

OFFICE OF THE AUDITOR GENERAL



Business Plan

For Three Fiscal Years
2008-09, 2009-10 and 2010-11



Office of the Auditor General of Newfoundland and Labrador

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26 June 2008

The Honourable Roger Fitzgerald, M.H.A.
Speaker
House of Assembly

Dear Sir:

In compliance with the *Transparency and Accountability Act*, I have the honour to submit herewith, for transmission to the House of Assembly, my Business Plan for three fiscal years 2008-09, 2009-10 and 2010-11.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, CA
Auditor General

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Message from the Auditor General



I am pleased to present a three year business plan for my Office covering 1 April 2008 to 31 March 2011. Pursuant to a directive from the House of Assembly Management Commission, my Office has developed this plan in accordance with the requirements contained in the *Transparency and Accountability Act* (the *Act*) of a category 2 entity.

The *Act* came into force on 15 December 2006. It requires that a plan (as applicable for each entity) be tabled in the House of Assembly every three years. On 31 March 2008 my Office submitted its inaugural plan for the one year transition period of fiscal year 2007-08. That plan identified the vision, mission, values and objectives that had been part of my Office's strategic plan from 2004 to 2008.

In the past few months my Office has undertaken a comprehensive strategic planning exercise to update our vision, mission and value statements and identify the key strategic outputs that we wish to achieve by the end of the current planning cycle i.e. 31 March 2011. This current plan marks the first three year plan submitted under the new legislation. As a category 2 entity, the purpose of this plan is to set goals and objectives and identify performance measures for the next three years.

I would like to take this opportunity to thank employees of the Office for their participation and feedback provided during the planning process. I also extend my gratitude to employees of the Transparency and Accountability Office for the expertise and guidance generously provided by them.

As Auditor General, I support our three year business plan and will report annually on the progress made towards achieving the identified goals and objectives.

A handwritten signature in black ink, reading "John L. Noseworthy". The signature is written in a cursive, flowing style.

JOHN L. NOSEWORTHY, CA
Auditor General

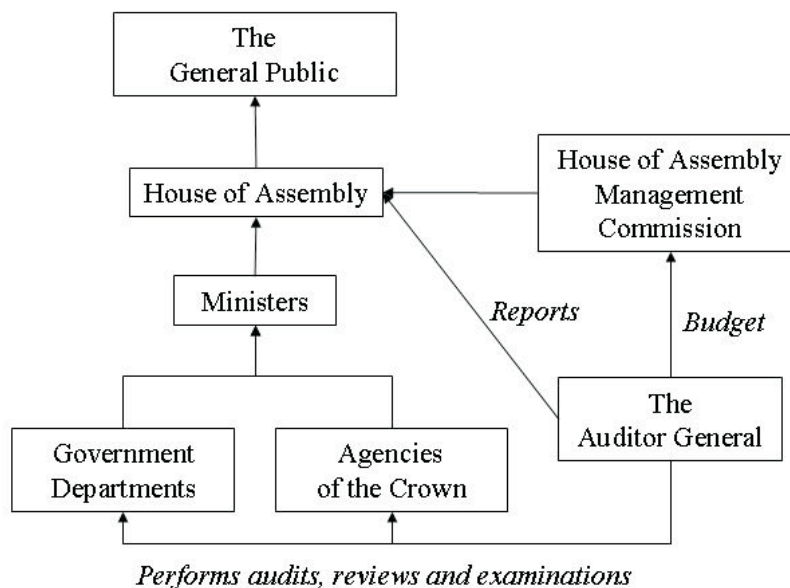
Introduction

The House of Assembly is responsible for overseeing the activities of Government and holding Government accountable for its handling of public money. To assist this process, the Government provides information about how it used the public funds entrusted to it. But what assurance do Members of the House of Assembly have that this information is appropriate, credible and complete? How can Members know that the information they receive accurately reflects the results of the activities of the Government? The answer is the House of Assembly uses the services of the Auditor General to assist it in carrying out its oversight responsibilities.

Consequently, the Auditor General's fundamental role is to bring an independent audit and reporting process to bear upon the manner in which conferred responsibilities are discharged in the public sector. This role is superimposed on the accountability relationship which exists between all levels of Government through to the House of Assembly. The accountability relationship is depicted in Figure 1.

