



Financial Information

Office of the Auditor General

Province of Newfoundland and Labrador

March 31, 2025

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Independent Auditors' Report

To the Members of the
House of Assembly Management Commission
Province of Newfoundland and Labrador

Opinion

We have audited the supplementary financial information of the Office of the Auditor General, Province of Newfoundland and Labrador ("the Office") as at March 31, 2025, which comprises the schedule of expenditures and schedule of gross expenditures and unexpended balances for the year then ended, and notes to the financial information, including a summary of significant accounting policies.

In our opinion, the accompanying financial information presents fairly in all material respects, the financial position of the Office of the Auditor General, Province of Newfoundland and Labrador, as at March 31, 2025, and its results of operations for the year then ended in accordance with policies disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial information section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the financial information, which describes the basis of accounting. The financial information is prepared to assist the Office of the Auditor General and the House of Assembly Management Commission, Province of Newfoundland and Labrador to meet the requirements of Section 36 of the Auditor General Act, 2021. As a result, the financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the House of Assembly Management Commission and the Office of the Auditor General, Province of Newfoundland and Labrador and should not be used by parties other than the members of the House of Assembly Management Commission and management of the Office of the Auditor General, Province of Newfoundland and Labrador.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial information in accordance with policies disclosed in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. John's, Canada
September 29, 2025

Doane Grant Thornton LLP

Chartered Professional Accountants

Office of the Auditor General
 Province of Newfoundland and Labrador
 Supplementary Financial Information

Year Ended March 31

2025

2024

Assets

Current

Accounts receivable	\$ 9,336	\$ 651
Prepays	<u>107,843</u>	<u>123,087</u>
	<u>\$ 117,179</u>	<u>\$ 123,738</u>

Liabilities

Current

Vouchers payable	\$ 6,729	\$ 1,698
Accrued paid/annual leave	1,379,868	1,326,967
Accrued payroll	106,011	69,684
Accrued overtime	18,480	17,996
Accrued severance pay	<u>51,040</u>	<u>51,040</u>
	<u>\$ 1,562,128</u>	<u>\$ 1,467,385</u>

Basis of accounting (Note 2)

 Auditor General

See accompanying notes to the financial information.

Office of the Auditor General
Province of Newfoundland and Labrador
Schedule of Expenditures

Year Ended March 31	2025	2025	2024
	<u>Actual</u>	<u>Original Budget</u>	<u>Actual</u>
Total Expenditures			
Salaries	\$ 6,195,948	\$ 6,814,200	\$ 5,538,266
Employee benefits	185,826	167,300	187,893
Transportation and communications	80,672	123,500	69,928
Supplies	84,708	84,000	124,329
Professional services	471,473	1,370,100	531,000
Purchased services	516,847	684,900	261,689
Property, furnishings and equipment	337,318	50,100	51,874
	<u>\$ 7,872,792</u>	<u>\$ 9,294,100</u>	<u>\$ 6,764,979</u>
Revenue- Provincial	<u>(3,077)</u>	<u>-</u>	<u>(1,922)</u>
Net expenditures	<u>\$ 7,869,715</u>	<u>\$ 9,294,100</u>	<u>\$ 6,763,057</u>

Basis of accounting (Note 2)

See accompanying notes to the financial information.

Office of the Auditor General
Province of Newfoundland and Labrador
Schedule of Gross Expenditures and Unexpended Balances
Year Ended March 31

	2025	2024
Original budget estimates (net)	\$ 9,294,100	\$ 8,800,600
Less: estimated statutory payments	<u>(196,900)</u>	<u>(183,200)</u>
Total appropriation	<u>9,097,200</u>	<u>8,617,400</u>
Total net expenditure	7,869,715	6,763,057
Less: statutory payments	(199,762)	(195,840)
Add: revenue less transfers and statutory payments	<u>3,077</u>	<u>1,922</u>
Total gross expenditure (budgetary, non-statutory)	<u>7,673,030</u>	<u>6,569,139</u>
Unexpended balance of appropriation	<u>\$ 1,424,170</u>	<u>\$ 2,048,261</u>

See accompanying notes to the financial information.

