Fund Services	Newfoundland and Labrador Government Sinking Fund provincial revenue understated	361,343
	Interest payable not accrued for Harbour Lodge mortgage	14,892
Finance	Accounts payable to Newfoundland Industrial Development Corporation understated	1,750,000
	Atlantic Lotto Corporation revenue understatement	26,835
	Canada Health and Social Transfer accounts payable understatement	6,415,000
	Corporate Income Tax accounts receivable understatement	687,093
	Hibernia Statutory Revenue understatement	120,288
	Public Service Pension Plan asset overstatement	6,528,654
	Public Service Pension Plan employer pension contribution understatement	1,517,233
	Provincial Court Judges Pension Plan asset understatement	367,441
	Due to Municipalities understated	6,651,563
Government Services	Cash on hand understated	22,925
	OHS Inspections revenue - provincial overstatement	1,550,829
	Inspections and General Administration revenues understated	1,550,829
Transportation and Works	Accrued annual leave overstated	2,628,478
	Accrued overtime overstated	136,827
	Federal Government claims in progress overstated	2,632,326
	Amounts written off during the year understated	30,000
	Councils accounts receivable overstated	30,000
	Allowance for doubtful accounts overstated	30,000
	Snowclearing accounts receivable overstated	453,781
	HST payable overstated	59,189
Natural Resources	Unmatched (Timber Royalty) payments overstated	101,564
	Forest Management Tax estimate overstated	290,000
	Credits in Timber Royalty receivable recorded as a debit by the Office of the Comptroller General	101,564
Innovation, Trade and Rural Development	Miscellaneous accounts receivable understated	900,000

Comments on Selected Financial Information and Other Matters

Figure 25 (cont.)

Department	Description	Amount (\$)
Education	SWGC lease payments payable understated	1,706,512
	Allowance for doubtful accounts understated	26,304
	School Boards accounts payable overstated	42,396
	Sir Wilfred Grenfell College lease payments held in trust understated	1,706,512
	Severance pay payable overstated	10,668
	Provision for debt reduction Grant understated	20,934,224
	Vouchers payable overstated - recorded twice by the Office of the Comptroller General	911,411
Health and Community Services	Legal fee liability overstated	100,000
	Long term portion of legal fee liability overstated	38,462
	Ambulance accounts receivable not recorded	85,000
	Physician insurance subsidy payable understated	29,460
	Revenue recorded in Federal Related but should be Provincial Related: Federal overstated	53,915
Provincial understated	53,915	
Human Resources, Labour and Employment	Accrued annual leave understated	980,417
	Accrued overtime understated	279,624
	Accrued severance pay - current understated	173,152
	Accrued severance pay - long term undisclosed	1,175,887
	Accounts payable understated	194,177
	Government of Canada claims receivable understated	512,502
	Accrued payroll understated	150,716
	Tuition vouchers payable understated	292,671
	Social assistance overpayments receivable overstated	277,082
	Social assistance payable understated	19,779
	Harmonized Sales Tax payable overstated	14,711
	Clearance certificates receivable understated	19,291
Leases payable overstated	103,646	
Justice	Government of Canada receivable Inmate transfer overstated	104,088
Municipal and Provincial Affairs	Government of Canada claims in progress understated	54,488
	Due to Municipalities - Water & Sewer - Bank Loans - Long Term understated	489,996
	Multi Year Capital Works and Regular Capital Works commitments	575,241
	Canada/Newfoundland Infrastructure Program commitments understated	3,427,624
	Federal revenue understated	1,200,000
Provincial revenue overstated	1,200,000	
House of Assembly	Accrued payroll understated	147,832
Environment and Conservation	Allowance for doubtful accounts understated	920,357
	Accrued severance error understated	35,229
Labrador and Aboriginal Affairs	Accounts receivable understated	990,000
Executive Council	Accounts receivable understated	1,530,000
	Total Absolute Value	75,525,943

Comments on Selected Financial Information and Other Matters

As Figure 24 shows, each year there are errors in the Public Accounts submissions that departments make to the Office of the Comptroller General. When these errors are detected, the Public Accounts are adjusted as necessary. I have noticed a general increase in the number and value of these errors as evidenced by information in the preceding figures.

These errors suggest that there are financial control issues in some of the departments. I am very concerned about the extent, type and reoccurrence of these errors. The departments have to exercise due diligence in the preparation of their submissions.

The Comptroller General has also expressed concerns about the accuracy of initial estimates provided by departments to his Office and the extent of subsequent adjustments.

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.