Figure 1

Office of the Auditor General Accountability Relationship



With the proclamation of the *Auditor General Act (the Act)* in October 1991, the Auditor General has a direct responsibility to report to the House of Assembly. In accordance with the *Act*, the Auditor General is required to provide the House of Assembly with timely, relevant information, necessary to enhance public sector accountability and performance. This requirement to report is centered on the concept of accountability and is central to our system of Government. Accountability fosters public trust and confidence in the integrity of the political system and focuses on the key aspects of Government performance relative to intended results which will, over time, lead to improved performance. We recognize that the continued relevance and credibility of our reports is of paramount importance if we are to meet the needs of the Members of the House of Assembly.

Plan Overview

VISION

The Office of the Auditor General is an independent Office of the Legislature which, through audit, adds credibility to information provided by Government to the House of Assembly so that the Members of the House of Assembly can hold Government accountable for the prudent use and management of public resources.

MISSION

By 2011, the Office of the Auditor General will have maintained audit services to the House of Assembly that are in compliance with our mandate.

Priority Goals	2009 Objective	2010 Objective	2011 Objective
<p>Goal 1: By 31 March 2011, the Office of the Auditor General will have implemented a new human resource plan designed to enhance human resource capacity.</p>	<p>By 31 March 2009, the Office of the Auditor General will have developed a series of human resource initiatives.</p>	<p>By 31 March 2010, the Office of the Auditor General will have implemented a series of human resource initiatives.</p>	<p>By 31 March 2011, the Office of the Auditor General will have reviewed and updated a series of human resource initiatives.</p>
<p>Goal 2: By 31 March 2011, the Office of the Auditor General will have enhanced its business processes by further developing our audit methodology and introducing a new records and information management system.</p>	<p>By 31 March 2009, the Office of the Auditor General will have developed a series of initiatives to enhance its business processes.</p>	<p>By 31 March 2010, the Office of the Auditor General will have implemented a series of initiatives to enhance its business processes.</p>	<p>By 31 March 2011, the Office of the Auditor General will have reviewed and updated a series of initiatives to enhance its business processes.</p>

Staff and Budget

As at 31 March 2008, the Office had 42 approved positions and a budget of approximately \$3.0 million for 2008-09. Figure 2 shows our organization structure while Figure 3 provides details of the 2008-09 budget.

Figure 2

Office of the Auditor General Organization Structure

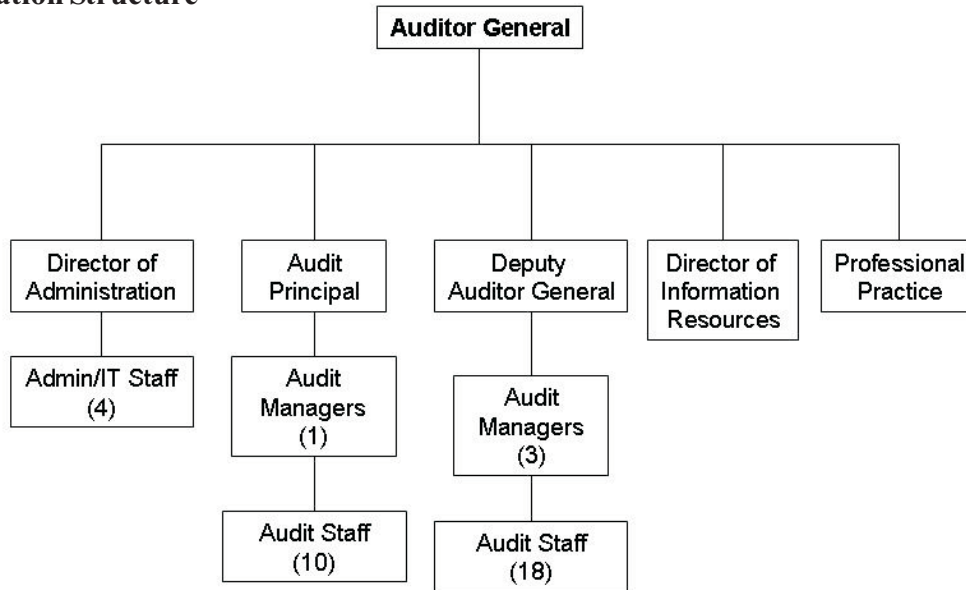
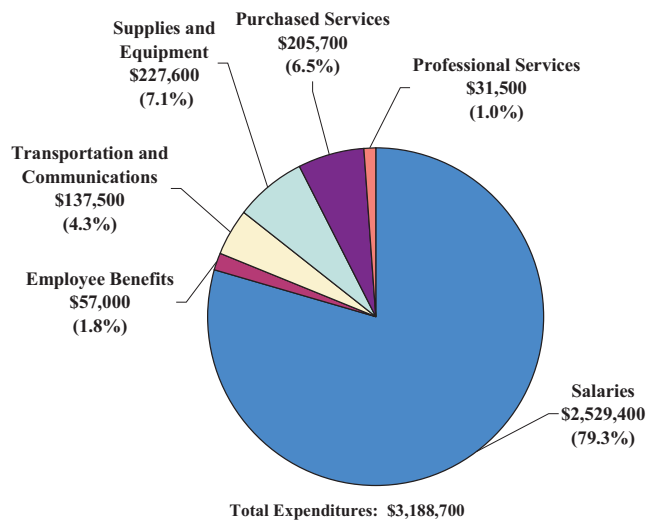