Office of the Auditor General
Province of Newfoundland and Labrador
Notes to the Financial Information

March 31, 2025

1. Nature of operations

The Auditor General Act, 2021 creates the Office of the Auditor General to assist in carrying out the duties prescribed. The Act appoints the Auditor General as the House of Assembly's independent legislative auditor of Government, its departments, agencies of the Crown, and Crown controlled corporations. The Auditor General reports to the House of Assembly, on significant matters which result from the examination of these entities.

2. Summary of significant accounting policies

This financial information has been prepared in accordance with the accounting policies set out below.

Basis of accounting

The Supplementary Financial Information is prepared on the accrual basis of accounting. The Schedule of Expenditures and the Schedule of Gross Expenditures and Unexpended Balances are based on the modified cash basis.

Assets and liabilities

Assets and liabilities are recorded on a basis consistent with the policies used in preparing the Public Accounts of the Province of Newfoundland and Labrador. Direct liabilities and convertible assets such as amounts receivable are reported on the Supplementary Financial Information on an accrual basis.

Capital assets

Capital asset acquisitions are charged as budgetary expenditures and are expensed in the year of acquisition on the Schedule of Expenditures. Capital assets are not reported on the Supplementary Financial Information but are reported in the Public Accounts of the Province of Newfoundland and Labrador.

Revenue recognition

Effective April 1, 2015, the Office of the Auditor General no longer invoices for its audit services.

Operating expenses

Expenses are recorded on the modified cash basis as payments are made on the Schedule of Expenditures. Accrued leave, overtime, and payroll are recorded on the Supplementary Financial Information on the accrual basis of accounting.

Office of the Auditor General
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Notes to the Financial Information
March 31, 2025

2. Summary of significant accounting policies (cont'd.)

Severance pay

Up to and including the 2018 fiscal year, severance pay was accounted for on an accrual basis and calculated based upon years of service and current salary levels. The right to be paid severance vested with non-unionized employees and management upon nine years or more of service, and accordingly no provision was made in the accounts for employees with less than this amount of continuous service. The amount was payable when the employee ceased employment with the Province.

Effective March 31, 2018, there was no further accumulation of severance for unionized employees. Unionized employees with one or more years of continuous service, to a maximum of 20 years, were entitled to severance pay and could decide the manner and timing in which it is paid out. Severance for all unionized employees was paid out during the 2019 fiscal year.

Effective June 1, 2019, there was no further accumulation of severance for non-unionized employees and management. Non-unionized employees and management with one or more years of continuous service, to a maximum of 20 years, were entitled to severance pay and could decide the manner and timing in which it is paid out. Severance for non-unionized employees and management is calculated based upon years of service and current salary levels as at May 31, 2018. The remaining balance relates to employees who had not elected to have severance paid out up to March 31, 2025.

Sick pay

Effective for the year ended March 31, 2021, the government began using an actuary to estimate the accrued sick leave liability for the Consolidated Revenue Fund, which also includes the liability related to the Office of the Auditor General. As a result, the accrued sick leave liability related to the Office of the Auditor General is no longer available to be disaggregated. The Office of the Auditor General's accounting policy is to no longer record the accrued sick leave liability in its financial information.

Income taxes

The Office of the Auditor General is not subject to Provincial or Federal income taxes.

3. Commitments

The Office has entered into agreements for the lease of office space and equipment requiring payments as follows: 2026 - \$570,318, 2027 - \$568,168, 2028 - \$566,693, 2029 - \$566,693, 2030 - \$565,268, and thereafter - \$2,349,346.

Office of the Auditor General
Province of Newfoundland and Labrador
Notes to the Financial Information
March 31, 2025

4. Employee future benefits

Under the Auditor General Act, 2021, all persons employed in the Office of the Auditor General are employees for the purposes of the Public Service Pensions Act, 2019, and are entitled to all the benefits under that Act. No pension or other post employment future benefit expenditures have been recorded in this financial information.

Pension liability and group life and health insurance liability are recognized in the Public Accounts for all public servants. Pension expense and group life and health insurance expense for public servants are also reported in the Public Accounts under the Consolidated Fund Services. The Province matched the contributions of public servants and these expenses are recorded under the Consolidated Fund Services.