Figure 3

Office of the Auditor General Budget 2008-09





Mandate

The mandate of the Office of the Auditor General is derived from the *Auditor General Act (the Act)* and includes the following:

- The Auditor General is the auditor of the financial statements and accounts of the Province and shall make those examinations and inquiries that the Auditor General considers necessary to enable him or her to report as required by the *Act* (s.10).
- The Auditor General reports to the House of Assembly at least annually on any significant results of audits, examinations and inquiries, including instances concerning the disbursement of public money such as where such disbursement have not been made in accordance with relevant legislation, regulations, directives or orders, have not been properly reflected in the accounts, or have not been made for the purposes for which it was budgeted (s.12).
- Where an auditor has not been appointed to audit an agency of the Crown or a Crown controlled corporation, the Auditor General shall be the auditor (s.14).
- Where during the course of an audit, the Auditor General becomes aware of an improper retention or misappropriation of public money or another activity that may constitute an offence under the *Criminal Code* or another Act, the Auditor General shall immediately report the improper retention or misappropriation of public money or other activity to the Lieutenant-Governor in Council (s.15).
- The Auditor General will carry out special assignments whenever the Lieutenant-Governor in Council so requests or the House of Assembly or the Public Accounts Committee by resolution so requires, calling attention to anything the Auditor General considers significant or factors or circumstances relating to an expenditure of public money which in the opinion of the Auditor General should be brought to the attention of the House of Assembly (s.16).

In carrying out our mandate, we monitor our work to assess how we have performed against certain criteria. In addition to reporting on our strategic objectives, annually we will report on our success in completing all financial statement and legislative audits, monitoring of Crown agencies, special assignments and related work as follows carrying out our work as follows:

- complete our audit of the financial statements of the Province within the time schedule agreed upon with the Office of the Comptroller General and complete all other financial statement audits within three months of their fiscal year-end;
- complete all audits within budget for time and cost. Our target for success is to be within a 10% variance of actual versus budget for time and cost;
- meet with Audit Managers on an annual basis to obtain an overview of their work. We will also have an annual meeting with all audit staff to identify possible projects;

Mandate

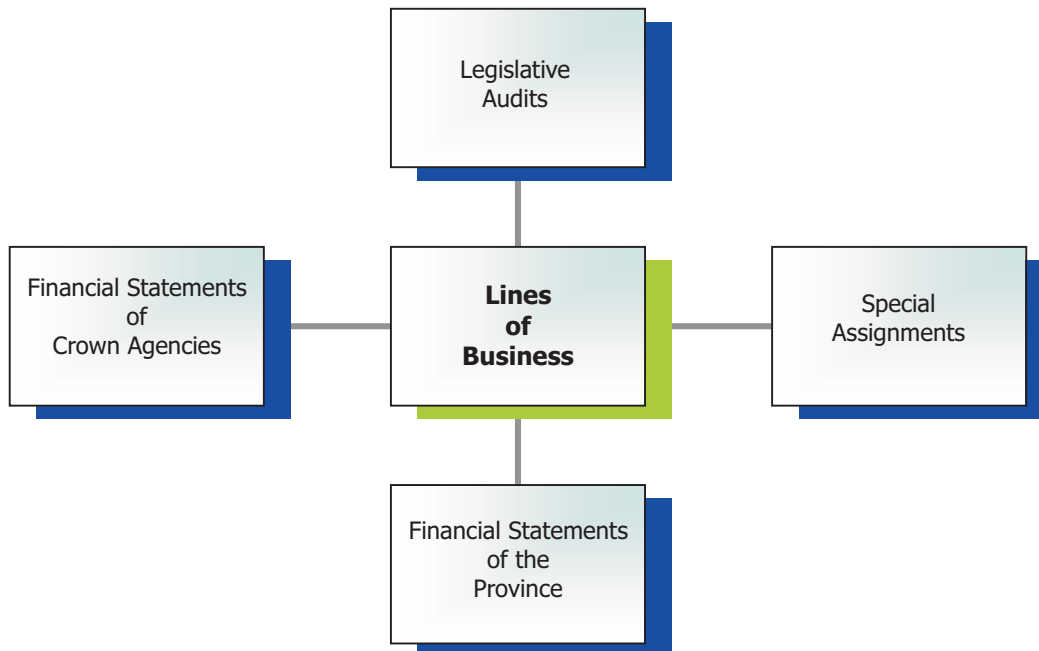
- monitor the degree to which our recommendations have been implemented or major issues have been addressed. Our target for success is that 80% of these recommendations will be implemented within two years of our report date;
- provide the House of Assembly with our report on reviews of departments and Crown agencies and monitoring of Crown agencies by 31 January of the year following the previous fiscal year-end;
- report on all special assignments within the time period requested; and
- provide the House of Assembly with an accountability report about our Office by 30 September of each year.

Lines of Business

The Office of the Auditor General fulfils its mandate through the lines of business which are depicted in Figure 4.

Figure 4

Office of the Auditor General Lines of Business



- **Financial Statements of the Province and Crown Agencies**

A financial statement audit results in the expression of an opinion as to the fair presentation of the Public Accounts of the Province and the financial statements of Crown agencies. We conduct these audits in accordance with generally accepted auditing standards established by the Canadian Institute of Chartered Accountants. In addition, issues identified during a financial statement audit may lead to recommendations that are addressed in a letter to the auditee and/or included in the Auditor General's Report to the House of Assembly.

- **Legislative Audit**

Legislative audits provide the House of Assembly with an independent, professional assessment of public sector accountability, thereby facilitating informed judgments on the manner in which the public sector discharges its responsibilities. Legislative audits may include:

Lines of Business

- evaluation of accountability relationships, management practices and control systems;
- determination of compliance with legislation and other authorities; and
- performance audits of program results compared to established criteria.

The findings of the legislative audits are reported in the Auditor General's Report to the House of Assembly which is issued on or before the end of January of each year.

- **Special Assignments**

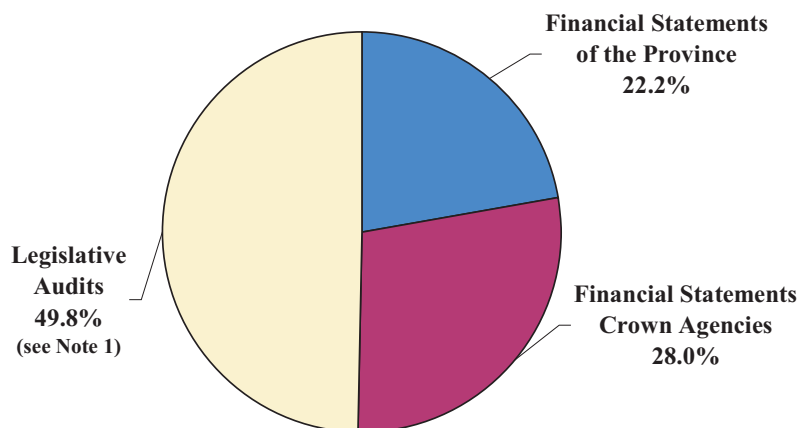
A special assignment is completed in response to a request from the House of Assembly, the Public Accounts Committee or the Lieutenant-Governor in Council. The nature and scope of these assignments vary, depending on the nature of the request. They result in a report of findings to whoever makes the request and may include comments on such things as:

- accountability relationships, management practices and control systems;
- compliance with legislation and other authorities; and
- program results and general operations.

Figure 5 depicts the distribution of audit work by line of business to be performed up to 31 December 2008.

Figure 5

Distribution of Audit Work For the Year Ended 31 December 2008 (Projected)



Note 1: Special assignments required under Section 16 of the *Act* would be included in the legislative audit portion of audit work.

Values

We promote a progressive office culture through our belief in core values identified and explained in Figure 6 (presented in alphabetical order).

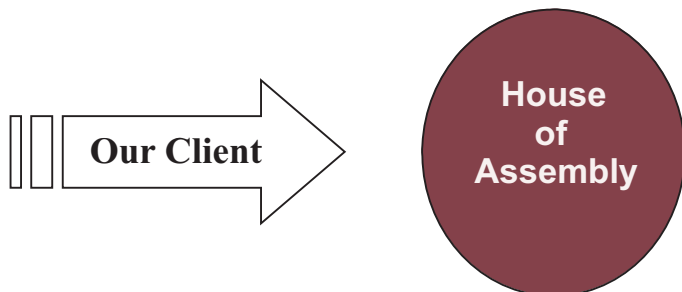
Figure 6

Office of the Auditor General Core Values

Core Values	Action Statements
Accountability	Each employee is responsible for the effective use of resources entrusted to them, takes ownership of and has pride in the work they produce, and ensures that his or her work is appropriately supported and completed within established timeframes.
Adaptability	Each employee is adaptable to the evolving nature of our work. Growth and development are available through learning and training opportunities.
Fairness	Each employee is fair in making decisions that affect other employees.
Independence	Each employee completes his or her work in an unbiased and objective manner, maintains independence in fact and appearance, and produces results based on evidence.
Integrity	Each employee is honest, unbiased and adheres to the confidentiality associated with the Office.
Professionalism	Each employee is responsible for adhering to professional and Office standards and portraying a professional manner when interacting with coworkers and auditees.
Quality	Each employee, while adhering to professional standards and leading by example, completes work that is relevant and credible.
Respect	The Office values and recognizes the contribution of its employees and the importance of work-life balance. Each employee listens to and considers the opinions of coworkers and auditees.
Team Work	Each employee works with others cooperatively and in a coordinated manner to complete the work of the Office.

Our Client and Stakeholders

Our primary client is the House of Assembly.



The Office also has a significant number of internal and external stakeholders which are identified in Figure 7.

Figure 7

Office of the Auditor General Internal and External Stakeholders



Vision and Mission

Vision

The Office of the Auditor General is an independent Office of the Legislature which, through audit, adds credibility to information provided by Government to the House of Assembly so that the Members of the House of House of Assembly can hold Government accountable for the prudent use and management of public resources.

Mission

By 2011, the Office of the Auditor General will have maintained audit services to the House of Assembly that are in compliance with our mandate.

Measure: maintained our ability to meet the demand to provide audit services to the House of Assembly

Indicators:

- human resource management; and
- business processes.

Issues

The following strategic issues drive our goals for the next three years:

Issue 1: Human Resource Management

Issue 2: Business Processes

Issue 1: Human Resource Management

Recruitment and retention has been a challenge in recent years, due in part to new opportunities within Government for accounting and audit professionals, and increased job opportunities in the Province. In addition, within the next five years, a significant number of employees will be eligible to retire. This could leave a competency gap at the senior level in the Office.

Goal 1: By 31 March 2011, the Office of the Auditor General will have implemented a new human resource plan designed to enhance human resource capacity.

Measure: human resource plan

Indicators:

- recruitment and retention strategy;
- employee development program; and
- succession strategy.

Objectives:

By 31 March 2009, the Office of the Auditor General will have developed a series of human resource management initiatives.

Measure: human resource plan

Indicators:

- recruitment and retention strategies identified;
- designed an employee development program; and
- designed a succession strategy for the transfer of knowledge from senior employee(s) to junior employees.

By 31 March 2010, the Office of the Auditor General will have implemented a series of human resource management initiatives.

By 31 March 2011, the Office of the Auditor General will have reviewed and updated its human resource management initiatives.

Issue 2: Business Processes

The Office of the Auditor General promotes a continuous improvement philosophy whereby work processes are reviewed and updated to ensure that we maintain compliance with professional standards and Office policies. Of particular importance is that on 1 January 2011, principles that govern accounting for publicly accountable enterprises will be replaced with international financial reporting standards (IFRS). We are required to be prepared for this change for financial years beginning 1 January 2011.

Goal 2: By 31 March 2011, the Office of the Auditor General will have enhanced its business processes by further developing our audit methodology and introducing a new records and information management system.

Measure: business process improvement

Indicators:

- electronic working paper software;
- readiness for IFRS; and
- records and information management system.

Objectives:

By 31 March 2009, the Office of the Auditor General will have developed a series of initiatives to enhance its business processes.

Measure: business process initiatives

Indicators:

- piloted electronic working paper software;
- identified the IFRS accounting principles that affect our clients; and
- designed a new records and information management system.

By 31 March 2010, the Office of the Auditor General will have implemented a series of business process initiatives.

By 31 March 2011, the Office of the Auditor General will have reviewed and updated a series of business process initiatives.